

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 8672

5252 SHES SB 33 - SB 45

84

Position Title Social Worker III			No. of Positions 1	Range/Step 16A	Barg. Unit GGU	Gov.	Approv.	Disapp.	
Time Status PFT	Staff Months 12	RP Number	Location Bethel	Election District		Leg.			
Type of Expenditure			Justification						
Amount			<p>This legislation would increase caseloads which are already above recommended limits, thus requiring the hiring of additional social work staff.</p> <p>Travel within the regions will be necessary for investigations, return of children, counseling, and court proceedings. Contractual includes communications, advertising, copier usage, office space rental, and in Anchorage, a DOT/PF Highway Working Capital Fund vehicle. Commodities include expendable office supplies. Equipment includes office furniture and the initial DOT/PF vehicle purchase for Anchorage.</p>						
1	2	3							
Salary	42,768								
Benefits	13,251								
Premium Pay									
Other									
Total Personal Services		56,019							
Travel		1,500							
Contractual		5,950							
Commodities		400							
Equipment		1,367							
Other									
Total Cost		65,236							
Receipt Code	Funding Source								
	Federal Receipts	1002							
	G. F. Match	1003							
	General Funds	1004							65,236
	I-A Receipts	1005							
	Program Receipts	1028							
	CIP Receipts	1061							
	Other								
For B&M Use Only Key Number _____									

**Request For
New Position**

Agency Health and Social Services
 BRU Social Services
 Component Western

FY 87

Page 6 of 7
 Revised Date _____

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

LEGISLATIVE AFFAIRS AGENCY
LEGISLATIVE REFERENCE LIBRARY

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

S. HESS	April 23, 1985	3:13pm
S. Jud.	MAY 7, 1985	2:00pm
S. Rules	May 8, 1985	4:25pm
H. HESS	April 3, 1986	4:30pm
H. HESS	April 22, 1986	4:30pm
H. Jud.	MAY 9, 1986	8:00am
H. Jud.	May 10, 1986	7:30pm
H. Jud	May 10, 1986	2:00pm

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907.465.3800

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Alaska State Legislature

Senator Paul A. Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-3791

State Senate

January 27, 1987

MEMORANDUM

TO: *Members*
Senate Health, Education and Social Services Committee

FROM: *Senator Paul Fischer, Chairman*
Senate Health, Education and Social Services Committee

SUBJECT: *SS SB 33 - Violations of Truancy Laws*

SS SB 33 would rewrite the provision of current law that releases liability for truancy at the end of the school year. Currently, enforcement of this law is usually delayed until then and the case is automatically dropped.

The purpose of our truancy law is to insure that children under the age of 16 are getting an education. This is not the case as the law is currently written.

Last session, an identical bill to the sponsor substitute (SB 226) passed the Senate.

Alaska State Legislature

Senator Paul A. Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-3791

State Senate

MEMORANDUM

TO: Representative Nilo Koponen, Co-Chairman
House HESS

✓ Representative Max Greunberg, Jr., Co-Chairman
House HESS

FROM: Senator Paul Fischer *Paul*

RE: Senate Bill 226 (An act relating to the violation of compulsory education laws.)

DATE: January 15, 1986

I would appreciate your scheduling a hearing on this legislation at your earliest convenience.

The bill would eliminate one sentence as follows: "in any event, at the expiration of the school year, the person shall be released and discharged from all penalties provided by this section."

This sentence is evidently being interpreted as relieving a parent of responsibility for their child's truancy at the end of each school year. Not only does the provision 'wash the slate' of any penalty imposed, but it is being misused to cause dismissal of cases unless actually brought to trial before the end of the final school term.

SB 226 would delete the provision of the state's compulsory education law which releases and discharges a parent or guardian from all penalties associated with their child's truancy at the end of the school year. Under current statute, a parent who fails to send a child to school is guilty of a misdemeanor punishable by a fine or imprisonment but these penalties expire at the end of each school year. SB 226 is intended to enhance enforcement of the truancy law, since court proceedings can often not be completed within the term of one school year.

Local school and law enforcement personnel have strongly urged remedial action and I believe this problem merits our serious consideration.

Thank you.

MEMO TO HOUSE HESS
CHAIRMAN

644 111

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

148 North Binkley Street

Soldotna, AK 99669

Phone 907/262-5846

February 21, 1985

Senator Paul Fischer
State Senate
Pouch V
Juneau, Alaska 99811

Re: Student Attendance Laws
Alaska Statutes, Title 14, Education, Chapter 30. Pupils,
Article 1. Compulsory Education, paragraphs 020. Violation

Dear Senator Fischer:

Student truancy is an increasing problem here. As our student population increases at a 7% annual rate, there has been an even greater increase in the number of students who do not attend school regularly.

Several years ago, we worked out a procedure with the District Attorney to appropriately carry out the steps required before we turn matters over to his office.

All administrators carry out building level counseling and disciplinary procedures in all truancy cases. Emphasis is given to procedures that keep students in class rather than suspending them for not coming to school.

Students with 10 or more days of unexcused absence are referred to my office and I initiate a series of three formal parent contacts that inform them of their rights and responsibilities, offer assistance, inform them of alternatives to regular school attendance, and, finally, indicate that they will be referred to the District Attorney's office if student truancy continues.

After students have been truant for 20 or more days, I request permission for the School Board, as required by current law, to make and file a report with the District Attorney who represents the branch of government empowered to take further action.

At this point, the issue has been transferred to the judicial arena and further delays occur as the case is processed, calendared and heard.

ANCHOR POINT

COOPER LANDING

NINILCHIK

PORT GRAHAM

DEPT OF ED CORRESPONDENCE

PASS

USTUMENA

NIKISKI

TYONEK

NIKOLAEVSK

And, at this point, the wording of the law cited above renders both the school district and the District Attorney's office powerless to act whenever parents or their attorneys arrange delays that extend beyond the end of the school year because -

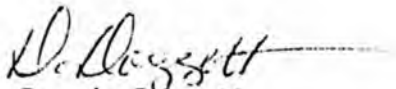
"In any event, at the expiration of the school year, the person shall be released and discharged from all penalties provided by this section." from Sec. 14.30.020. See attached.

At the present, state law only requires students to attend school from age 7 to 16 or nine years of a 13 year K-12 system. Current truancy law makes it impossible to really require parents to have their children in school for the nine years.

I request your assistance in modifying the existing law by deleting the sentence noted above. This action would permit school districts, through the District Attorney's office, to enforce the law from year to year.

Please contact me if I can provide you with assistance or information.

Cordially,


Dr. Dennis Daggett
Associate Superintendent
Instructional Services

encl

cc: Shannon Turner
Thomas Wardell
District Principals

DD/set



February 21, 1985

*Edie -
check out.
draft response.*

Senator Bettye Farhenkamp
Chairman
Health Education and Social Services
Pouch V
Juneau, Alaska 99811

Re: Student Attendance Laws
Alaska Statutes, Title 14, Education, Chapter 30. Pupils,
Article 1. Compulsory Education, paragraphs 020. Violation

Dear Senator Farhenkamp:

Student truancy is an increasing problem here. As our student population increases at a 7% annual rate, there has been an even greater increase in the number of students who do not attend school regularly.

Several years ago, we worked out a procedure with the District Attorney to appropriately carry out the steps required before we turn matters over to his office.

All administrators carry out building level counseling and disciplinary procedures in all truancy cases. Emphasis is given to procedures that keep students in class rather than suspending them for not coming to school.

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After students have been truant for 20 or more days, I request permission for the School Board, as required by current law, to make and file a report with the District Attorney who represents the branch of government empowered to take further action.

At this point, the issue has been transferred to the judicial arena and further delays occur as the case is processed, calendared and heard.

And, at this point, the wording of the law cited above renders both the school district and the District Attorney's office powerless to act whenever parents or their attorneys arrange delays that extend beyond the end of the school year because -

"In any event, at the expiration of the school year, the person shall be released and discharged from all penalties provided by this section." from Sec. 14.30.020. See attached.

At the present, state law only requires students to attend school from age 7 to 16 or nine years of a 13 year K-12 system. Current truancy law makes it impossible to really require parents to have their children in school for the nine years.

I request your assistance in modifying the existing law by deleting the sentence noted above. This action would permit school districts, through the District Attorney's office, to enforce the law from year to year.

Please contact me if I can provide you with assistance or information.

Cordially,

Dennis Daggett
Dr. Dennis Daggett
Associate Superintendent
Instructional Services

encl

cc: Shannon Turner
Thomas Wardell
District Principals

DD/set



KENAI PENINSULA BOROUGH SCHOOL DISTRICT

148 North Binkley Street

Soldotna, AK 99668

Phone 907/262-5848

December 4, 1986

cc: Paul Fischer

Senator Paul Fischer
P.O. Box 784
Soldotna, Alaska 99669

INDIVIDUAL LETTERS WERE SENT TO
ALL MEMBERS OF THE STATE SENATE.

RE: AS 14.30.020-030

Dear Senator Fischer:

Kenai Peninsula Borough Schools maintain a firm, fair and compassionate disciplinary system for dealing with the problems students and their parents bring to us. It enjoys the support of parent advisory groups and local police departments. It works because we keep the student's behavior the focus of attention and recognize that students often learn more from their mistakes than anything else.

One problem with a few students each year is based not in student behavior but with their parents. Chronic truancy has increased in the past several years and we developed procedures to advise both student and parent about the student's regular attendance in school. We just can't teach them much when students are not in school.

Each year a few students and their parents do not respond to admonishments to come to school on a regular basis. In that event, I send a series of written announcements and, if there is no improvement, ask the school board for permission to refer the parent to the district attorney's office. Under procedures worked out with that office, every effort is made to inform the parents of their legal responsibility for the student without going to court.

Our difficulty is with the wording of the AC 14.30.020 which includes the following statement.

"In any event, at the expiration of the school year, the person shall be released and discharged from all penalties provided by this section."

This statement forces us to bring truancy cases to the district attorney prior to December 15 each year or forget about them. Attorney's can (and have) delayed these cases beyond "the expiration of the school year", rendering them moot. The District Attorney's Office is unwilling to waste their time on cases they have no chance of winning. And the school district is forced to begin again next school year as if the truancy had never occurred.

CORRESPONDENCE

13

Our recommendation is to delete the sentence above from the current statute. No other change is necessary and the revised statute would permit schools to deal with truancy without clogging up the court system. This recommendation was presented in the last legislative session and almost made it into law. I request your support when it comes before you in committee or on the floor this year.

Please contact me if you have any questions.

Cordially,

Dr. Dennis Daggett
Associate Superintendent
Instructional Services

cc: Executive Secretary, Alaska ASA

encl

DD/set

STATE OF ALASKA

DEPARTMENT OF LAW

CRIMINAL DIVISION/THIRD JUDICIAL DISTRICT
OFFICE OF THE DISTRICT ATTORNEY

BILL SHEFFIELD, GOVERNOR

REPLY TO:

- 1031 WEST 4th AVENUE, SUITE 520
ANCHORAGE, ALASKA 99501
PHONE: (907) 277-8622
- P.O. BOX 3070
DILLINGHAM, ALASKA 99576
PHONE: (907) 842-2482
- 145 MAIN STREET LOOP, ROOM 201
KENAI, ALASKA 99611
PHONE: (907) 283-3131
- 326 CENTER AVE, SUITE 205
KODIAK, ALASKA 99615
PHONE: (907) 486-5744
- 809 S. CHUGACH ST.
PALMER, ALASKA 99645
PHONE: (907) 745-5027
- P.O. BOX 671
VALDEZ, ALASKA 99686
PHONE: (907) 835-2462

February 8, 1985

Dr. Dennis Daggett
Associate Superintendent
Instructional Services
Box 1200
Soldotna, Alaska 99669

Re: Tony Hansen
Johnny Colwell



Dear Dr. Daggett,

On May 24, 1984, we received your letter regarding the above students and a complaint alleging failure to educate a child was filed June 26, 1984. Because of difficulty in serving a summons, Mrs. Hanson was not arraigned until November 28, 1984. Her trial was set for February 11, 1985.

The public defender has indicated they would seek to have the case dismissed because of the wording of the statute which seems to relieve the parent of responsibility at the end of each school year. I have dismissed the case because I do not believe we could convince the court of any other interpretation of that statute.

Hopefully, we can begin these cases earlier in the school year so that we could get to trial (or whatever disposition is appropriate) before the statute creates a problem. Perhaps the statute should be changed.

If you have any questions, please call.

Very truly yours,

Shannon D. Turner

Shannon D. Turner
Assistant District Attorney

SDT:11



NEA-ALASKA

AFFILIATED WITH THE NATIONAL EDUCATION ASSOCIATION

ANCHORAGE REGIONAL OFFICE

1411 W 33RD AVENUE
ANCHORAGE, ALASKA 99503
(907) 274-0536

JUNEAU OFFICE

105 MUNICIPAL WAY, SUITE 302
JUNEAU, ALASKA 99801
(907) 586-3090

FAIRBANKS REGIONAL OFFICE

2118 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
(907) 456-4435

Jean Krause, President

Judy Salo
Vice-President
4510 Kenaitze Court
Kenai, Alaska 99611

Susan Silthart
NEA Director
P.O. Box 80913, College Station
Fairbanks, Alaska 99708

Alan Dill
Region I Director
P.O. Box 423
Sitka, Alaska 99835

Phil Myerchin
Region I Director
717 Canyon Road
Ketchikan, Alaska 99901

Teresa Bonolkin
Region II Director
P.O. Box 874335
Wasilla, Alaska 99687

Beverly Goad
Region II Director
Box 343
Copper Center, Alaska 99573

Don Oberg
Region III Director
Box 1084
Kenai, Alaska 99611

Phil Brady
Region IV Director
Scammon Bay Schools
Scammon Bay, Alaska 99662

Myra Poage
Region IV Director
Box 973
Nome, Alaska 99762

Joann Walker
Region IV Director
Box 570
Kotzebue, Alaska 99752

Mary Lou Brent
Region V Director
Box 80074
Fairbanks, Alaska 99708

Carol Merritt
Region V Director
P.O. Box 60475
Fairbanks, Alaska 99708

Loretta Christie
Region VI Director
2220 Yorkshire Lane
Anchorage, Alaska 99504

Pam McCarl
Region VI Director
2115 Sorbus Way
Anchorage, Alaska 99508

Pam Reynolds
Region VI Director
8031 Evans Circle
Anchorage, Alaska 99507

Dave Schwantes
Region VI Director
8148 E. 4th Avenue
Anchorage, Alaska 99504

Peg Stout
Region VI Director
6208 F. 34th Avenue
Anchorage, Alaska 99504

January 26, 1987

To: Senator Paul Fischer, Chair
Members, Senate HESS Committee

Re: Senate Bill No. 33, "An Act relating to the
violation of compulsory education laws."

