

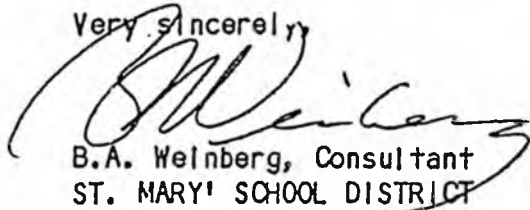
ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

6258 SENATE HEALTH, EDUCATION AND SOCIAL SERVICES

687

In conclusion, we urge you to support HB119 and HD185 to address these blemishes on an otherwise outstanding foundation program. If you have any questions, please do not hesitate to contact Jim Zuelow, Superintendent of the St. Mary's School District, or myself.

Very sincerely,

A handwritten signature in cursive script, appearing to read "B.A. Weinberg". The signature is written in dark ink and is positioned above the typed name.

B.A. Weinberg, Consultant
ST. MARY'S SCHOOL DISTRICT
(Educational Management Associates, Inc.)

BAW/gt

MEMORANDUM

State of Alaska
Department of Education

TO: Steve Hole
Deputy Commissioner

DATE: February 17, 1989

FILE NO: FAC 1742

TELEPHONE NO: 465-2865

FROM: Tom Ryan
Acting Director
EFSS

SUBJECT: Single/Dual Site Consortium
Proposed Foundation Program
Amendment

A Consortium of Single/Dual Site school districts is proposing a change to the foundation program (attached) which provides an extra percentage calculation for twenty eight school districts. The Consortium claims that this extra funding is needed to counteract negative effects of the current formula.

We have reviewed the analysis done for the Consortium by the South East Regional Resource Center (SERRC). While that analysis does show a reduction in average expenditures for Consortium school districts, it does not show a pattern of reductions common to the group as a whole. The current formula was designed partly for the purpose of reducing funding for districts with ADM under 1000 which had been favored by the previous formula.

The Consortium analysis uses surveys of superintendents in single/dual site districts to conclude that there were "disproportionate/disparate program curtailments," yet there is no similar survey data shown for multi-site district programs. The survey comments are particularly subjective and are not corroborated by test scores or grass roots pressure which would help identify program inadequacies. That single/dual site district schools may not offer all of the program options available in larger districts is a manifestation of the efficiency of scale achievable in larger districts, and does not by itself indicate a foundation formula problem.

There are certainly some districts in the Consortium who are having difficulty maintaining a level of program offerings acceptable to their community. Yet we do not believe this is true for all or even the majority of Consortium school districts. Our analysis of the SERRC data shows a greater variance in effects of funding formula changes on Consortium districts than upon multi-site districts. We can find no common denominator which identifies the Single/Dual Site Consortium school districts as a group with a common problem requiring a common solution.

We recommend that the State Board oppose the extra percentage bill if it is submitted in the legislature, because it provides a solution to a common complaint and not to a clearly identified common problem. At the February Board meeting we will provide department analyses of the data illustrating the variation in Consortium experiences through various foundation program changes.