The NEA-Alaska position on this legislation is essentially neutral in that we are not aware of current violations to the extent that they warrant such a punitive change.

If the information and data suggest that some form of change is necessary to address a recurring problem, perhaps it would be appropriate to provide for the consideration of special circumstances before continuing the implementation of the penalty.

NEA-Alaska does encourage anything which will enhance the potential for a positive involvement by parents-guardians in the educational opportunities which are available to their individual children.

Respectfully submitted,

Robert Manners,
Executive Secretary

BM29/dl

Alaska State Legislature

Senator Paul A. Fischer
Senate District D
Box 784
Soldotna, Alaska 99669
(907) 262-9420 W
262-9269 H



While in Juneau
Pouch V
Juneau, Alaska 99811
(907) 465-3791

State Senate

March 14, 1985

Memorandum: Senate Bill 226 (An act relating to the violation of compulsory education laws.)

To: Senator Bettye Fahrenkamp, Chair
Health, Education & Social Services Committee

From: Senator Paul Fischer *PF*

I would appreciate your scheduling a hearing on this legislation at your earliest convenience.

The bill would eliminate one sentence as follows: "in any event, at the expiration of the school year, the person shall be released and discharged from all penalties provided by this section."

This sentence is evidently being interpreted as relieving a parent of responsibility for their child's truancy at the end of each school year. Not only does the provision 'wash the slate' of any penalty imposed, but it is being misused to cause dismissal of cases unless actually brought to trial before the end of the final school term.

Local school and law enforcement personnel have strongly urged remedial action and I believe this problem merits our serious consideration.

Thank you.

Memo to Senate HESS
- CHAIRMAN

STATE OF ALASKA

DEPARTMENT OF LAW

CRIMINAL DIVISION/THIRD JUDICIAL DISTRICT
OFFICE OF THE DISTRICT ATTORNEY

BILL SHEFFIELD, GOVERNOR

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- 809 S. CHUGACH ST.
PALMER, ALASKA 99645
PHONE: (907) 745-5027
- P.O. BOX 671
VALDEZ, ALASKA 99686
PHONE: (907) 835-2462

February 8, 1985



262-5846
Dr. Dennis Daggett
Associate Superintendent
Instructional Services
Box 1200
Soldotna, Alaska 99669

Re: Tony Hansen
Johnny Colwell

Dear Dr. Daggett,

On May 24, 1984, we received your letter regarding the above students and a complaint alleging failure to educate a child was filed June 26, 1984. Because of difficulty in serving a summons, Mrs. Hanson was not arraigned until November 28, 1984. Her trial was set for February 11, 1985.

The public defender has indicated they would seek to have the case dismissed because of the wording of the statute which seems to relieve the parent of responsibility at the end of each school year. I have dismissed the case because I do not believe we could convince the court of any other interpretation of that statute.

Hopefully, we can begin these cases earlier in the school year so that we could get to trial (or whatever disposition is appropriate) before the statute creates a problem. Perhaps the statute should be changed.

If you have any questions, please call.

Very truly yours,

A handwritten signature in cursive script that reads "Shannon D. Turner".

Shannon D. Turner
Assistant District Attorney

SDT:11

sw 1-
see 2 - ok
Eliminate
sw 3+4

James
4/3/86

Original sponsor: F.Fischer

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 226 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the violation of compulsory
7 education laws."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 14.30.010(a) is amended to read:

10 (a) Every child between seven and 16 years of age shall attend
11 school at the public school in the district in which the child resides
12 during each school term. Every parent, guardian or other person
13 having legal custody and [THE RESPONSIBILITY FOR OR] control of a
14 child between seven and 16 years of age shall maintain the child in
15 attendance at a public school in the district in which the child
16 resides during the entire school term, except as provided in (b) of
17 this section [INSURE THAT THE CHILD IS NOT ABSENT FROM ATTENDANCE].

18 * Sec. 2. AS 14.30.020 is repealed and reenacted to read:

19 Sec. 14.30.020. VIOLATIONS. A person who knowingly fails to
20 comply with a notice received under AS 14.30.010⁰¹⁰ is guilty of a
21 violation.

22 * Sec. 3. AS 14.30.030 is repealed and reenacted to read:

23 Sec. 14.30.030. PROCEDURES FOR COMPLIANCE. (a) The school
24 board of each school district shall establish procedures for compli-
25 ance with AS 14.30.010 - 14.30.040.

26 (b) The superintendent of the school district shall send a
27 written notice to the parent, guardian, or other person having legal
28 custody and control of a child who is not in attendance stating the
29 number and dates of the child's absences, the person's potential

Original
just dropped

Eliminate

Original

1 liability under AS 14.30.020, and that the child may be declared
2 child in need of aid under AS 47.10.010(a)(2)(G).

3 (c) If the child's absence continues after the first notice
4 under (b) of this section, the superintendent of the school district
5 shall send a second written notice requesting the attendance of the
6 parent, guardian, or other person having legal custody and control of
7 the child, at a meeting with a representative of the school district
8 to discuss the child's absences.

9 (d) If the child's absence continues after the second notice
10 under (c) of this section, or if the parent, guardian, or other person
11 having legal custody and control of the child does not attend a meet-
12 ing under (c) of this section, the superintendent of the school dis-
13 trict may send a third written notice requiring that the parent,
14 guardian, or other person having legal custody and control of the
15 child bring the child to the administrative office of the school at
16 the beginning of each school day, for a period of up to 10 days. The
17 third notice shall be delivered in person or by certified mail, return
18 receipt requested, and a copy sent to the nearest district attorney's
19 office and to the Department of Health and Social Services.

20 * Sec. 4. AS 47.10.010(a)(2) is amended by adding a new subparagraph to
21 read:

22 (G) the child being habitually absent from school
23 after the procedures under AS 14.30.030 have been exhausted.

24 *ok** Sec. 5. AS 14.30.050 is repealed.
25
26
27
28
29

Original Language
1947

WORK DRAFT

WORK DRAFT

WORK DRAFT

Larry
Phoene
586-2210
James
4/3/86

Original sponsor: P.Fischer

1 IN THE SENATE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 226 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FOURTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the violation of compulsory
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8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

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12 during each school term. Every parent, guardian or other person
13 having legal custody and [THE RESPONSIBILITY FOR OR] control of a
14 child between seven and 16 years of age shall maintain the child in
15 attendance at a public school in the district in which the child
16 resides during the entire school term, except as provided in (b) of
17 this section [INSURE THAT THE CHILD IS NOT ABSENT FROM ATTENDANCE].

18 * Sec. 2. AS 14.30.020 is repealed and reenacted to read:

19 Sec. 14.30.020. VIOLATIONS. A person who knowingly fails to
20 comply with a notice received under AS 14.30.030(d) is guilty of a
21 violation. *up to 3000*

22 * Sec. 3. AS 14.30.030 is repealed and reenacted to read:

23 Sec. 14.30.030. PROCEDURES FOR COMPLIANCE. (a) The school
24 board of each school district shall establish procedures for compli-
25 ance with AS 14.30.010 - 14.30.040.

Regulations

26 (b) The superintendent of the school district shall send a
27 written notice to the parent, guardian, or other person having legal
28 custody and control of a child who is not in attendance stating the
29 number and dates of the child's absences, the person's potential

1 liability under AS 14.30.020, and that the child may be declared a
 2 child in need of aid under AS 47.10.010(a)(2)(G).

3 (c) If the child's absence continues after the first notice
 4 under (b) of this section, the superintendent of the school district
 5 shall send a second written notice requesting the attendance of the
 6 parent, guardian, or other person having legal custody and control of
 7 the child, at a meeting with a representative of the school district
 8 to discuss the child's absences.

9 (d) If the child's absence continues after the second notice
 10 under (c) of this section, or if the parent, guardian, or other person
 11 having legal custody and control of the child does not attend a meet-
 12 ing under (c) of this section, the superintendent of the school dis-
 13 trict may send a third written notice requiring that the parent,
 14 guardian, or other person having legal custody and control of the
 15 child bring the child to the administrative office of the school at
 16 the beginning of each school day, for a period of up to 10 days. The
 17 third notice shall be delivered in person or by certified mail, return
 18 receipt requested, and a copy sent to the nearest district attorney's
 19 office and to the Department of Health and Social Services.

20 * Sec. 4. AS 47.10.010(a)(2) is amended by adding a new subparagraph to
 21 read:

22 (G) the child being habitually absent from school
 23 after the procedures under AS 14.30.030 have been exhausted.

24 * Sec. 5. AS 14.30.050 is repealed.

S B

3 4

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: _____

Bill Version: SB 34

Publish Date: _____

Revision Date: _____

Agency Affected: Education

Title: ...state aid for the retirement of school construction debt...

BRU: Debt Retirement

Sponsor: Senator Fischer

Components: _____

Requestor: Senate HESS

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This is not a zero fiscal note. The bill will result in a savings to the State. The amount of savings is indeterminate. The volume of school construction activity is in large measure, a function of the amount of money the State has committed to this program.

Prepared by: Steve Hole
Division: Commissioner's Office

Phone: 465-2800
Date: January 28, 1987

Approved by Commissioner: Marshall L. Lind
Agency: Education

Date: January 28, 1987

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

Introduced: 1/19/87
Referred: Health, Education and
Social Services and
Finance

5-0340A

1 IN THE SENATE

BY FISCHER AND KERTTULA

2 SENATE BILL NO. 34

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to state aid for the retirement of
7 school construction debt; and providing for an effective
8 date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 14.11.100(a) is amended to read:

11 (a) During each fiscal year, the state shall allocate to a
12 municipality that is a school district, the following sums:

13 (1) payments made by the municipality during the fiscal
14 year two years earlier for the retirement of principal and interest on
15 outstanding bonds, notes or other indebtedness incurred before July 1,
16 1977, to pay costs of school construction;

17 (2) 90 percent of

18 (A) payments made by the municipality during the
19 fiscal year two years earlier for the retirement of principal and
20 interest on outstanding bonds, notes or other indebtedness in-
21 curred after June 30, 1977, and before July 1, 1978, to pay costs
22 of school construction;

23 (B) cash payments made after June 30, 1976, and before
24 July 1, 1978, by the municipality during the fiscal year two
25 years earlier to pay costs of school construction;

26 (3) 90 percent of

27 (A) payments made by the municipality during the
28 fiscal year two years earlier for the retirement of principal and
29 interest on outstanding bonds, notes or other indebtedness
30

1 incurred after June 30, 1978, and before January 1, 1982, to pay
2 costs of school construction projects approved under AS 14.07.-
3 -020(11);

4 (B) cash payments made after June 30, 1978, and before
5 July 1, 1982, by the municipality during the fiscal year two
6 years earlier to pay costs of school construction projects ap-
7 proved under AS 14.07.020(11);

8 (4) subject to (h) and (i) of this section up to 90 percent
9 of

10 (A) payments made by the municipality during the
11 current fiscal year for the retirement of principal and interest
12 on outstanding bonds, notes or other indebtedness incurred after
13 December 31, 1981, and authorized by the qualified voters of the
14 municipality before July 1, 1983, to pay costs of school con-
15 struction, additions to schools, and major rehabilitation
16 projects that exceed \$25,000 and are approved under AS 14.07.-
17 020(11); [AND]

18 (B) cash payments made after June 30, 1982, and before
19 July 1, 1983, by the municipality during the fiscal year two
20 years earlier to pay costs of school construction, additions to
21 schools, and major rehabilitation projects that exceed \$25,000
22 and are approved under AS 14.07.020(11); and

23 (C) payments made by the municipality during the
24 current fiscal year for the retirement of principal and interest
25 on outstanding bonds, notes, or other indebtedness to pay costs
26 of school construction, additions to schools, and major rehabili-
27 tation projects that exceed \$25,000 and are submitted to the
28 Department of Education for approval under AS 14.07.020(11)
29 before July 1, 1983, and approved by the qualified voters of the

1 municipality before October 15, 1983, not to exceed a total
2 project cost of (i) \$6,600,000 if the annual growth rate of
3 average daily membership of the municipality is more than 7
4 percent but less than 12 percent, or (ii) \$20,000,000 if the
5 annual a growth rate of average daily membership of the munic-
6 pality is 12 percent or more; payments made by a municipality
7 under this paragraph on total project costs that exceed the
8 amounts set out in (i) and (ii) of this paragraph are subject to
9 (a)(5)(A) of this section; [.]

10 (5) subject to (h), (i), and (j) of this section, 80 per-
11 cent of

12 (A) payments made by the municipality during the
13 fiscal year for the retirement of principal and interest on
14 outstanding bonds, notes or other indebtedness authorized by the
15 qualified voters of the municipality after June 30, 1983, and
16 before July 1, 1987, to pay costs of school construction, addi-
17 tions to schools, and major rehabilitation projects that exceed
18 \$25,000 and are approved under AS 14.07.020(11); and

19 (B) cash payments made after June 30, 1983, and before
20 July 1, 1987, by the municipality during the fiscal year two
21 years earlier to pay costs of school construction, additions to
22 schools, and major rehabilitation projects that exceed \$25,000
23 and are approved under AS 14.07.020(11).

24 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).
25
26
27
28
29

S B

35

FISCAL NOTE

REQUEST: _____

Revision Date: _____
Title: An Act relating to anatomical gifts.
Sponsor: Fischer
Requestor: _____

Agency Affected: Health & Social Services
BRU: State Health Services
Components: Public Health Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The enactment of SB 35 would have no direct fiscal impact on the Department of Health and Social Services.

Prepared by: Elizabeth Ward, Director Phone: 465-3090
Division: Public Health Date: 1-13-88

Approved by Commissioner: Myra M. Munson Date: Jan 25, 1988
Agency: Department of Health & Social Services

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

**STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE**

REQUEST: SB 35

Bill Version : _____

Publish Date : _____

Revision Date: _____

Title: "An Act related to anatomical gifts"

Agency Affected: Health & Social Services

BRU: Division of Planning

Sponsor: Senator Fischer

Components : _____

Requestor: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		0	0	0	0	0

CAPITAL						
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REVENUE						
----------------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL		0	0	0	0	0

POSITIONS:

FULL-TIME		0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Randall P. Burns

Division: Office of the Commissioner

Phone: 465-3030

Date: January 29, 1987

Approved by Commissioner: *Myra Mc Menomon*

Agency: Department of Health and Social Services

Date: 2/10/87

Distribution (by preparer):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Senate Secretary



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Health & Social Services	DIVISION Planning	BILL NUMBER SB 35	SPONSOR Senator Fischer
DEPARTMENT POSITION			
PREPARED BY Randall P. Burns	DATE 1/29/87	COMMISSIONER'S SIGNATURE <i>Clara Rudue</i> Deputy Commissioner	DATE 1/29/87

SUMMARY

OTHER AGENCIES AFFECTED BY BILL	CONSTITUENT GROUP(S) AFFECTED BY BILL Hospitals
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

ANALYSIS OF BILL/PROGRAM EFFECTS

This bill does not effect the Department of Health and Social Services either programatically or fiscally.

AMENDMENTS PROPOSED

PLEASE ATTACH A SEPARATE SHEET FOR ADDITIONAL COMMENTS OR ANALYSIS.

SB

44



Official Business

Alaska State Legislature

Senate

P.O. BOX V
State Capitol
Juneau, Alaska 99811

Feb. 26 1987

Senator Paul Fischer
Chairman, Senate HESS Committee
Box V
Juneau, Alaska 99811

Dear Senator Fischer:

I would appreciate your scheduling SB-44, which would reduce the interest rates on student loans from 8% back to 6%, as soon as possible for hearing in Senate HESS.

The state is seeing interest rates drop on most other types of loans. I do not think we should keep the interest rate (which was raised last year) so high on students who can so ill afford it.

Thank you for your consideration in scheduling this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Jay Kerttula".

Jay Kerttula

JK/bk

SB

45

SCHOOL FOUNDATION BILL
WITH EXHIBITS

SB-45

SCHOOL FOUNDATION BILL

1. Sponsor Substitute for Senate Bill 45, An Act creating a public school foundation program:
2. Section by Section Analysis
 - Exhibit A - Analysis of Assessed Valuations and Fiscal Capacities of City and Borough School Districts
 - Exhibit B - District and REAA PL 81-874 Revenues
 - Exhibit C - Pupil-Teacher and Pupil-Administrator Ratios in Alaska Schools
 - Exhibit D - Alaska School District Teacher Salaries Compared to Anchorage School District Salaries
 - Exhibit E - Comparison of School District Teacher Salaries By Geographic Area with Anchorage Salaries and with Cost of Living Differentials
 - Exhibit F - Ranked Analysis of District Estimated Expenditures by Function-Operations and Maintenance (O & M)
3. An Analysis of Public School Finance Legislation in Alaska: 1958 - 1987
 - Exhibit A - City / Borough Fiscal Capacity and Fiscal Effort
 - Exhibit B - School Funding Formula Proposed by Alaska Department of Education Staff in 1984
 - Exhibit C - Instructional Units Allotments Assigned By Ch 75, Sla 1986 to City and Borough School Districts and to REAA's
 - Exhibit D - Alaska School District Expenditures and Allocations of State Monies
 - Exhibit E - Comparisons of salaries paid school teachers in Alaska school districts
 - Exhibit F - Alaska Geographic Differential Study - 1985.
 - Exhibit G - Description of State of Washington's Public School Funding Efforts
 - Exhibit H - Excerpts from U.S. Department of Education Ranking of States in Education - Western States

Introduced: 1/20/87
Referred: Health, Education and
Social Services and
Finance

5-0324B

1 IN THE SENATE

BY KERTTULA AND FISCHER

2

SPONSOR SUBSTITUTE FOR SENATE BILL NO. 45

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state support for education; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. AS 14.17.21 is repealed and reenacted to read:

10 Sec. 14.17.021. BASIC STATE AID. (a) The amount of basic state
11 aid for which each school district is eligible is calculated by deter-
12 mining the basic need for the school district under (b) of this
13 section and subtracting

14 (1) for city and borough school districts, the amount in
15 excess of \$100,000 that would be generated by a five-mill levy on the
16 full and true value of taxable real and personal property in the
17 district, as determined under AS 14.17.140, for the preceding fiscal
18 year; and

19 (2) 100 percent of the entitlement of the district to
20 federal financial assistance under PL 81-874, as amended (20 U.S.C.
21 236-244), for the preceding fiscal year.

22 (b) The amount of basic need for each school district is cal-
23 culated by adding the requirements for salary costs, as determined
24 under (c) of this section, and nonsalary costs, as determined under
25 AS 14.17.032.

26 (c) Salary costs are the total of

27 (1) teacher salaries, as calculated under AS 14.17.028(a);
28 (2) superintendent's salary, as calculated under AS 14.17.-
29 028(b);

1 (3) administrator salaries, as calculated under AS 14.17.-
2 028(c);

3 (4) benefits and employer burden for certificated p on-
4 nel, calculated at 20 percent of total salaries;

5 (5) salaries of classified employees, as calculated under
6 AS 14.17.028(d); and

7 (6) benefits and employer burden for classified employees,
8 calculated at 30 percent of total salaries.

9 (d) The salaries and numbers of employees calculated under
10 AS 14.17.024 - 14.17.029 and the nonsalary costs calculated under
11 AS 14.17.032 are for determining basic need under this section and are
12 not intended to restrict the actual salary and nonsalary costs in-
13 curred or the number of employees hired by a school district.

14 * Sec. 2. AS 14.17 is amended by adding new sections to read:

15 Sec. 14.17.024 CALCULATION OF NUMBER OF TEACHERS. (a) For
16 determining teacher salaries, each district is entitled to the follow-
17 ing number of teachers per attendance center:

18	ADM Of Attendance Center	Allowable No. Of Teachers
19	1 - 8	1
20	9 - 16	2
21	17 - 30	3
22	31 - 45	4
23	46 - 106	4 plus 1 for each 12 ADM over
24		45, and a fraction of 1 for an
25		increment of less than 12 ADM
26	107 - 200	9 plus 1 for each 14 ADM over
27		106, and a fraction of 1 for
28		an increment of less than 14
29		ADM

1		fraction of 1 for an increment
2		of less than 200 ADM
3	301 - 600	2 for the first 301 ADM and a
4		fraction of 1 for an increment
5		of less than 300 ADM
6	601 - 2800	3 for the first 601 ADM and a
7		fraction of 1 for an increment
8		of less than 2200 ADM
9	2801 - 6000	4 for the first 2801 ADM and a
10		fraction of 1 for an increment
11		of less than 3200 ADM
12	Over 6000	5 for the first 6000 ADM and 1
13		for each increment of 5000 ADM
14		over 6000 ADM and a fraction
15		of 1 for an increment of less
16		than 5000 ADM

17 (c) Each district is entitled to the following number of prin-
 18 cipals per attendance center:

19	ADM Of Attendance Center	Number Of Principals
20	Less than 17	0
21	17 - 30	.5
22	31 or more	1

23 (d) Each district is entitled to one vice-principal for each
 24 attendance center having one or more buildings with 24 or more class-
 25 rooms in use as regular classrooms with teachers assigned to any of
 26 the grades between K - 12.

27 Sec. 14.17.026. CALCULATION OF NUMBER OF CLASSIFIED EMPLOYEES.
 28 Each school district is entitled to two classified employees for every
 29 three certificated employees, as determined under AS 14.17.024 and

1 14.17.025.

2 * Sec. 3. AS 14.17 is amended by adding new sections to read:

3 Sec. 14.17.028. SALARIES. (a) To calculate teacher salaries,
4 the following training and experience ratio schedule shall be used;
5 the basic unit of 1.00 is equivalent to \$26,078:

6	Years Of						
7	Exper.	BA-0	MID BA	MA-0	MA-18	MA-36	MA-54
8	0 - 1	1.00	1.05	1.15	1.20	1.25	1.30
9	2 - 4	1.10	1.15	1.25	1.30	1.35	1.40
10	5 - 7	1.25	1.30	1.40	1.45	1.50	1.55
11	8 - 9	1.35	1.40	1.50	1.55	1.60	1.65
12	10 - 11		1.50	1.60	1.65	1.70	1.75
13	12 - 14			1.65	1.70	1.75	1.80
14	15 or more			1.75	1.80	1.85	2.00

15 (b) Superintendent salaries are 1.40 times the teacher salary
16 set out in (a) of this section for districts with less than 1000 ADM
17 and 1.60 times the teacher salary set out in (a) of this section for
18 districts with 1000 or more ADM.

19 (c) Salaries of principals and of district headquarters adminis-
20 trators other than the superintendent are 1.30 times the teacher
21 salary set out in (a) of this section. The salary of a vice-principal
22 is 1.15 times the teacher salary set out in (a) of this section.

23 (d) Classified employee salaries are \$23,000 per employee.

24 Sec. 14.17.029. AREA SALARY DIFFERENTIALS. Salaries under
25 AS 14.17.028 shall be adjusted according to the following area differ-
26 ential multipliers:

27 (1) for Anchorage School District, Kenai Peninsula Borough
28 School District, and Matanuska-Susitna Borough School District, 1;

29 (2) for Haines Borough School District, City and Borough of

1 Juneau School District, Ketchikan Gateway Borough School District,
2 Petersburg City School District, Skagway City School District,
3 Wrangell City School District, and Chatham School District, 1.06;

4 (3) for Alaska Gateway School District, Annette Island
5 School District, Craig City School District, Hydaburg City School
6 District, Kake City School District, Klawock City School District,
7 Pelican City School District, Southeast Island School District, Hoonah
8 City School District, Yakutat City School District, Chugach School
9 District, Cordova City School District, Kodiak Island School District,
10 Valdez City School District, Copper River School District, Delta
11 School District, Tanana School District, North Star Borough School
12 District, Nenana City School District, and Upper Railbelt Regional
13 School District, 1.12;

14 (4) for Adak Regional School District, Bristol Bay Borough
15 School District, Dillingham City School District, King Cove City
16 School District, Lake and Peninsula School District, Nome City School
17 District, Pribilof Islands School District, Sand Point City School
18 District, Southwest Regional School District, and Unalaska City School
19 District, 1.2;

20 (5) for Bering Strait School District, Galena City School
21 District, Iditarod Area School District, Kashunamiut School District,
22 Kuspuk School District, Lower Kuskokwim School District, Lower Yukon
23 School District, Northwest Arctic School District, St. Mary's City
24 School District, Yukon Flats School District, Yukon-Koyukuk School
25 District, and Yupiit School District, 1.24;

26 (6) for North Slope Borough School District and Aleutian
27 Chain School District, 1.4.

28 * Sec. 4. AS 14.17 is amended by adding new sections to read:

29 Sec. 14.17.032. NONSALARY COSTS. Each school district is

1 entitled to receive for nonsalary costs the greater of the following
2 amounts:

3 (1) 20 percent of salary costs as determined under AS 14.-
4 17.021(c); or

5 (2) the average of the adjusted actual nonsalary costs of
6 the school district averaged over the two previous fiscal years of the
7 school district, as determined under AS 14.17.034.

8 Sec. 14.17.034. CALCULATION OF ADJUSTED ACTUAL NONSALARY COSTS.

9 (a) Actual nonsalary costs under AS 14.17.032(2) are calculated by
10 adding the reasonable and necessary costs of:

11 (1) fuel and heating, excluding electricity or natural gas,
12 for each school and other heated facility; fuel and heating costs
13 shall be adjusted to reflect the estimated cost of heating a new
14 facility, savings resulting from a building that has been disposed of
15 or is no longer heated, and changes in fuel, fuel delivery, or fuel
16 storage cost;

17 (2) utilities, including electricity, natural gas, and
18 refuse collection, but excluding telephone costs; utility costs shall
19 be adjusted to reflect the estimated utility costs associated with a
20 new facility or addition, savings resulting from a building that has
21 been disposed of or is no longer used, and changes in utility tariffs;

22 (3) travel and per diem, other than school board travel and
23 per diem;

24 (4) contractual and consultant services, including account-
25 ing, legal, and educational consultant services; however, contractual
26 and consultant costs may not exceed two percent of the basic need of
27 the district, as determined under AS 14.17.021(b) for the previous
28 fiscal year;

29 (5) supplies, excluding fuel and capital expenses eligible

1 for reimbursement under AS 14.11; however, supply costs may not exceed
2 two percent of the basic need of the district, as determined under
3 AS 14.17.021(b) for the previous fiscal year;

4 (6) property and liability insurance, to the extent that
5 the department determines that the school district has applied its
6 best efforts and reasonable procedures to obtain the lowest cost
7 coverage;

8 (7) salaries, fees, travel, per diem, and other expenses of
9 the school board in an amount not to exceed one percent of the basic
10 need, as determined under AS 14.17.021(b) for the previous fiscal
11 year, of districts with 1000 or more ADM, and two percent of the basic
12 need, as determined under AS 14.17.021(b) for the previous fiscal
13 year, of districts with less than 1000 ADM; and

14 (8) other nonsalary expenditures of the district not in-
15 cluded in (1) - (7) of this subsection in an amount not to exceed two
16 percent of the basic need of the district, as determined under AS 14.-
17 17.021(b) for the previous fiscal year.