1 ALASKA PUBLIC SCHOOL FOUNDATION FUNDING PROGRAM

2 PREPARED 2/22/89

3

BASED ON

4

FFY88 APPL. McCOMB III STUDY

5

| 6 | PL874 259 | FY90 | SUB TOTAL | SINGLE/DUAL | ESTIMATED |
|---------------------|-------------|------------|------------|--------------|-------------|
| 7 SCHOOL | INDIAN LAND | FOUNDATION | COLUMNS | CONSORTIUM | NET EFFECT |
| 8 DISTRICT | ADD-ON | ADJUSTMENT | 2 PLUS 3 | SOLUTION (A) | |
| 10 | | | | | |
| 11 ADAK | 80 | 164,800 | 164,800 | 1195,453 | 1260,253 |
| 12 ALASKA GATEWAY | 189,692 | (1196,200) | (1106,508) | | (1106,508) |
| 13 ALEUTIAN REGION | 163,935 | 130,600 | 194,535 | | 194,535 |
| 14 ANCHORAGE | 1951 | 80 | 1951 | | 1951 |
| 15 ANNETTE ISLAND | 1292,167 | 1121,200 | 1413,367 | 1171,408 | 1584,775 |
| 16 BERING STRAIT | 1954,423 | 1115,800 | 11,070,223 | | 11,070,223 |
| 17 BRISTOL BAY | 140,853 | 1108,600 | 1149,453 | 1146,304 | 1295,757 |
| 18 CHATHAM | 1153,177 | 1207,000 | 1372,177 | | 1372,177 |
| 19 CHUGACH | 134,633 | 175,600 | 1110,233 | | 1110,233 |
| 20 COPPER RIVER | 158,613 | (144,400) | 114,213 | | 114,213 |
| 21 CORDOVA | 80 | 1219,000 | 1219,000 | 1184,349 | 1403,349 |
| 22 CRAIG | 12,091 | 170,800 | 172,891 | 1149,803 | 1222,694 |
| 23 DELTA GREELY | 80 | (192,400) | (192,400) | 1284,511 | 1192,111 |
| 24 DELLINGHAM | 189,692 | 152,200 | 1141,892 | 1232,136 | 1374,028 |
| 25 FAIRBANKS | 80 | (1633,000) | (1633,000) | | (1633,000) |
| 26 GALENA | 1115,449 | 133,600 | 1149,049 | 1143,489 | 1292,538 |
| 27 HALIBUT | 80 | (145,000) | (145,000) | 183,563 | 138,563 |
| 28 HOONAH | 129,302 | 130,000 | 159,302 | 1167,962 | 1227,264 |
| 29 HYDABURG | 14,443 | 147,400 | 151,843 | 197,595 | 1149,438 |
| 30 IDITAROD | 1164,288 | 80 | 1164,288 | | 1164,288 |
| 31 JUNEAU | 1381 | 80 | 1381 | | 1381 |
| 32 KAKE | 146,173 | 194,200 | 1140,373 | 1128,000 | 1268,373 |
| 33 KASHUNAMITUT | 1117,216 | 153,400 | 1170,616 | 1165,282 | 1335,898 |
| 34 KENAI | 119,967 | 80 | 119,967 | | 119,967 |
| 35 KETCHIKAN | 80 | 80 | 80 | 1313,414 | 1313,414 |
| 36 KING COVE | 148,839 | 164,800 | 1113,639 | | 1113,639 |
| 37 KLAMUCK | 144,823 | 169,000 | 1133,823 | 1129,558 | 1263,381 |
| 38 KODIAK | 11,783 | (1127,200) | (1111,417) | | (1111,417) |
| 39 KUSIUK | 1163,862 | 80 | 1163,862 | | 1163,862 |
| 40 LAKE & PENINSULA | 1216,481 | 183,400 | 1300,081 | | 1300,081 |
| 41 LOWER KUSKOKWIM | 11,308,958 | (1453,000) | 1855,958 | | 1855,958 |
| 42 LOWER YUKON | 1942,203 | 1201,000 | 11,163,203 | | 11,163,203 |
| 43 MAT-SU | 80 | 80 | 80 | | 80 |
| 44 NENANA | 1190 | (184,000) | (183,810) | 1167,011 | 183,201 |
| 45 NOME | 80 | 181,000 | 181,000 | 1267,973 | 1348,973 |
| 46 NORTH SLOPE | 1580,580 | 1328,800 | 1879,380 | | 1879,380 |
| 47 NORTHWEST ARCTIC | 1769,039 | (1228,000) | 1541,039 | | 1541,039 |
| 48 PELICAN | 80 | 110,200 | 110,200 | 160,264 | 170,464 |
| 49 PETERSBURG | 80 | 80 | 80 | 1172,108 | 1172,108 |
| 50 PRIBILOF | 1100,341 | 1146,400 | 1264,741 | 1129,283 | 1375,975 |
| 51 RAILBELT | 80 | (1497,400) | (1497,400) | | (1497,400) |
| 52 SAND POINT | 80 | 166,000 | 166,000 | | 166,000 |
| 53 SITKA | 13,042 | 80 | 13,042 | 1271,176 | 1274,218 |
| 54 SKAGWAY | 80 | 80 | 80 | 1113,400 | 1113,400 |
| 55 SOUTHEAST ISLAND | 1100,345 | 1207,600 | 1307,945 | | 1307,945 |
| 56 SOUTHWEST REGION | 1384,515 | 199,000 | 1483,515 | | 1483,515 |
| 57 ST. MARY'S | 134,633 | 173,200 | 1107,833 | 1127,109 | 1234,942 |
| 58 TADUNA | 135,522 | 125,800 | 161,522 | 1104,551 | 1165,873 |
| 59 UNALASKA | 11,332 | 125,800 | 127,132 | 1152,430 | 1179,562 |
| 60 VALDEZ | 80 | (1175,200) | (1175,200) | 1209,151 | 133,951 |
| 61 WRANGELL | 80 | 80 | 80 | 1189,264 | 1189,264 |
| 62 YAKUTAT | 118,649 | 1135,600 | 1154,249 | 1114,152 | 1268,401 |
| 63 YUKON PLATS | 1235,331 | (1354,400) | (1121,069) | | (1121,069) |
| 64 YUKON-KOYUKUK | 1315,251 | (148,000) | 1267,251 | | 1267,251 |
| 65 YUPIIT | 1225,557 | (130,000) | 1195,557 | | 1195,557 |
| 66 | | | | | |
| 67 | | | | | |
| 68 | | | | | |
| 69 | | | | | |
| 70 TOTALS | 17,804,926 | (168,400) | 17,736,526 | 14,672,726 | 112,409,232 |
| 71 | | | | | |
| 72 | | | | | |