18 (b) The department may make equitable adjustments in cost data
19 submitted under this section to reflect extraordinary factors includ-
20 ing changes in the school district accounting system, payment of
21 expenses before or after the applicable fiscal year, and casualty
22 losses.

23 (c) Where there is an absence of reliable school district data
24 for a cost category, the department may rely upon cost information
25 developed by the school district for the current fiscal year or ear-
26 lier fiscal years and the cost experience of similarly situated school
27 districts for that cost category.

28 (d) The department shall require each school district to main-
29 tain cost records according to a statewide table of accounts. To the

1 extent practicable, separate costs shall be developed for each school
2 or facility for teacher salaries, administrator salaries, classified
3 employee salaries, benefits and employer burden, and nonsalary costs.

4 Sec. 14.17.036. DIRECT REIMBURSEMENT OF SPECIAL EDUCATION COSTS.
5 If a school district's expenditures in a fiscal year for approved
6 costs of special education intensive programs exceed by 80 percent the
7 amount made available to a school district for special education
8 intensive teacher salary costs, the department shall directly reim-
9 burse the district for the excess of the approved costs.

10 Sec. 14.17.038. FUNDS FOR STATE CONTRACT SERVICES. Funds for
11 centralized correspondence study programs for pupils not enrolled in
12 an approved school district correspondence study program, out of
13 district placements, School for the Deaf, Mt. Edgecumbe, Alaska Psy-
14 chiatric Institute, multi-handicapped and special education outreach
15 cooperative services for low incidence children shall be requested by
16 the Department of Education in an appropriation request separate from
17 the public school foundation account.

18 * Sec. 5. AS 14.17.082(a) is amended to read:

19 (a) Each district [HAVING AT LEAST 400 INSTRUCTIONAL UNITS UNDER
20 AS 14.17.031(a)] may accumulate a fund balance in the school operating
21 fund of 10 [SEVEN] percent of its expenditures. [EACH DISTRICT HAVING
22 LESS THAN 400 INSTRUCTIONAL UNITS MAY ACCUMULATE A FUND BALANCE OF 10
23 PERCENT OF ITS EXPENDITURES.]

24 * Sec. 6. AS 14.17.170 is amended to read:

25 Sec. 14.17.170. PAYMENT UNDER ADJUSTED COMPUTATIONS. Each
26 district shall make a report of its enrollment as of October 15 of the
27 school year [AT THE END OF THE 20-SCHOOL-DAY PERIOD ENDING THE FOURTH
28 FRIDAY IN OCTOBER, AND MAY MAKE A REPORT AT THE END OF THE 20-SCHOOL-
29 DAY PERIOD ENDING THE SECOND FRIDAY IN FEBRUARY,] which, in accordance

1 with regulations adopted by the department, reports its average daily
2 membership for that counting period, and other information which will
3 aid the commissioner in making a more accurate determination of each
4 district's state aid. The [OCTOBER] report [, OR THE FEBRUARY REPORT
5 IF IT MAKES THE DISTRICT ELIGIBLE FOR MORE STATE AID,] is the basis
6 for the computation and distribution of each district's state aid for
7 the balance of the fiscal year. As soon as possible after receiving
8 each district's report, the commissioner shall notify each district of
9 changes made in the number of funding units calculated for that dis-
10 trict. The commissioner shall also determine whether the money in the
11 public school foundation account is sufficient to meet each district's
12 state aid for the fiscal year, and, if the money is not sufficient,
13 the commissioner shall immediately inform the governor of the amount
14 of additional appropriation the commissioner estimates will be neces-
15 sary to carry out the public school foundation program for the rest of
16 the fiscal year. Beginning April 15 and on the 15th of each subse-
17 quent month, one-third of the recomputed balance of each district's
18 state aid must be distributed.

19 * Sec. 7. AS 14.17.170 is amended by adding a new subsection to read:

20 (b) If a district's enrollment, as reported in (a) of this
21 section, has decreased by more than five percent from the previous
22 fiscal year, the department may calculate the number of teachers and
23 administrators for determining the basic aid of the district by using
24 an enrollment figure from any date after April 1 of the previous
25 school year.

26 * Sec. 8. AS 14.17 is amended by adding a new section to read:

27 Sec. 14.17.175. EXTRAORDINARY COSTS. The department may reim-
28 burse a school district with fewer than 1000 pupils for extraordinary
29 and substantial costs that could not have been reasonably foreseen if

1 the department determines that failure to reimburse the costs would
2 seriously impair the ability of the school district to meet the basic
3 need of its pupils. Costs reimbursed under this section shall immedi-
4 ately be reported to the legislative budget and audit committee.

5 * Sec. 9. AS 14.17.180 is amended to read:

6 Sec. 14.17.180. PAYMENT UNDER FINAL COMPUTATION. Before June 16
7 each district shall transmit to the commissioner a final computation
8 of the district's state aid. The commissioner shall process each
9 district's computation in the manner provided by AS 14.17.150(a).
10 However, in no event may the entitlement of a school district to state
11 aid under AS 14.17.021 be less than that computed under this section
12 for the preceding year, except as otherwise provided [IN AS 14.17.031,
13 OR] under AS 14.17.170 [, WHICHEVER IS GREATER]. Additional state aid
14 shall be obligated by the commissioner before June 30. If the dis-
15 trict received more state aid money than it was entitled to under this
16 chapter, it shall immediately, after notice from the commissioner of
17 the overpayment, remit the amount of overpayment to the commissioner
18 to be returned to the public school foundation account.

19 * Sec. 10. AS 14.17.205 is amended to read:

20 Sec. 14.17.205. STATE AID TO DISTRICTS OPERATING APPROVED SCHOOL
21 FOOD SERVICE PROGRAMS. A school district that qualifies for and
22 provides free and reduced-price lunches to students who qualify under
23 the Federal Nutrition Act shall receive state aid in an amount for
24 each free or reduced-price meal equal to the federal allowances
25 multiplied by the school district's area salary differential under
26 AS 14.17.029 [IN AS 14.17.051].

27 * Sec. 11. AS 14.17.250 is amended by adding new a paragraph to read:

28 (13) "attendance center" means a public school or group of
29 schools in a single community that functions as a distinct

1 administrative unit and is allocated a half-time or full-time princi-
2 pal by the district school board; however, the State Board of Educa-
3 tion may designate a school as an attendance center if it determines
4 that the school should be considered an attendance center because of
5 the dedication of the school to a special program.

6 * Sec. 12. AS 44.47.305(c) is amended to read:

7 (c) A grant under (a) of this section may not exceed \$50 per
8 month for each child the child care facility cares for, or for each
9 full-time equivalent, as determined by the department. The grant
10 shall be adjusted on a geographic basis by the same multipliers [PER-
11 CENTAGES] as salaries [INSTRUCTIONAL UNIT ALLOTMENTS] are adjusted
12 under AS 14.17.029 [AS 14.17.051].

13 * Sec. 13. AS 14.17.022, 14.17.023, 14.17.027, 14.17.031, 14.17.041,
14 14.17.051, 14.17.056, 14.17.061, 14.17.080, and 14.17.250(7) are repealed.

15 * Sec. 14. This Act takes effect July 1, 1987.

SECTION BY SECTION ANALYSIS OF
SCHOOL FOUNDATION BILL

AS 14.17.021(a) State aid - this language establishes the framework for a foundation program. A foundation program is based upon two steps:

(1) first establish the total financial requirements for providing a minimum level of educational opportunity within every school district in the state, and

(2) deduct from the total financial requirements of the school district that amount which the State of Alaska, for one reason or another, is not willing to pay. The difference between what a school district requires for a "basic education" or "basic need" and what the state is willing to pay is the local share to be picked up by the local government. Another way of saying this is that after the financial needs of the school district are identified, and after an amount has been identified as being the financial responsibility of the local government, the state will make up the difference. The proposed AS 14.17.020 differs from the 1962 School Foundation Act in that there is no mandated level of local effort. The 1963 State Legislature mandated a minimum 3.5 mill levy effort or its equivalent on the part of every school district. To insure a minimum statewide program it may be necessary to mandate a minimum local effort.

How would foundation funding compare to a funding for "basic education?" The education provided by a foundation level of funding is the "basic education" every Alaska school child is entitled to. "Basic education" is not the level of education that can be provided by state dollars alone, but the education that would be available to every Alaska school child from state, federal and local monies. In the case of city, borough and other municipal school districts the program is funded by a combination of state, federal and local dollars - mostly state dollars and property tax dollars, and in the case of REAA schools, through federal and state monies, predominately state monies.

Local government's share of "basic education". Since it is unlikely that Alaska will follow Washington's lead and fund 100% of the costs of a "basic education", a formula is needed for determining how much the state share will be - how much the state will apply to the cost of a basic education and how much will come from other sources.

Federal Public Law 874 monies of about \$48,905,000 a year are a near constant. If a "basic education" as defined by the state costs, say, 650 million dollars that, too, is a constant. The remaining amount, the local share, is the variable. If the state, after looking at a 650 million dollar need, decides it can afford to pay only 400 million of the need, the remainder for city and borough school districts will be:

basic need	650
-less PL-874 revenues	<u>49</u> (7.5%)
	601
-less state share	<u>400</u> (62%)
balance (local share)	201 (31%)

The 1985 total assessed valuation of real and personal property by the state Department of Community and Regional Affairs was \$51,043,986,800, about 19 million of which was in Anchorage (this amount is subject to a major revision due to assessment problems) and about 14 million of which was in the North Slope. A statewide property tax on all real and personal property in cities and boroughs would have to be levied at 4.9 mills to raise 251 million. If any municipality were exempted from paying their full share, other municipalities would have to make up the difference by levying a higher property tax.

These are the revenues that a 4 and 5 mill property tax would raise in the larger city and borough school districts.

	(in millions) assessed valuation	4 mill levy	5 mill levy
Anchorage	\$19,343	\$77.4	\$96.7
North Slope	13,570	54.3	68.0
Fairbanks	4,727	18.9	23.6
Kenai	3,905	15.6	19.5
Matsu	2,716	10.9	13.8
Valdez	1,693	6.8	8.5
Juneau	1,689	6.8	8.5
Ketchikan	904	3.6	4.5
Kodiak	552	2.1	2.8
<u>Sitka</u>	<u>441</u>	<u>1.8</u>	<u>2.2</u>
Total	\$49,540	198.2	\$248.1

Exempting North Slope Borough from a 5 mill levy would reduce the local revenues from 248.1 million to 180.1 million, or 27.5%. To make up for these lost revenues it would be necessary for each school district to raise its mill rate..

See Exhibit A for assessed valuations.

A flat percentage such as 30% of basic need will not work, because poor city school districts cannot pay this amount. For example:

School District	Total Budget	30% local share	Amount one mill levy will raise	Property tax mill levy
Dillingham	\$4,365,215	\$1,310,000	\$107,516	12.2 mills
Kake	2,165,463	649,500	12,188	53.3
Hydaburg	873,283	261,900	13,418	19.5
Haines	2,849,882	855,000	97,622	8.8
St. Mary's	1,529,100	458,700	4,451	34.1
Tanana	1,361,841	408,000	11,755	34.7
Anchorage	201,258,278	88,335,000	19,943,357	4.4
North Slope	29,445,000	8,333,500	13,570,786	.6

Kake would have to have a mill levy 89 times that of North Slope. State law limits the property tax mill levy to 30 mills (\$3000 a year on a \$100,000 house). Kake would be well over that limit.

Obtaining 29 million dollars or any other amount, from taxation of real and personal property taxes from the North Slope may help a school foundation program, but has a limited affect on state finances. The reason is that every dollar that North Slope raises through its property tax on the Alaska pipeline and gathering facilities is deducted from the 20 mill property tax the state collects on the same facilities. If the North Slope local tax goes up, state property tax revenues from the pipeline go down dollar for dollar.

Anchorage's tax base accounts for 39% of the local government real and personal property tax in the state. The 19 billion dollar tax base reported for Anchorage for 1986 by the Department of Community and Regional Affairs may be based on a 15,252,800.000 adjusted amount or a higher unadjusted amount. The tax base for Anchorage for calendar years 1987 and 1988, as adjusted by the Department of Community and Regional Affairs, may be reduced. With a foundation approach the amount that each city and borough must levy in taxes changes with changes in assessed valuation as adjusted by the Department of Community and Regional Affairs.

Before 1976 most larger Alaska city and borough school districts had mill levies for education in excess of 10 mills. Anchorage's mill levy was about 11 mills. Matsu which had a lesser educational program, including an absence of kindergartens, was at about 12 mills for education. Anchorage is now at about 5 mills and Matsu, Juneau and Ketchikan at about 6 - 7 mills. Since 1976 the true mill levy has been somewhat camouflaged. Interest earnings on state capital appropriations and fund balances have been applied to school operations. Matsu

applies most of the revenue sharing and municipal assistance monies it receives for the area outside of its cities to its education budget. (Anchorage applies none of its state revenue sharing and municipal assistance monies to education.)

If the state should decide that 251 million dollars is too much for city and borough school districts to pay - that a property tax mill levy for education of 5 - 7 mills is too high for Alaska municipalities, the state can reduce educational standards by redefining the term "basic need". The usual way of decreasing educational standards is to increase the number of pupils per teacher, by decreasing the number of teachers the state is willing to put into the classroom. A reduction of pupil teacher ratio standards would affect all school districts in the state. A reduction in standards for special programs, such as bilingual education, would only affect those districts that offer the program. Examples of changing the definition of basic need are the addition of kindergartens as part of elementary school in 1966 and the additions of special education as a new educational program in 1963.

Deduction of federal PL 81-874 revenues. The deduction of 100% of Public Law 81-874 monies from the amount of money that the state would otherwise pay to a school district is a change from existing state law and a reversion to the state law that existed before 1981. Currently only 80% of the PL 81-874 entitlement of a school district is deducted from the amount that the state would otherwise pay to the district.