SINGLE / DUAL SITE CONSORTIUM FINANCIAL STUDY
REVIEW AND ANALYSIS

Study and Proposal.

The Consortium study examined the revenues and expenditures per pupil in ADM from FY1986 to FY1989 for thirty school districts characterized as single/dual site districts. The findings are that revenues per ADM to these school districts have been declining, as have expenditures, over the fiscal years studied. Additional state funding by formula adjustments to instructional units for these districts is recommended by the study.

Review and Analysis.

Department analysis was directed at examination of the state aid pattern to three groups of school districts: single/dual site districts, large metropolitan school districts, and dispersed rural school districts. State aid revenue patterns were the primary focus for analysis because that is what the Consortium Study proposes changing. Area differentials were removed from the state aid data so the funds measured represent the instructional support aspect of the formula. State aid per ADM was then recomputed using the adjusted aid amounts. A statistical measure called the "coefficient of variation" was applied to examine the relative differences within the three identified groups. It then became possible to examine the effects of changes in state funding at three fiscal periods and determine the extent to which the state funding formula may have contributed to variations within a group, as well as between groups.

Audited state aid revenues were examined for fiscal years 1983, 1986 and 1988. The foundation program formula in FY83 was based upon ADM counts converted to instructional units with the state equalizing local contributions with state funds by a formula element called "supplemental equalization aid". From FY84 through FY86 appropriations were made on a statutory amount per ADM derived from the FY83 formula, with variations in appropriations levels each year. FY87 was not examined because changes to ADM funding were asystematic and resulted in problems with the federal P.L. 874 Impact Aid program requiring a special appropriation in FY88 to re-equalize state aid. FY88 was the first year of the current foundation program formula which was adopted to better equalize funding of districts.

The foundation formula recognizes district size and dispersion of schools as significant cost factors and adjusts for them. Geographic cost factors were recently studied in detail for the Legislature, and were not analyzed in this review. Neither were expenditures examined since they represent budgetary actions and decisions of school boards and their administrators, and expenditure differences would necessarily parallel revenue fluctuations.

SINGLE/DUAL SITE CONSORTIUM FINANCIAL STUDY

REVIEW AND ANALYSIS -Page 2-

Findings.

The horizontal bar graph shows the three school district groupings for three fiscal years. The single/dual site group of districts is the most disparate measured on an aid per ADM basis. Districts in this group vary from 48 to over 2,500 pupils in size. Conversion of ADM counts to instructional units causes extreme variations in state aid within this diverse group. When presented as amounts per ADM of revenue, these within-group differences are amplified. However, for the three fiscal years examined, this group had the least variation in terms of dollars per ADM provided from the state.

Districts over 2,500 students in size are less diverse as a group compared to the single/dual site group on the \$/ADM basis of comparison. This is due in part to local contribution requirements in the current formula, and changes in the adjustment of P.L.874 Impact Aid funds, both of which decrease state aid. Variances within this group from converting ADM to instructional units and dollars are small, and result in a lower amount per ADM when averaged. This grouping shows the greatest decline in state aid in FY88.

Within dispersed rural districts as a group, conversion of ADM to instructional units commonly causes wider variations in state aid. Small changes in ADM cause major changes in units and dollars paid. This group of districts also derives substantial revenues from the P.L.874 Impact Aid program, and the decreased state aid per ADM in FY88 is largely due to the equalization adjustments of the latest formula.

Conclusions.

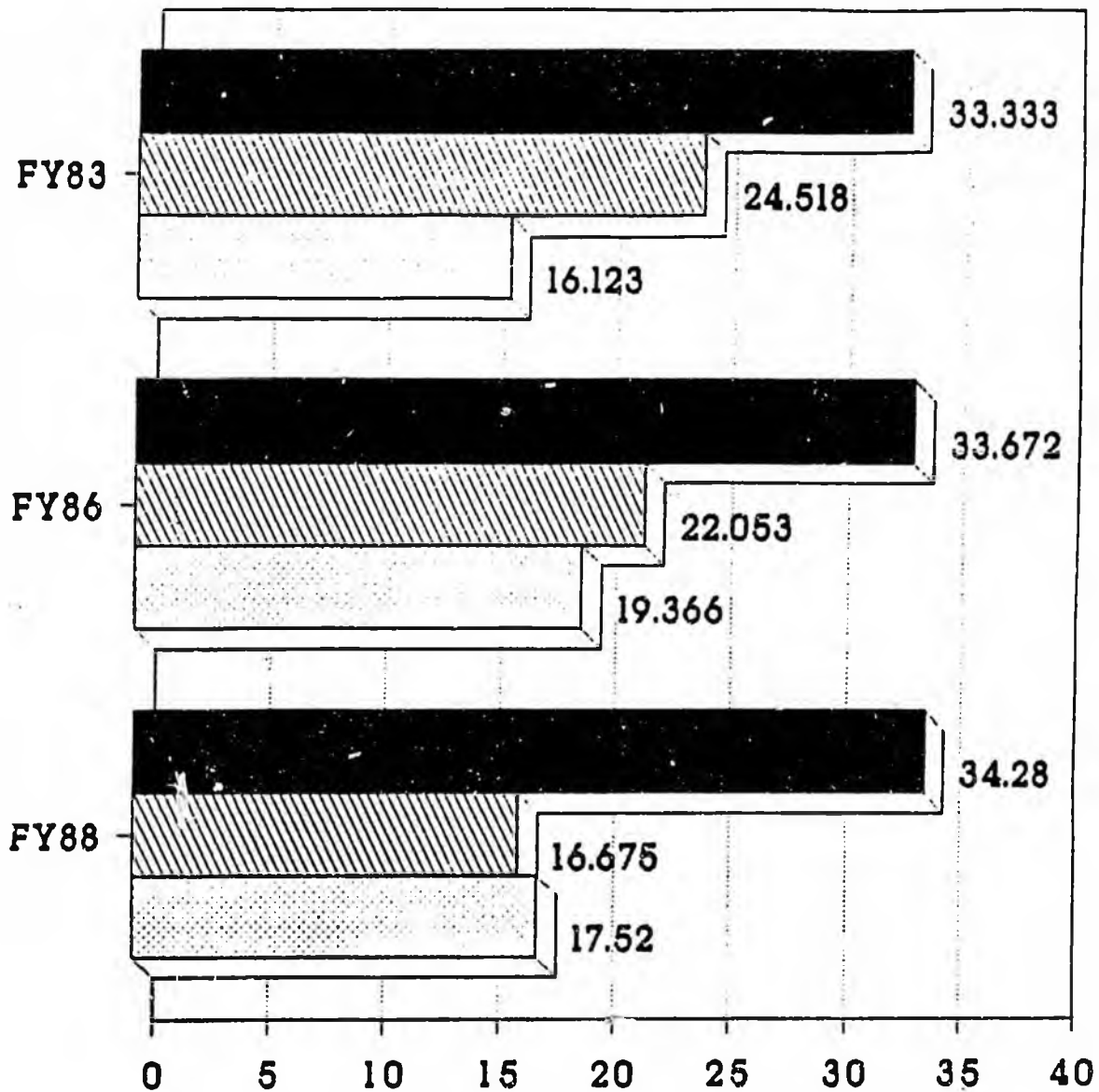
The foundation program formula implemented in FY88 appears to have had the least effect on state aid to the single/dual site districts as a group. This is a widely varied group, which logically precludes generalizations about problems or solutions to problems affecting them.