In Alaska, the 80% deduction will not work - not because it is too high - but because it is not high enough. The 20% left for certain school districts, especially North Slope and Galena, enriches them well beyond the 25% disparity limit established by Public Law 874. If any PL 874 monies are to be deducted from state monies that would otherwise be available to a school district the per pupil expenditure gap between the poorest school district and the richest school district must be held down to less than 25%. If each school district retained all of their state entitlement plus all of their federal entitlement, the disparities in monies available to school districts would be extreme. Alaska obtains 7.8% of its school revenues from the federal government, most of which are PL 874 monies. It would be difficult to fund a foundation program without the federal funds. The legislature would have to find an additional 49 million dollars. For a list of PL 874 monies currently being retained by cities and borough school districts at 20% see Exhibit B-District Rankings by Major Sources per ADM. Also included in Exhibit B is a memorandum on limitation on State of Alaska use of Federal Public Law 81-874 monies.

The required local effort was repealed in 1969. Since that time the local government machinery for levying real and personal property taxes and levying sales taxes has fallen into disuse in some of the smaller city school districts. Some smaller city school districts have learned to rely exclusively on state shared revenue and municipal assistance as the source of any local monies for education.

To ease the transition of the smaller city school districts into a 1962 type of foundation program, the first \$100,000 that would be raised by a 5.0 mill property tax levy or equivalent is not deducted from the monies the state pays to the school district. This provision would reduce the total amount deducted from state aid by \$3,300,000 and would primarily benefit the 19 smaller city school districts and the Bristol Bay Borough. (Their local share in dollars is comparatively small.)

AS 14.17.021(b) Basic need. Basic need or "basic education" is a concept borrowed from the state of Washington. It is based upon state mandated course requirements and requirements for graduation, which Alaska already has, and upon an average pupil-teacher ratio within the state, as of a certain date, which, in the case of the State of Washington was 1977.

In 1977 the average pupil-teacher ratio (teacher included all certificated personnel) was 20:1. The 1977 Washington Legislature undertook to fund 100% of the cost of a "basic education" which would provide a PTR of 20:1 plus funding for special education. The standard for "basic" was found in the practices of Washington educators and school boards as of 1977. The Washington legislature acted in response to a state court order which held that under the Washington Constitution the State was responsible for paying for 100% of all costs of a "basic education."

The same approach to defining "basic need" is used in this bill. The average pupil-teacher ratio (PTR) for school districts with more than 200 pupils is 1:20. This includes all certificated personnel, except for superintendants, principals, vice-principals, special education, gifted and talented and bilingual teachers. Special education, gifted and talented and bilingual teachers are funded under separate provisions of the bill. The 20:1 ratio is used to calculate the costs of providing teachers for middle and larger sized schools. Lower PTR's are used for smaller schools to reflect staffing practices in smaller schools of various sizes. For a list of pupil-teacher ratios and pupil-headquarters ratios for all Alaska schools see Exhibit C. Enrollments and number of certificated personnel at headquarters and individual schools are taken from the Alaska School Directory - 1986 published by the state department of education based upon reports received from school districts for the 1984-85 school year. Also available is a list of certificated personnel and pupils in each Alaska school.

Washington uses a 3:1 ratio as the ratio between certified personnel (personnel with teaching degrees) and classified employees (employees without teaching degrees.) In Southcentral Alaska the ratio is 3:2, so this ratio has been used.

A combined pupil-staff ratio was not used because it would impair a district by district and school by school analysis of how individual schools are actually staffed. The term "instructional unit" is not used as this is a concept which is foreign to persons used to constructing budgets for government agencies and businesses. Persons budgeting for labor intensive businesses and undertakings start with the number of personnel to accomplish certain jobs at certain locations and calculate the costs of employing the various types of personnel required.

Salaries including benefits, account for 55 to 80% of the budget of Alaska school districts-80% for the larger school districts. It is easy to accumulate data on salary costs. Once this major element of expense is broken out and dealt with, the hard decisions are out of the way.

"Basic need" as established in the bill is based upon (1) average PTRs in schools of various sizes, (2) average salaries paid to teachers and administrators in various parts of Alaska and (3) average expenditures of each school district on non-salary items over the two previous fiscal years with ceilings on some categories of expenditure. The legislature can raise or lower the level of state expenditures by choosing a higher than average or lower than average PTR, teacher salary schedule, expanding the definition of special education, etc.

AS 14.17.022(c) Salary costs self-explanatory. The 20% for teacher benefits and employer burdens and 30% for classified employee benefits and employer burdens are based upon conflicting information, which conflicts are probably due to differences in school district accounting systems. The percentage could be raised or lowered if more detailed information on average percentages were obtained. Overstating or understating of average benefits and burdens would have little effect on the allocations to individual school districts if the total appropriation for school funding were held constant.

Sec. 14.17.024 Calculation of number of teachers- (a) classroom teachers The schedule shows 1:20 for schools over 200. This would be closer to 1:16 if various categories had not been excluded. The schedule of teachers (not including principals, vice principals, district headquarters personnel, special education, gifted and talented and bilingual teachers) for schools of different sizes is based upon actual Alaska practice. Special education, gifted and talented and bilingual teachers are not included since they are added in a later subsection. If they were included the ratios would range from 1:4.5 to 1:8 for schools of up to 106 pupils, about 1:10 for schools with 106-200 pupils and about 16 for schools over 200. See Exhibit C for the actual ratios.

The 1:20 ratio is more generous than the pre-Prudhoe Bay ratio. Before 1970 state funding provided for a 1:25 PTR for more than 300 pupils. SLA 1962, Ch 164, Sec 104c.

The formula in effect from 1962-1970 provided for a slightly higher pupil-teacher ratio for secondary schools of under 100 than for elementary schools of under 100 as follows:

Elementary Schedule		Secondary Schedule	
Average daily membership	Allowable No. of teacher units	Average daily membership	Allowable No. of teacher units
8-15	1	Under 10	1
16-30	2	10-15	2
31-45	3	16-25	3
46-60	4	26-40	4
61-75	5	41-60	5
76-100	6	61-80	6
		81-100	7

In recent years a concensus has developed that in addition to the need for a higher PTR in secondary schools, a higher PTR is also needed in the lower elementary grades of 1-3 with about 30% more in the first grade. The State of Washington will probably change its definition of a "basic education" this year to provide for a PTR of 1:19 for Grades 1-3, retaining the PTR of 1:20 for all of the other grades, including secondary. If the need for a separate and higher PTR for the first three grades of elementary school is accepted this would tend to eliminate the need for a separate higher schedule for secondary school. The desired PTRs would balance out and would, on the average, be about the same in both elementary and secondary schools.

It is hard to work with two schedules in small K-12 schools where an eight pupil classroom might be composed of four elementary pupils and four secondary pupils. It would be harder to work with three schedules: one for K-3, one for 4-6 and a third for 7-12. For these reasons a pure classroom approach has been used.

Sec 14.17.024(c). Teachers for special programs. The various special education categories have to be analyzed separately, because the amount of teacher time per pupil is very different from the resource room where the teacher may see the pupil only one hour a day or 20 hours a month and the intensive program where the teacher may be with the pupil almost every school hour of the month. A teacher with a self contained class can handle more children in the class than an intensive teacher teaching severely handicapped children. A resource room pupil spends most of their time, probably about three fourths or more,

with their regular classroom teacher, with an hour or two with the special education teacher in the "resource room." The self contained pupil is taught mostly by the self contained teacher in a separate classroom, but an attempt is made to "mainstream" the pupil with other pupils, which means that the self contained pupil may be in physical education, music and art classes with pupils in regular classrooms. A deaf, blind or severely handicapped pupil typically needs more tutoring. It is hard to predict how much individual attention a particular severely handicapped pupil will require. See the discussion under AS 14.17.040 on out of the ordinary intensive costs.

In the formula the allocation is according to full-time equivalent (FTE) pupils, not pupils served or pupils "in ADM". A teacher may see four children for each of six class periods. The teacher could serve as many as 24 children during that day, but the full-time equivalent for these pupils would be four. Anchorage attempts to schedule its resource room special education teachers for a teaching load of 25 pupils per resource room teacher.

Bilingual programs are for children for whom English is a second language - they understand their parents' language better than English, or they do not understand English at all. The goal is to acquaint the pupil with English, preferably in a period of three years or less, so that the pupil can comprehend instruction in English as well as in the tongue of the pupils' parents. For a Chinese or Korean pupil, a Chinese or Korean teacher, teaching in Chinese or Korean, should be able to handle a class of 20 on a full time basis or a class of 10 on a halfday basis. Some Alaska born pupils are listed in bilingual programs where the predominant language in the community is English. It is doubtful if the pupils are eligible for bilingual instruction under a separately funded bilingual program. However this is a problem of administration and not a subject that requires legislation unless the legislature wishes to expand bilingual education to include second languages for pupils for whom English is the first language.

Sec 14.17.025 Calculation of number of administrators The number of principals and vice principals per elementary and secondary school follows existing practice. No attempt has been made, however, to arrive at averages of district headquarters certificated personnel because there is no consistency in the use of certificated personnel at the headquarters level. Some fairly large school districts such as Cordova, with 388 pupils, have one certificated person, the superintendant, at district headquarters while a city district like Nome, with 741 pupils, has 10 certificated personnel at the headquarters level. Bering Straits, also headquartered at Nome, with 1160 pupils has 25 certificated personnel at headquarters. Yukon Flats with 359 pupils has 15 certificated persons at its headquarters in Fort Yukon. See Exhibit C for ratios of pupils to district headquarters certificated personnel.

There are legitimate reasons for some of these disparities. Some of the certificated personnel are itinerant teachers. Their time could reasonably be allocated to the schools they visit, as opposed to district headquarters. Some districts hire persons without teaching certificates for business managers, personnel managers, etc, while others do not. These non-certificated managers at the headquarters level would be handled through funding of classified employees. If there is too little money for continued funding of certificated headquarters personnel at existing levels then, perhaps, the shortfall can be made up by the relatively generous funding for classified personnel (funding for 2 classified persons for every 3 certificated persons.)

Sec 14.17.026 Calculation of number of classified personnel. Both Anchorage and Matsu employ two classified employees (persons without a teaching certificate) to every 3 certificated persons (teachers and others with teaching certificates). Some of these personnel are teacher aides. There are very few bus drivers as most bussing is contracted out. Thirteen percent (13%) of Anchorage's classified employees are noon-time lunch aides who average \$2000 per year. Some of the remaining classified employees who work at schools work six hours a day instead of eight coming in late and leaving early. Full time equivalents for these part-time employees have not been worked out and would be difficult to compile. If full-time equivalents are not used it appears that Anchorage classified employees receive, on the average, a very low annual wage - about \$21,000 a year. If noon-time aides are excluded and 6-8 hour employees are included, Anchorage's number drops by 13% and the average wage increases to about \$26,750.

The problem of full time, three quarter time and part time employees can be solved two ways either of which will yield the same result. Use an unadjusted number of employees and multiply by a low annual wage. Or use a full-time equivalent number and assign a higher annual wage. In the bills unadjusted numbers are used. Certificated - classified personnel ratios have not yet been compiled for other school districts and, as a result, there is no statewide ratio.

Classified employees make substantially less than certificated employees. In Anchorage, teachers, who account for 58% of the employees, account for 69.5% of the payroll. Administrators, 3% of the employees, account for 4.5% of the payroll and classified employees, 40% of the employees, account for 26% of the payroll. Certificated persons account for 74% of the salary costs.

On the basis of salaries the ratio would be 7 certificated dollars to every 3 classified payroll dollars or 7:3.(1:.43)

By making some very rough adjustments such as elimination of noon duty attendants it was possible to come up with estimates for Anchorage, Matsu and Kenai as follows:

Anchorage		
salary	\$25,700	
benefits and burden at 35%	<u>\$9,100</u>	\$34,800
Kenai		
salary	\$21,000	
benefits and burden at 30%	<u>\$6,300</u>	\$27,300
Matsu		
salary	\$23,000	
benefits and burden at 30%	<u>\$6,900</u>	\$29,900

Twenty three thousand dollars (\$23,000) has been used as the base classified employee salary. This number can be adjusted up or down based upon information from other districts.

Even if the ratio of classified employees to certificated employees were understated or overstated, the effect of the error would be minimal in distributing dollars to school districts. The total amount to be distributed is a fixed amount and an across the board overstatement or understatement of the percentage for classified employees would not appreciably affect the percentage of the fixed amount each school district receives. The reason why accuracy is desirable is that it helps communicate the actual effect of an allocation of monies to a school district as seen at the individual school and individual classroom level. If monies are reduced, how much would PTRs increase? How many, and which, classified employees would probably be laid off?

Sec. 14.17.028 Teacher salaries. The table lists the standard steps for teacher salaries in Alaska. Anchorage's lowest step, a bachelors degree, with no experience, and no credits after graduation is \$26,078. This is a 1.00. Anchorage's highest step requires a master's degree, 54 credits and 15 years experience. This pays \$51,113 and is a 2.00. Other southcentral districts are very close. Matsu starts at \$26,369 and ends at \$51,101. Kenai's range is \$26,626-\$50,705.

Larry Huxel, the Law and Finance director of the state Department of Education, developed the formula in about September 30, 1985. He described its derivation as follows;

The training and experience index reflects the relative degree of training and experience of personnel paid from the teacher salary schedules in each district (base 1.0, maximum 2.0). Ratios of district salaries to base salary from designated points on each district's teacher salary schedule were calculated. From these ratios a state ratio schedule for training and experience was derived. The number of district personnel paid from the teacher salary schedule was utilized to calculate the districts' Training and Experience Index. It is proposed that this index be used as an adjustment factor in the formula.

If the state is to recognize the true costs of staffing a school, it must recognize the fact teacher salaries are routinely increased for experience and training and that each school district has fixed costs of teachers already on the payroll at steps arrived at by contract. The only way to avoid this fixed cost is to layoff the experienced teacher to hire an inexperienced teacher at the bottom of the pay range.