The Single Site / Dual Site District Consortium Financial Study Report of December, 1988 proposes foundation formula adjustments which would provide more state aid to the school districts within the group. Assuming no reductions in state appropriations for school support in FY90, the study is a reasonable political proposal. If state appropriations for school support decrease, the proposed changes would be accommodated at the expense of other school districts.

The current foundation formula did pass the federal P.L.874 Impact Aid equity check known as the "disparity test" on the basis of FY88 audited school district revenues. The proposed changes will probably increase the disparity between districts, but such changes should not cause the state to flunk the test so far as existing data indicates.

SINGLE/DUAL SITE DISTRICTS

VARIATIONS FY83/FY86/FY88



SINGLE/DUAL, LARGE, DISPERSED RURAL

■ Series 1 ▨ Series 2 ▩ Series 3

Foundation Program Analysis

ALASKA DEPARTMENT OF EDUCATION
 SCHOOL OPERATING FUND REVENUES
 COMPARISONS (UP CHANGE: FY83 TO FY84, FY86 TO FY88 & FY83 TO FY86
 (a:COMP8368 (02/15/89)

| SCHOOL DISTRICT | FY83 AID MINUS AREA DIFF. | FY83 FINAL ADM 1982-83 | FY83 STATE AID PER ADM | FY86 STATE AID MINUS FY83 AREA DIFF. | REV. APPX. FY 1986 ADM | FY86 STATE AID ADJUSTED PER ADM | FY86 STATE AID MINUS FY83 AREA DIFF. | FY 1988 FOUNDATION | FY88 STATE AID ADJUSTED PER ADM | \$ PER ADM PERCENTAGE FY86 TO FY83 | \$ PER ADM PERCENTAGE FY88 TO FY83 | \$ PER ADM PERCENTAGE FY88 TO FY86 |
|--------------------------------|---------------------------|------------------------|------------------------|--------------------------------------|------------------------|---------------------------------|--------------------------------------|--------------------|---------------------------------|------------------------------------|------------------------------------|------------------------------------|
| * SINGLE/DUAL SITE DISTRICTS * | | | | | | | | | | | | |
| ADAK | \$2,809,321 | 593 | \$4,738 | \$1,793,170 | 603 | \$2,974 | \$1,617,028 | 604 | \$2,679 | 62.76% | 56.53% | 90.07% |
| ALUTIAN REGION | \$1,617,674 | 121 | \$13,716 | \$1,036,489 | 90 | \$11,516 | \$1,221,834 | 105 | \$11,664 | 98.29% | 99.56% | 101.29% |
| ABBOTTS ISLAND | \$1,646,511 | 341 | \$4,828 | \$1,452,531 | 395 | \$3,677 | \$1,132,279 | 415 | \$2,732 | 76.16% | 56.57% | 74.28% |
| BRISTOL BAY | \$1,320,574 | 212 | \$6,229 | \$1,416,940 | 217 | \$6,510 | \$1,394,573 | 245 | \$5,683 | 104.03% | 91.23% | 87.03% |
| CORDOVA | \$1,928,982 | 430 | \$4,486 | \$1,817,930 | 396 | \$4,591 | \$1,964,781 | 429 | \$4,580 | 102.34% | 102.10% | 99.76% |
| CRATC | \$1,055,192 | 146 | \$7,227 | \$1,319,656 | 188 | \$7,019 | \$1,298,321 | 213 | \$6,058 | 97.12% | 83.82% | 86.30% |
| DELTA CREEKLY | \$4,498,765 | 940 | \$4,786 | \$4,281,596 | 990 | \$4,290 | \$3,858,130 | 930 | \$4,150 | 89.64% | 86.71% | 96.73% |
| BILLINGHAM | \$2,166,512 | 375 | \$5,777 | \$2,496,503 | 429 | \$5,819 | \$2,401,763 | 463 | \$5,185 | 100.73% | 89.74% | 89.09% |
| GABBA | \$943,401 | 142 | \$6,544 | \$992,555 | 148 | \$6,706 | \$806,896 | 151 | \$5,337 | 100.95% | 80.33% | 79.57% |
| HAINES | \$2,116,034 | 380 | \$5,569 | \$2,127,460 | 340 | \$6,257 | \$1,878,613 | 366 | \$5,138 | 112.37% | 92.28% | 82.12% |
| HOONAH | \$1,350,842 | 237 | \$5,696 | \$1,311,938 | 227 | \$5,779 | \$1,272,537 | 240 | \$5,311 | 101.46% | 93.24% | 91.90% |
| HYDABURG | \$737,221 | 93 | \$7,927 | \$855,935 | 97 | \$8,824 | \$897,150 | 109 | \$8,281 | 111.32% | 103.45% | 92.93% |
| KAKE | \$1,349,728 | 191 | \$7,067 | \$1,464,909 | 214 | \$6,845 | \$1,046,176 | 180 | \$5,812 | 96.87% | 82.25% | 84.91% |
| KASHOUMIUT | \$0 | | | \$1,006,844 | 152 | \$6,619 | \$1,013,975 | 169 | \$6,000 | | | 90.65% |
| KETCHIKAN | \$7,975,903 | 2,164 | \$3,374 | \$9,535,827 | 2,435 | \$3,916 | \$8,812,987 | 2,531 | \$3,482 | 116.07% | 103.20% | 88.91% |
| KING COVE | \$753,798 | 103 | \$7,318 | \$819,084 | 126 | \$6,501 | \$750,146 | 135 | \$5,868 | 88.83% | 80.18% | 90.27% |
| KLUKOCK | \$1,829,118 | 139 | \$7,408 | \$1,121,387 | 157 | \$7,143 | \$986,169 | 170 | \$5,787 | 96.47% | 78.16% | 81.02% |
| NEKANA | \$1,840,689 | 125 | \$8,324 | \$1,819,853 | 112 | \$9,186 | \$1,396,623 | 281 | \$6,940 | 109.39% | 83.37% | 76.21% |
| NOOR | \$1,454,192 | 731 | \$4,725 | \$3,923,117 | 816 | \$4,808 | \$3,297,427 | 725 | \$4,549 | 101.74% | 96.27% | 94.62% |
| PELICAN | \$569,318 | 48 | \$11,861 | \$594,825 | 48 | \$12,392 | \$525,046 | 49 | \$10,628 | 104.48% | 89.61% | 85.77% |
| PETERSBURG | \$2,243,756 | 572 | \$3,923 | \$2,317,050 | 542 | \$4,275 | \$2,905,744 | 630 | \$4,612 | 120.98% | 117.56% | 107.88% |
| PRIDLOF | \$1,315,807 | 167 | \$7,874 | \$929,303 | 167 | \$5,565 | \$996,684 | 152 | \$6,564 | 70.67% | 83.35% | 117.95% |
| SAND POINT | \$669,617 | 124 | \$5,400 | \$654,664 | 111 | \$5,898 | \$502,283 | 140 | \$6,448 | 109.22% | 119.77% | 109.67% |
| SITKA | \$5,697,873 | 1,583 | \$3,599 | \$6,334,713 | 1,556 | \$3,969 | \$6,148,125 | 1,617 | \$3,803 | 110.29% | 105.46% | 95.81% |
| SREGVAY | \$950,490 | 169 | \$5,624 | \$846,120 | 125 | \$6,769 | \$820,269 | 142 | \$5,797 | 120.37% | 103.08% | 85.64% |
| ST. MARY'S | \$1,064,719 | 107 | \$9,951 | \$1,113,151 | 111 | \$10,028 | \$1,054,797 | 112 | \$9,384 | 100.78% | 94.31% | 93.58% |
| TANANA | \$827,412 | 97 | \$8,530 | \$683,545 | 71 | \$9,627 | \$732,495 | 85 | \$6,618 | 112.86% | 101.03% | 89.51% |
| UNALASKA | \$976,641 | 171 | \$5,711 | \$842,416 | 137 | \$6,149 | \$767,428 | 153 | \$5,009 | 107.66% | 87.71% | 81.67% |
| VALDEZ | \$3,540,288 | 842 | \$4,285 | \$3,336,154 | 771 | \$4,328 | \$2,440,368 | 693 | \$3,528 | 102.93% | 83.72% | 81.33% |
| WARDHILL | \$2,172,507 | 480 | \$4,526 | \$2,150,333 | 455 | \$4,726 | \$2,344,103 | 507 | \$4,623 | 104.42% | 102.15% | 97.83% |
| WAKAYAT | \$1,018,521 | 155 | \$6,571 | \$1,067,818 | 159 | \$6,716 | \$757,431 | 134 | \$5,663 | 102.20% | 86.18% | 84.32% |
| AVERAGE \$/ADM >> | | | \$6,387.01 | | | \$6,645.42 | | | \$5,994.78 | | | |
| STANDARD DEVIATION \$/ADM >> | | | \$2,128.81 | | | \$2,237.67 | | | \$2,454.99 | | | |
| ALL STATE TOTALS >> | | | | | | 33,67232 | | | 38,27957 | | | |