If Training and Experience (T&E) is not recognized and, if a statewide average salary is used for all schools, a Rural Education Attendance Area (REAA), with increasingly experienced teachers, such as Copper Valley, would not be able to pay the same amount for additional education and training that tax levying districts do. Or if it has contracted to do so, it would either not be able to honor its contracts or would have to lay off teachers. With either result the REAA would operate on a basis inferior to that of tax levying districts.

If the legislature considers that the pay range is too high for teachers, it can put a dollar limitation on the amount it will consider for funding purposes - or clip off the top several steps. If it does so it will affect the ability of an REAA to pay above this ceiling, and to a lesser extent, the ability of a tax levying school district to do so.

The salary schedule in this section is used only for purpose of determining the allotment for the school district and does not prohibit a district from paying more or less.

There was a minimum teacher salary schedule in Alaska statutes until 1984, but this was a dead letter after 1970 when teacher associations were given the right to bargain. AS 14.20.220 provided for a minimum teacher salary of \$8000 a year, \$10,900 a year for a teacher with a masters degree, a cost of living differential of 5% for the Fairbanks - Central area and a 10% cost of living differential for Arctic and Western Alaska.

Sec 14.17.028(b) Superintendent salaries. The 1.4 and 1.6 multipliers for the superintendent salaries are intended to reflect actual salary practices in Alaska.

Where teacher salaries are relatively low for Alaska because of the absence of an area differential multiplier, the 1.4 and 1.6 multipliers may be low. Where teachers salaries might be expanded by as much as 40% due to a 40% differential, the multiplier may generate an excessive salary. For example a superintendent with a master's degree, 54 credits, 15 years experience, would receive in Anchorage, as a teacher, \$51,113, and as a superintendent \$20,445 more for a salary of \$71,558. With a 1.40 area cost differential the teachers salary would be \$93,025. This amount multiplied by 1.4 yields \$130,235. The add on amount for a superintendent should be limited to the Anchorage base (\$71,588) and not upon a higher base, which means that the superintendants pay in the 1.40 district would be \$93,025 plus \$20,445 for a total of \$113,470.

Nationally teachers salaries are significantly lower than in Alaska about \$26,000 per year compared to Alaska \$41,000 per year. Nationally superintendents average 1.86 more pay than teachers. In the Pacific states they average 1.84 more.

Washington in 1985-86 paid its teachers an average of \$27,166 per year, 102.3% of the national average. Alaska is shown as paying an average of \$41,480. A Washington's teacher's salary of \$27,166 multiplied by the Pacific states' 1.84 multiplier for superintendents would generate a Washington superintendents salary of \$49,985.

Sec 14.17.034(c) Administrators salaries. Again the multipliers used are intended to reflect Alaska practices. Any results achieved are likely to be inexact because of the numerous categories of administrator in Alaska.

Dale Sandahl of the Kenai Peninsula Borough School District has compiled the following information:

	Kenai	Nationwide *	Far West *
1. Teachers	1.00	1.00	1.00
2. Superintendents	1.67	1.86	1.84
3. Ass't Supt.	1.47	1.60	1.60
4. Exec. Director	1.47	1.42	1.43
5. Exec. Director	1.47	1.42	1.43
6. Senior High Principal	1.27	1.41	1.44
7. Jr. High Principal	1.18	1.33	1.33
8. Elementary Principal	.96	1.08	1.12
9. Sr. High Ass't Principal	1.3	1.22	1.25
10. Jr. High Ass't Principal	1.11	1.16	1.19
11. Elementary Ass't Prin.	.96	1.08	1.12
12. Directors in Central Office (5)	1.16	1.42	1.43
13. Director of Purchasing	1.17	1.33	1.32

* Source: Educational Research Service, Arlington, Va.

There was a minimum administrator's salary schedule in Alaska Statutes until 1984, but it was obsolete after 1970 when administrators were given the right to bargain. AS 14.20.230 provided for:

Sec. 14.20.230. Administrators' salaries. School boards of city and borough school districts and regional educational attendance areas shall pay a qualified school administrator a salary not less than the allowable amount for the school administrator's position on the teachers' scale provided in AS 14.20.220(a) - (c), plus

(1) 25 per cent for the chief school administrator of a district with an average daily membership of 500 or more;

(2) 20 per cent for the chief school administrator of a district with an ADM of less than 500;

(3) 15 per cent for a principal or other administrator;

(4) 10 per cent for an assistant principal;

The bill does not provide for school districts paying any minimum amount to administrators. Instead it creates a mechanism for budgeting an amount for administrators' salaries to be used in calculating "basic need."

Sec 14.17.029 Area cost differentials. This is the most difficult part of the formula. Area cost differentials for salaries have been arrived at by grouping school districts with similar characteristics by area and by then searching for a mean for salaries. Anchorage was used as the base at 1.00. The average teachers salary of each school district was determined by multiplying Anchorage's beginning salary of \$26,078 times the district's 1985-86 Training and Experience Index for that district. See the discussion under Sec 14.17.030. This number was then compared to the average 1985-68 salary for the school district. The differences between these two salaries are described as "area differentials". The tables showing these comparisons is attached as an Exhibit D. The grouping of school districts by similar characteristics and by area is shown in Exhibit E. Exhibit E also lists the "cost of living differentials" for each school district. The "cost of living differentials" are taken from the "Alaska Geographic Differential Study 1985", prepared for the State of Alaska Department of Administration by the McDowell Group.

There are many differences between actual teacher salary differences and the "cost of living differential" in the Alaska Geographic Differential Study. For example, Fairbanks pays its teachers 112% of Anchorage's, yet its cost of living differential is shown at 103%. There may be some basis for departing from known cost of living differentials if some parts of the state have traditionally had more difficulty in attracting teachers than other parts of the state. Fairbanks is colder than Anchorage.

Sec 14.17.034. Non-salary costs. Anchorage and some of the larger school districts have historically expended 80% of their budget for non-salary costs. Smaller school districts have historically spent a greater percentage of their budget on non-salary items.

For a few years, it may be best to grandfather certain school district non-salary expenditures, with ceilings on any categories where abuses are believed to have existed, e.g. excessive school board travel.

Until this year there may have been insufficient information as to how non-salary monies were being spent. With all school

districts now using a uniform table of accounts it should be possible to track the previous two years expenditures in a category and to identify anomalies that call for closer scrutiny, e.g. coding acquisition of major new items of equipment as "supplies". The proposed handling of non-salary costs is similar to handling of such costs by the State of Alaska in the 1950s and the early 1960s when a very small staff, probably no more than three persons, dealt with reimbursement of all city and independent school district costs, and, in addition, handled the budgeting for all costs of state operated schools. The whole formula in effect before 1963 was expressed in two paragraphs. The non-salary portion is stated in one sentence, as follows:

"Said detailed statement shall be submitted in duplicate and shall set forth the salaries of teachers in each grade and of janitors or other employees of the school district, and proposed expenditures for fuel, light, water, school books and supplies, janitor's supplies, manual training, domestic science, library, and for miscellaneous purposes."

One objection to a non-salary approach is that funding based upon previous years' expenditures creates an incentive to inflate expenditures so that future budgets would be based on inflated present year expenditures. There are several safeguards to prevent this. First, any monies not spent on unnecessary non-salary items are available for putting teachers in the classroom. Most school districts should have reacted to the pinch of decreasing state revenues by July 1, 1986. Secondly, district expenditures for such items as heating fuel and insurance would be compared to expenditures of other districts. If there is an unnecessary or extravagant expenditure that does not fall within any existing guidelines, this can be used as a basis for tightening up of expenditures that would be considered in arriving at next year's entitlement. If a school district spent a disproportionate amount on property and liability insurance this might indicate the need for a statewide approach to a costly problem.

Itemization of expenditures by category does not limit the ability of a district to spend monies received from the state as it sees fit. Regardless of how much or how little a school district has spent on a non-salary item in the past, it is free to add or subtract as much as it wishes to for that item so long as it can find money from some source to cover any increase.

A shortcut is to simply identify the per pupil expenditures on all non-salary items in each school district for the previous two years excluding monies for capital expenditures, reserves and fund balances, and then include 100% of these costs (or a lesser percentage determined by the legislature as the non-salary portion of "basic need"). The following language would accomplish this by rewording subsection (a) of AS 14.17.034 as follows:

(a) Each school district is allocated an amount per pupil

equal to ___% of the average of its per-pupil non-salary expenditures for fiscal years 1984-85 and 1985-86, excluding expenditures for capital, reserves and fund balances.

There is a problem with this shortcut, If there are some major structural problems in the funding of a particular category on non-salary costs, such as insurance, these problems may remain unidentified. The result would be that one district would be underfunded for a non-salary cost, while another district is overfunded.

Operations and maintenance. Use of costs coded under "Operation and Maintenance" does not help in arriving at previous school district cost experience. The state Department of Education compiles statistics on such school district cost categories as "Operations and Maintenance ("O&M"). See Exhibit F. "Operations and Maintenance" would include non-salary costs such as insurance, heating oil, most utilities, supplies used in maintenance, but not classroom supplies and, in some districts, some travel. "Operations and Maintenance" includes classified employee costs and benefits, but not costs of clerical employees and teacher aides. Unfortunately it appears that school districts are inconsistent in the way they code costs to this account. Some districts probably code a relatively small or none of their classified employee costs to O & M, while other districts code most of their classified employee cost to O & M. State O & M statistics show percentages of 1985-86 school district budgets averaging 17.88% with a high of 34.42% (Hydaburg) and a low of 11.34% (Skagway). See Exhibit F. There are probably serious inconsistencies in the way different school districts compile and report these expenses. It is possible that one time non-reoccurring expenditures inflate some of the reported expenditures. For example, King Cove, a seacoast community with 120 pupils, reports \$3,268 annual expenditure per pupil for O&M for 23.56% of its budget purpose while a sister seacoast community with 115 pupils 70 miles away reports \$1,312 per pupil for 15.35% of its budget. Hydaburg, with 97 pupils reports \$3098 per pupil expenditures for 34.42% of its budget while its next door neighbors on the west coast of Prince William Sound report about half of this amount. Klawock, with 156 pupils, reports \$1347 per pupil for 13.86% of its budget and Craig with 186 pupils reports \$1532 per pupil for 19.92% of its budget. "Operations and Maintenance" cannot be depended upon as a measure of average non-salary expenditures or of "reasonable and necessary non-salary expenditures".

Travel. There have been some attempts to create "dispersion" formulas based upon distances of school district attendance centers to district headquarters. Assuming that a meaningful dispersion formula could be devised it should be applied to only one category of costs - travel and per diem. Dispersion of schools has no relation to the number of classroom teachers, classified employees, insurance, heating, utilities and supplies.

To be of a value a dispersion formula would have to be tested against the actual travel costs incurred in the various school districts. Preferably a dispersion formula would be tested separately against (1) out of district travel, typically to Anchorage, Fairbanks and Juneau and (2) intra-district travel. Dispersion should have no effect on out-of district travel costs. On the other hand distances and airfares from residences of school board members to Anchorage, Fairbanks and Juneau would have some relation to travel and per diem costs incurred by school board members if they regularly meet in those cities.

Sec 14.17.036 Direct reimbursement of certain costs the financial liability of school districts for educating a severely handicapped pupil is capped at 180% of the funding provided for those pupils under Sec 14.17.024 (b). If the reasonable and necessary costs of educating severely handicapped children exceeds 180% of the formula funding for special education intensive, the state will reimburse to the school district 100% of the approved excess. The costs of providing an appropriate education for a severely handicapped pupil is hard to predict and varies considerably according to the disability.

This type of provision is not needed for a large district such as Anchorage, which enrolls 44% of Alaska's pupils. It is needed for a small school district such as most of the city school districts and the smaller REAA's. Three severely handicapped school children in a 100 pupil school district could increase salary costs by 10% - or reduce funding available for regular classroom teachers by one.

Sec 14.17.170(b) Hold Harmless provision - accuracy in estimates. A school district's entitlement is based on its October 15 enrollments. Unfortunately the school district must hire school teachers about six months earlier based on what the school district knows about its enrollments in April and May. If the teachers are already hired for different schools and if the enrollments unexpectedly fall, as happened in Skagway several years ago and in the Aleutians this year (23 pupil loss, mostly at the Cold Bay school) reducing total district enrollment to less than 100, it is very difficult to curtail costs by finding non-tenured teachers to lay off or by reducing non-salary costs.

The risks of error have been substantially reduced by splitting non-personnel costs from personnel costs. Only revenues based upon personnel costs are protected from erosion.

If some of the non-salary cost information available in the spring is uncertain, the results of an error in estimating the average of two years previous expenditure would not be great. Non-salary costs account for no more than 25% of all school costs. If all of this 25% were subject to an error - the costs of insurance, heating oil, utilities, etc., and if the error were 10%, the amount of under or overestimating of total foundation funding would be 2.5%. If just "school board" were subject to this risk, and if the error were 25%, the effect on the total

budget would be no more than one half of one percent (.02% x 25%).

Sec 14.17.082(a) Fund balances. This limitation on fund balances reflects existing law. Since this new funding formula is intended to meet no more than 100% of the reasonable and necessary costs of a public school education, this provision can be dropped.

Sec 14.17.170 Payments under adjusted computation. From existing law.

Sec 14.17.170(b) Hold harmless. Protects the school district from being unable to pay teacher salaries for teachers under contract for the next year where enrollments have decreased by more than 5%.

Sec 14.17.175 Extraordinary costs. Some of the smaller schools are exposed to unusual risks. For example, the 96 children in the Aleutian Region School District are located in about six schools. Some of the schools are served only about twice a year by sea with uncertain service by air. Loss of an airfield could significantly increase some costs.

Sec 14.17.205 State aid to districts operating approved school food service programs. From existing law.