ALASKA DEPARTMENT OF EDUCATION
 SCHOOL OPERATING FUND REVENUES
 COMPARISONS OF CHANGE: FY83 TO FY86, FY83 TO FY83 & FY83 TO FY86
 (02/15/89)

| SCHOOL DISTRICT | FY83 AID MIGRS AREA DIFF. | FY83 FINAL AID 1982-83 | FY83 STATE AID PER ADM | FY86 STATE AID MIGRS FY83 AREA DIFF. | FY 1986 ADJUSTED PER ADM | FY86 STATE AID MIGRS FY86 AREA DIFF. | FY 1986 FOUNDATION FINAL AID | FY86 STATE AID ADJUSTED PER ADM | \$ PER ADM PERCENTAGE FY86 TO FY83 | \$ PER ADM PERCENTAGE FY83 TO FY83 | \$ PER ADM PERCENTAGE FY83 TO FY86 | |
|---|---------------------------------|------------------------------|------------------------------|--|--------------------------------|--|------------------------------------|---------------------------------------|--|--|--|--------|
| * LARGE DISTRICTS OVER 2,500 STUDENTS * | | | | | | | | | | | | |
| ANCHORAGE | \$125,135,884 | 34,402 | \$3,616 | \$139,764,890 | 40,876 | \$3,492 | \$121,810,936 | 38,730 | \$3,167 | 96.56% | 87.01% | 90.11% |
| FAYEDABUS | \$70,886,277 | 9,375 | \$3,235 | \$47,803,820 | 13,051 | \$3,462 | \$45,136,895 | 13,195 | \$3,425 | 111.16% | 103.97% | 97.53% |
| JUGEM | \$15,487,250 | 4,332 | \$3,575 | \$17,799,810 | 4,624 | \$3,820 | \$15,517,844 | 4,493 | \$3,469 | 107.07% | 97.04% | 90.64% |
| SENAI | \$24,619,496 | 6,744 | \$3,651 | \$32,802,555 | 8,132 | \$6,839 | \$28,844,003 | 8,003 | \$3,604 | 110.63% | 98.72% | 89.24% |
| KORTAR | \$1,395,426 | 2,120 | \$4,697 | \$11,801,393 | 2,252 | \$4,921 | \$10,193,613 | 2,285 | \$4,772 | 104.76% | 101.60% | 96.91% |
| RAY-SU | \$19,083,610 | 5,672 | \$3,350 | \$31,113,074 | 8,794 | \$3,538 | \$30,173,331 | 8,606 | \$3,506 | 105.60% | 104.65% | 99.10% |
| BOYS SLOPE | \$1,981,212 | 1,824 | \$5,819 | \$6,702,219 | 1,892 | \$6,174 | \$5,599,844 | 1,252 | \$4,434 | 106.10% | 76.88% | 72.66% |
| SOUTHWEST ARCTIC | \$8,337,274 | 1,466 | \$6,814 | \$8,402,710 | 1,402 | \$5,670 | \$7,632,930 | 1,580 | \$4,956 | 98.27% | 82.61% | 87.43% |
| AVERAGE \$/ADM >> | | | \$4,256.35 | | | \$4,619.63 | | | \$3,923.50 | | | |
| STANDARD DEVIATION \$/ADM >> | | | \$1,003.59 | | | \$974.65 | | | \$654.26 | | | |
| CORRF. OF VARIATION \$/ADM >> | | | 24.51002 | | | 22.05272 | | | 16.67536 | | | |