TABLE 1A

ANALYSIS OF FISCAL CAPACITY/ADM BY TYPE

SCHOOL DISTRICT	ADM	LOCAL ADM AS % OF STATE ADM	FULL AND TRUE VALUE ASSESSED PROPERTY	ASSESSED VALUE PER ADM	LOCAL WEALTH AS % OF STATE WEALTH	CITY/BOROUGH FY87 APPROPRIATION	ONE MILL OF TOTAL ASSESSED VALUE
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SUB-TOTAL	40,674	44.23%	\$19,343,356,800	\$475,571	37.90%	\$63,492,830	\$19,343,357
NORTH SLOPE	1,155	1.26%	\$13,570,786,300	\$11,749,599	26.59%	\$12,885,000	\$13,570,786
KENAI	8,548	9.30%	\$1,905,341,700	\$456,872	7.65%	\$18,201,971	\$3,905,342
KETCHIKAN	2,439	2.65%	\$904,384,100	\$370,801	1.77%	\$5,397,763	\$904,384
JUNEAU	4,700	5.11%	\$1,688,992,300	\$359,360	3.31%	\$8,250,000	\$1,688,992
FAIRBANKS	13,431	14.61%	\$4,726,913,900	\$351,941	9.26%	\$21,448,271	\$4,726,914
MAT-SU	9,366	10.19%	\$2,716,755,900	\$290,066	5.32%	\$19,461,795	\$2,716,756
SITKA	1,654	1.80%	\$441,175,000	\$266,732	0.66%	\$2,978,373	\$441,175
KODIAK	2,278	2.48%	\$552,447,400	\$242,514	1.08%	\$2,201,800	\$552,447
NORTHWEST ARCTIC**	1,526	1.66%	\$235,045,200	\$154,027	0.46%		\$235,045
SUB-TOTAL	45,097	49.08%	\$28,741,841,800	\$637,334	56.31%	\$90,824,999	\$28,741,842
VALDEZ	791	0.86%	\$1,693,326,700	\$2,140,742	3.32%	\$4,888,390	\$1,693,327
CORDOVA	390	0.42%	\$123,962,300	\$317,852	0.24%	\$625,005	\$123,962
HAINES	351	0.38%	\$97,621,600	\$278,124	0.19%	\$389,000	\$97,622
WRANGELL	451	0.49%	\$108,670,500	\$240,955	0.21%	\$538,053	\$108,671
DILLINGHAM	465	0.51%	\$107,515,700	\$231,217	0.21%	\$100,000	\$107,516
PETEI'SBURG	597	0.65%	\$135,355,400	\$226,726	0.27%	\$654,000	\$135,355
NOME	850	0.92%	\$151,635,000	\$178,394	0.30%	\$206,000	\$151,635
SUB-TOTAL	3,895	4.24%	\$2,418,087,200	\$620,818	4.74%	\$6,600,448	\$2,418,087
UNALASKA	141	0.15%	\$95,564,500	\$677,762	0.19%	\$173,000	\$95,565
SAND POINT	115	0.13%	\$74,641,100	\$649,053	0.15%	\$100,000	\$74,641
SKAGWAY	136	0.15%	\$59,036,600	\$434,093	0.12%	\$48,000	\$59,037
BRISTOL BAY	241	0.26%	\$101,541,000	\$421,332	0.20%	\$40,000	\$101,541
PELICAN	54	0.06%	\$14,987,400	\$277,544	0.03%	\$14,000	\$14,987
KING COVE	120	0.13%	\$24,391,400	\$200,262	0.05%	\$10,000	\$24,391
CRAIG	185	0.20%	\$37,304,700	\$200,563	0.07%	\$10,735	\$37,305
TANANA	78	0.08%	\$11,755,200	\$150,708	0.02%	\$2,000	\$11,755
NENANA	126	0.14%	\$18,099,500	\$143,647	0.04%	\$50,000	\$18,100
HYDABURG	97	0.11%	\$13,417,800	\$138,328	0.03%	\$1,200	\$13,418
GALENA	146	0.16%	\$20,106,900	\$137,718	0.04%	\$5,000	\$20,107
HOONAH	214	0.23%	\$29,237,500	\$136,624	0.06%	\$10,000	\$29,238
YAKUTAT	157	0.17%	\$18,136,700	\$115,520	0.04%	\$28,614	\$18,137
KAKE	202	0.22%	\$12,188,400	\$60,339	0.02%	\$15,000	\$12,188
ST. MARY'S	115	0.13%	\$4,451,200	\$38,706	0.01%	\$0	\$4,451
KLAWOCK	156	0.17%	\$5,841,100	\$37,443	0.01%	\$0	\$5,841
SUB-TOTAL	2,284	2.48%	\$540,701,000	\$236,734	1.06%	\$507,549	\$540,701
TOTAL	91,950	100.00%	\$51,043,986,800	\$555,128	100.00%	\$161,425,826	\$51,043,987

EXHIBIT A, p. 1

TABLE 1:

CITY/BOROUGH FISCAL CAPACITY AND FISCAL EFFORT

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CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

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ST. MARY'S	115	0.13%	\$4,451,200	\$38,706	0.01%	\$0
TANANA	78	0.08%	\$11,755,200	\$150,708	0.02%	\$2,000
UNALASKA	141	0.15%	\$95,564,500	\$677,762	0.19%	\$173,000
VALDEZ	791	0.86%	\$1,693,326,700	\$2,140,742	3.32%	\$4,088,390
WRANGELL	451	0.49%	\$108,670,500	\$240,955	0.21%	\$538,053
YAKUTAT	157	0.17%	\$18,136,700	\$115,520	0.04%	\$28,614
TOTAL	91,950	100.00%	\$51,043,986,800	\$555,128	100.00%	\$161,425,826

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**TRANSITION DISTRICT (REF: AS14 17 210)

TABLE 1A:

ANALYSIS OF FISCAL CAPACITY/ADM BY TYPE

SCHOOL DISTRICT	FY87 APPROP. IN MILL	FY87 APPROPRIATION PER ADM	LOCAL APPROP. STATE AVERAGE (PER ADM)	LOCAL EFFORT STATE AV. EFFORT
	EQUIVALENCY			
ANCHORAGE	3.28	\$1561.02	0.89	1.04
SUB-TOTAL	3.28	\$1561.02	0.89	1.04
NORTH SLOPE	0.95	\$1155.84	6.35	0.30
KENAI	4.66	\$2129.38	1.21	1.47
KETCHIKAN	5.97	\$2213.11	1.26	1.89
JUNEAU	4.88	\$1755.32	1.00	1.54
FAIRBANKS	4.54	\$1586.92	0.91	1.43
MAT-SU	7.16	\$2077.92	1.18	2.27
SITKA	6.75	\$1800.71	1.03	2.13
KODIAK	3.99	\$966.55	0.55	1.26
NORTHWEST ARCTIC**				
SUB-TOTAL	3.18	\$2013.99	1.15	1.00
VALDEZ	2.41	\$5168.63	2.94	0.76
CORDOVA	5.04	\$1602.59	0.91	1.59
HAINES	3.98	\$1108.26	0.63	1.26
WRANGELL	4.95	\$1193.02	0.68	1.57
DILLINGHAM	0.93	\$215.05	0.12	0.29
PETERSBURG	4.83	\$1095.48	0.62	1.53
NOME	1.36	\$242.35	0.14	0.43
SUB-TOTAL	2.73	\$1894.60	0.97	0.86
UNALASKA	1.81	\$1226.95	0.70	0.57
SAND POINT	1.34	\$869.57	0.50	0.42
SKAGWAY	0.81	\$352.94	0.20	0.26
BRISTOL BAY	0.39	\$165.88	0.09	0.12
PELICAN	0.93	\$259.26	0.15	0.30
KING COVE	0.41	\$83.33	0.05	0.13
CRAIG	0.29	\$57.72	0.03	0.09
TANANA	0.17	\$25.64	0.01	0.05
NENANA	2.76	\$396.83	0.23	0.87
HYDABURG	0.09	\$12.37	0.01	0.03
GALENA	0.25	\$34.25	0.02	0.08
HOONAH	0.34	\$46.73	0.03	0.11
YAKUTAT	1.58	\$182.25	0.10	0.50
KAKE	1.23	\$74.26	0.04	0.39
ST. MARY'S	0.00	\$0.00	0.00	0.00
KLAWOCK	0.00	\$0.00	0.00	0.00
SUB-TOTAL	0.94	\$222.22	0.13	0.30
TOTAL	3.16	\$1755.58	100.0%	1.00

Exhibit A p. 3

SCHOOL DISTRICT	STATE FOUND.	ONE MILL	INSTRUCTIONAL	COST OF	PERCENTAGE
	AID PER	GENERATION	UNIT ALLOT.	LIVING	EQUALIZER
	ADM	PER ADM	AS14.17.056	DIFFERENTIALS	
CITIES/BOROUGHES:					
ANCHORAGE	\$3,088	\$478	104%	100%	97.42994
BRISTOL BAY	\$8,748	\$421	155%	129%	97.72305
CORDOVA	\$5,054	\$318	95%	111%	98.28228
CRAIG	\$7,188	\$201	120%	102%	98.91613
DILLINGHAM	\$7,694	\$231	150%	129%	98.75047
FAIRBANKS	\$3,531	\$352	113%	103%	98.09808
GALENA	\$10,583	\$138	155%	129%	99.25575
HAINES	\$5,828	\$278	112%	105%	98.49697
HOONAH	\$8,605	\$137	112%	105%	99.28166
HYDABURG	\$8,908	\$138	104%	102%	99.25245
JUNEAU	\$3,406	\$359	104%	103%	98.05796
KAKE	\$7,666	\$60	112%	98%	99.67392
KENAI	\$3,381	\$457	104%	101%	97.53099
KETCHIKAN	\$3,458	\$371	100%	102%	97.99613
KING COVE	\$9,113	\$203	140%	126%	98.90154
KLAWOCK	\$7,491	\$37	104%	102%	99.79765
KODIAK	\$5,274	\$243	135%	106%	98.68941
MAT-SU	\$2,919	\$290	104%	94%	98.43244
NENANA	\$9,079	\$144	125%	129%	99.22371
NOME	\$7,084	\$178	155%	132%	99.03593
NORTH SLOPE	\$8,230	\$11750	175%	144%	97.00000
NORTHWEST ARCTIC	\$7,691	\$154	155%	144%	99.16761
PELICAN	\$11,163	\$278	110%	105%	98.50010
PETERSBURG	\$4,004	\$227	90%	98%	98.77474
SAND POINT	\$7,541	\$649	115%	120%	97.00000
SITKA	\$3,714	\$267	104%	101%	98.55854
SKAGWAY	\$8,973	\$434	80%	105%	97.65409
ST. MARYS	\$10,926	\$39	180%	126%	99.79083
TANANA	\$13,473	\$151	140%	129%	99.18555
UNALASKA	\$7,998	\$678	120%	126%	97.00000
VALDEZ	\$4,203	\$2141	115%	111%	97.00000
WRANGELL	\$4,746	\$241	90%	98%	98.69784
YAKUTAT	\$7,929	\$116	115%	105%	99.37571
REAS:					
ADAK	\$3,447		125%	126%	100.00000
ALASKA GATEWAY	\$8,898		185%	139%	100.00000
ALEUTIANS	\$15,758		145%	129%	100.00000
ANNETTE ISLAND	\$3,309		155%	139%	100.00000
BERING STRAITS	\$9,078		125%	129%	100.00000
CHATHAM	\$6,438		165%	129%	100.00000
CHUGACH	\$10,627		160%	129%	100.00000
COPPER RIVER	\$6,678		145%	132%	100.00000
DELTA GREELY	\$4,430		150%	129%	100.00000
IDITAROD	\$10,362		140%	126%	100.00000
KASHUNAMIUT	\$8,538		175%	129%	100.00000
KUSPUK	\$8,933		120%	126%	100.00000
LAKE AND PENISULA	\$12,562		105%	126%	100.00000
LOWER KUSKOKWIM	\$8,971		95%	126%	100.00000
LOWER YUKON	\$5,775		125%	111%	100.00000
PRIBILOF ISLANDS	\$6,031		140%	111%	100.00000
RAILBELT	\$8,892		100%	105%	100.00000
SOUTHEAST ISLANDS	\$6,446		165%	103%	100.00000
SOUTHWEST	\$8,658		125%	103%	100.00000
YUKON FLATS	\$13,092		108%	102%	100.00000
YUKON KOYUKUK	\$9,109		115%	103%	100.00000
YUPIIT	\$12,870		90%	102%	100.00000

Exhibit A, p. 4

SUMMARY TABLE 1:

STATE FOUNDATION SUMMARY PER ADM/WALL DISTRICTS

SCHOOL DISTRICT	ADM	FY87 STATE	STATE
		FOUNDATION	FOUNDATION
		ENTITLEMENT (EST)	PER ADM
ALEUTIANS	87	\$1,370,960	\$15,758
TANANA	78	\$1,059,494	\$13,583
YUKON FLATS	377	\$4,935,528	\$13,092
YUPIIT	285	\$3,667,899	\$12,870
LAKE AND PENISULA	370	\$4,647,795	\$12,562
PELICAN	54	\$611,981	\$11,333
ST. MARY'S	115	\$1,259,100	\$10,949
GALENA	146	\$1,556,769	\$10,663
CHUGACH	129	\$1,370,890	\$10,627
IDITAROD	398	\$4,134,454	\$10,362
KING COVE	120	\$1,105,763	\$9,215
NENANA	126	\$1,152,866	\$9,150
YUKON KOYUKUK	598	\$5,429,081	\$9,109
BERING STRAITS	1,233	\$11,193,524	\$9,078
HYDABURG	97	\$870,583	\$8,975
LOWER KUSKOKWIM	2,675	\$23,998,368	\$8,971
BRISTOL BAY	241	\$2,156,893	\$8,950
KUSPUK	408	\$3,644,698	\$8,933
RAILBELT	357	\$3,174,347	\$8,892
SOUTHWEST	486	\$4,206,731	\$8,656
KASHUNAMIUT	166	\$1,417,382	\$8,538
NORTH SLOPE	1,155	\$9,800,000	\$8,485
UNALASKA	141	\$1,162,600	\$8,245
YAKUTAT	157	\$1,252,674	\$7,979
DILLINGHAM	465	\$3,623,215	\$7,782
SAND POINT	115	\$894,069	\$7,775
NORTHWEST ARCTIC	1,526	\$11,834,721	\$7,755
KAKE	202	\$1,553,695	\$7,692
KLAWOCK	156	\$1,171,024	\$7,507
CRAIG	186	\$1,351,304	\$7,265
NOME	850	\$6,080,016	\$7,153
SKAGWAY	136	\$971,045	\$7,140
ALASKA GATEWAY	516	\$3,559,313	\$6,898
COPPER RIVER	575	\$3,838,705	\$6,676
HOONAH	214	\$1,424,060	\$6,654
SOUTHEAST ISLANDS	458	\$2,952,223	\$6,448
CHATHAM	306	\$1,970,021	\$6,438
PRIBILOF ISLANDS	169	\$1,019,227	\$6,031
HAINES	351	\$2,076,912	\$5,917
LOWER YUKON	1,286	\$7,426,071	\$5,775
KODIAK	2,278	\$12,173,549	\$5,344
CORDOVA	390	\$2,005,432	\$5,142
WRANGELL	451	\$2,168,909	\$4,809
DELTA GREELY	1,084	\$4,802,648	\$4,430
VALDEZ	791	\$3,427,800	\$4,334
PETERSBURG	597	\$2,420,180	\$4,054
SITKA	1,654	\$6,232,285	\$3,768
FAIRBANKS	13,431	\$48,344,164	\$3,599
KETCHIKAN	2,439	\$8,606,730	\$3,529
JUNEAU	4,700	\$18,324,000	\$3,473
ADAK	607	\$2,092,326	\$3,447
KENAI	8,548	\$29,453,738	\$3,446
ANNETTE ISLAND	413	\$1,366,767	\$3,309
ANCHORAGE	40,674	\$128,900,000	\$3,169
MAT-SU	9,366	\$27,777,487	\$2,966
TOTAL	104,932	\$443,020,326	\$4,222

**TRANSITION DISTRICT

Exhibit A, p 3

SOURCE: DOE

SUMMARY TABLE 2:

ANALYSIS OF DISTRICT REVENUE PER ADM/WALL DISTRICTS

SCHOOL DISTRICT	ADM	TOTAL REVENUE:	TOTAL REVENUE:
		ALL SOURCES	ALL SOURCES
			BY ADM
NORTH SLOPE	1,155	\$29,445,000	\$25,494
ALEUTIANS	87	\$1,884,680	\$21,663
TANANA	78	\$1,361,841	\$17,460
LAKE AND PENINSULA	370	\$6,174,803	\$16,689
NENANA	126	\$2,088,648	\$16,577
YUKON FLATS	377	\$5,817,528	\$15,431
GALENA	146	\$2,153,502	\$14,750
SOUTHWEST	486	\$6,778,243	\$13,947
IDITAROD	399	\$5,339,021	\$13,381
ST. MARYS	115	\$1,529,100	\$13,297
KUSPUK	408	\$5,346,300	\$13,104
YUPIIT	285	\$3,727,899	\$13,080
KASHUNAMIUT	166	\$2,167,382	\$13,057
BERING STRAITS	1,233	\$16,069,905	\$13,033
YUKON KOYUKUK	596	\$7,448,146	\$12,497
CHUGACH	129	\$1,525,890	\$11,829
PELICAN	54	\$635,991	\$11,778
LOWER KUSKOKWIM	2,675	\$31,498,809	\$11,775
UNALASKA	141	\$1,657,600	\$11,756
BRISTOL BAY	241	\$2,791,450	\$11,583
LOWER YUKON	1,286	\$14,033,103	\$10,912
PRIBILOF ISLANDS	169	\$1,818,008	\$10,757
KAKE	202	\$2,165,463	\$10,720
NORTHWEST ARCTIC**	1,526	\$16,280,137	\$10,669
VALDEZ	791	\$8,345,882	\$10,551
KING COVE	120	\$1,245,602	\$10,380
RAILBELT	357	\$3,517,186	\$9,852
CHATHAM	306	\$2,978,177	\$9,733
DILLINGHAM	465	\$4,365,215	\$9,388
KLAWOCK	156	\$1,456,784	\$9,338
SOUTHEAST ISLANDS	458	\$4,218,594	\$9,211
YAKUTAT	157	\$1,434,318	\$9,136
ALASKA GATEWAY	516	\$4,682,390	\$9,074
HYDABURG	97	\$873,283	\$9,003
SAND POINT	115	\$1,013,257	\$8,811
HOONAH	214	\$1,756,097	\$8,206
HAINES	351	\$2,849,882	\$8,119
NOME	850	\$6,825,745	\$8,030
COPPER RIVER	575	\$4,474,705	\$7,782
CRAIG	186	\$1,430,863	\$7,693
SKAGWAY	136	\$1,032,699	\$7,593
ANNETTE ISLAND	413	\$3,107,592	\$7,524
ADAK	607	\$4,506,942	\$7,425
CORDOVA	390	\$2,852,897	\$7,315
KODIAK	2,278	\$15,559,029	\$6,830
DELTA GREELY	1,084	\$6,705,881	\$6,187
WRANGELL	451	\$2,774,838	\$6,153
SITKA	1,654	\$9,928,422	\$6,003
KETCHIKAN	2,439	\$14,547,013	\$5,964
FAIRBANKS	13,431	\$80,090,973	\$5,963
KENAI	8,548	\$50,538,788	\$5,912
MAT-SU	8,366	\$51,414,806	\$5,490
JUNEAU	4,700	\$25,575,000	\$5,441
PETERSBURG	597	\$3,224,180	\$5,401
ANCHORAGE	40,674	\$209,122,830	\$5,141
TOTAL	104,832	\$702,187,327	\$6,692

**TRANSITION DISTRICT

Exhibit A, p. 8

SOURCE: DOE

EXHIBIT B

District and REAA PL 81-874 Revenues

Memorandum on Limitations on State of Alaska Use of Federal Public Law 81-874 Monies

If the State of Alaska did not take PL 81-874 monies into account in meeting the needs of Alaska school districts two severe problems would be created:

(1) The state school funding program would be underfunded by about 49 million dollars. This would result in either an approximate 10% reduction in monies available for school funding or require the state to seek this amount from other sources to make up for the lost funding.

(2) If each school district retained 100% of the PL 81-874 monies generated by federal lands and facilities within its boundaries existing disparities in district school expenditures would be greatly increased. Some school districts would become very wealthy; to the extent that the amount available for school funding is fixed, this transfer of wealth would have to be offset dollar by dollar by taking the money from the poorer school districts reducing their level of expenditures.

As a practical matter the state cannot afford to dispense with 49 million dollars for funding of a school foundation program.

If Alaska is to rely on PL 81-874 monies for its school foundation program, it must take into account 100%, or very nearly 100%, of the PL 81-874 monies generated by federal land and facilities in each school district - including only 80% will not work as the 20% retained by school districts will result in excessive expenditure disparities among Alaska school districts - disparities which exceed federal guidelines. The expenditure disparity among school districts cannot generally exceed 25%. The amount that the most wealthy school district spends cannot exceed by 25% the amount that which the poorest district spends.

In addition, each tax levying school district must make a comparable tax effort. One district cannot get by with a local property tax of one half of a mill (\$50 on a \$100,000 house), while another school district, to achieve the same educational goals, must tax itself ten times as much, say five mills (\$500 on a \$100,000 house.) This means that tax equalization must exist.

Where a school district can tax itself--city and borough school districts have this ability under the State Constitution and state law--they are required to do so to a reasonable extent. PL-874(d) (2) (B) (ii) requires that:

ii Such agency (school district) is making a reasonable tax effort and exercising due diligence in availing itself of state and other financial assistance; ...
(parenthetical note added)

Currently under state law cities and borough school districts can tax themselves for education, but are not required to do so.

The same requirement to tax does not exist for the "unorganized territory" i.e. the area outside of cities and boroughs. Under the Alaska Constitution only the state can levy taxes in the unorganized territory.

Before 1974, a number of state school funding statutes were struck down because P.L. 81-874 then prohibited states from using federal funds to replace state funds. Since 1974, P.L. 81-874 has contained a provision permitting states to consider the amount of federal impact aid a school district receives when the state is determining how to distribute state aid. This was after a series of state supreme court cases in the early 1970's requiring equalization of educational opportunity.

To use the exception to the general rule, the state must have an acceptable program of aid to equalize expenditures among school districts as determined under regulations of the Secretary of Education. This restriction is contained in P.L. 98-874 paragraph 5(d) codified as 20 U.S.C. 240(d). The exception is contained in subparagraph 1(A), which requires that the state have in effect -

"a program designed to equalize expenditures for free public education amount the local educational agencies of that state...."

The Secretary has adopted regulation to implement this exception to give the states direction in designing their state education aid formulas. As required by Congress, these regulations define both "state aid" and the term "equalize expenditures" as they relate to a state's consideration of federal funding in financing free public education.

To qualify as a program designed to equalize expenditures for free public education the program must meet four criteria set out in 34 C.F.R. 222.62. If the state's program meets this test a state may consider federal P.L. funds in allocating state monies to local educational districts.

The test consists of the following four parts:

A. Is the state program in effect for the fiscal year in question;

B. Does the state program provide for apportionment of state aid among local school districts to carry out the objectives of the state aid program.

C. Does the state program take into consideration the financial resources available to local school districts;

D. Does the state program meet either of the following standards:

1. Disparity standard (this requires that no more than 25% disparity in current expenditures exist between school districts)

2. Wealth neutrality test (requires no less than 85% of local revenues be wealth neutral)

3. Exceptional circumstances (a state which cannot meet either test 1 or 2 can still qualify under this standard, which allows the secretary to justify a program due to exceptional circumstances within a state related to disparities in current expenditures for education)

The costs of delivering an education probably does vary more than 25% between the lowest cost Alaska school district necessarily and the highest cost Alaska school district. If so, the third test--exceptional circumstances--can be used to justify a greater disparity than 25%. However any disparity in excess of 25% would have to be based upon verified differences in actual costs and not just upon a political fiat that one district will receive more money than another.

Section 3(d) (3) (B) (iii) makes a special allowance for the local contribution rate for U.S. Territories, Alaska ("in which a substantial portion of the land is in unorganized territory"), and Hawaii ("any state in which there is only one local educational agency") so long as their policies and principles are consistent with the policies for determining local contribution rates in other states.

Even though the territories of the United States, Alaska and Hawaii are free of some of the more strict formulas regarding comparable tax efforts, they are nevertheless subject to the provision that their use of PL 874 monies shall be:

In accordance with policies and principles which will best achieve the purposes of this section and which are consistent with the policies and principles provided in this paragraph for determining local contribution rates

in states where it is possible to determine generally comparable school districts.

In Alaska, it is possible "to determine generally comparable school districts" with respect to city and borough school districts since they all have the power to tax.

The "purposes of this section" includes distribution of monies in a way to achieve equalization of educational opportunities through equalization of local tax effort and school district expenditures.

In summary, to be eligible for continued receipt of federal Public Law 81-874 monies, the state must either:

- (1) disregard the Public Law 81-874 monies in making a determination of how much in state dollars each district shall receive, or
- (2) equalize educational expenditures and bring about comparable mill levies for education in boroughs and cities.

TABLE 2E:

DISTRICT P.L. 81-874 REVENUE

SCHOOL DISTRICT	ADM	LOCAL ADM AS OF STATE ADM	FEDERAL REVENUE P.L. 81-874	P.L. 81-874 PER ADM
ANCHORAGE	40,674	44.23%	\$0	\$0.00
BRISTOL BAY	241	0.26%	\$305,619	\$1268.13
CORDOVA	390	0.42%	\$11,848	\$30.38
CRAIG	186	0.20%	\$33,203	\$178.51
DILLINGHAM	465	0.51%	\$400,000	\$860.22
FAIRBANKS	13,431	14.61%	\$50,000	\$3.72
GALENA	146	0.16%	\$429,227	\$2939.91
HAINES	351	0.38%	\$30,000	\$85.47
HOONAH	214	0.23%	\$245,306	\$1146.29
HYDABURG	97	0.11%	\$0	\$0.00
JUNEAU	4,700	5.11%	\$36,000	\$7.66
KAKE	202	0.22%	\$455,250	\$2253.71
KENAI	8,548	9.30%	\$200,000	\$23.40
KETCHIKAN	2,439	2.65%	\$20,000	\$8.20
KING COVE	120	0.13%	\$57,040	\$475.33
KLAWOCK	156	0.17%	\$259,260	\$1661.92
KODIAK	2,278	2.48%	\$266,360	\$116.93
MAT-SU	9,366	10.19%	\$0	\$0.00
NENANA	126	0.14%	\$6,000	\$47.62
NOME	850	0.92%	\$80,000	\$94.12
NORTH SLOPE	1,155	1.26%	\$6,600,000	\$5714.29
NORTHWEST ARCTIC**	1,526	1.66%	\$3,730,416	\$2444.57
PELICAN	54	0.06%	\$0	\$0.00
PETERSBURG	597	0.65%	\$5,000	\$8.38
SAND POINT	115	0.13%	\$0	\$0.00
SITKA	1,654	1.80%	\$120,000	\$72.55
SKAGWAY	136	0.15%	\$0	\$0.00
ST. MARY'S	115	0.13%	\$200,000	\$1739.13
TANANA	78	0.08%	\$234,453	\$3005.81
UNALASKA	141	0.15%	\$190,000	\$1347.52
VALDEZ	791	0.86%	\$20,000	\$25.28
WRANGELL	451	0.49%	\$0	\$0.00
YAKUTAT	157	0.17%	\$60,000	\$382.17
TOTAL	91,950	100.00%	\$14,044,982	\$152.75

EXHIBIT B, p. 5

**TRANSITION DISTRICT (REF: AS14.17.210)