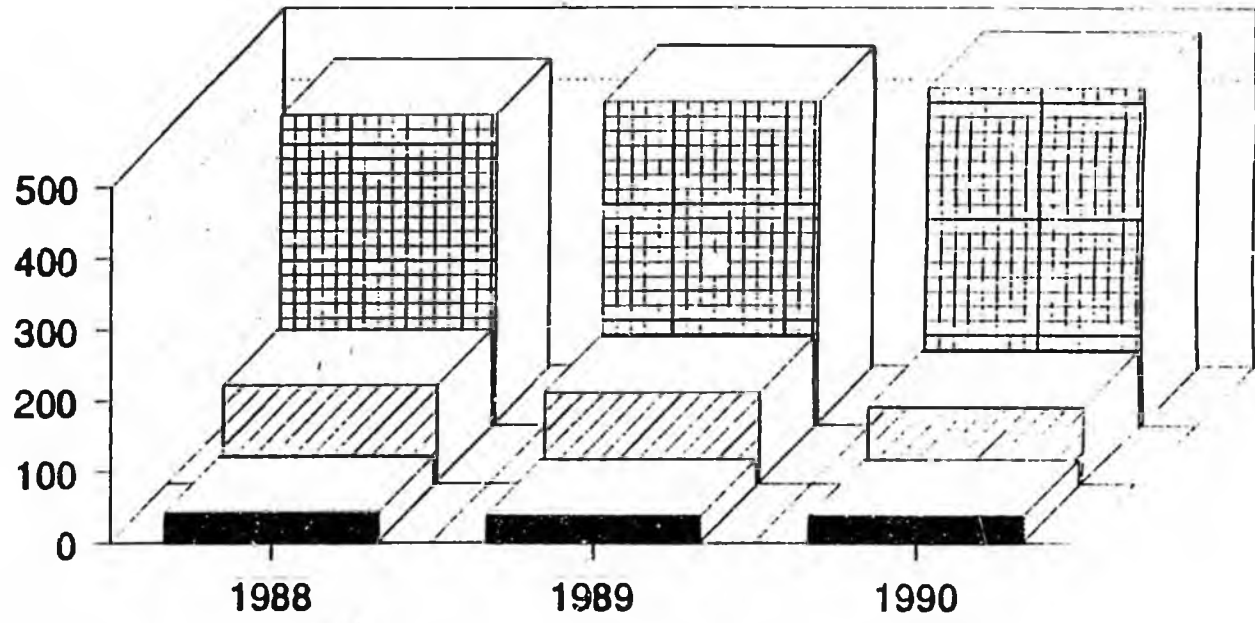
* MULTIPLE-SITE DISTRICTS *

| SCHOOL DISTRICT | FY83 AID MIGRS AREA DIFF. | FY83 FINAL AID FY 1983 | FY83 STATE AID PER ADM | FY86 STATE AID MIGRS FY83 AREA DIFF. | FY 1986 ADJUSTED PER ADM | FY86 STATE AID MIGRS FY86 AREA DIFF. | FY 1986 FOUNDATION ADJ | FY86 STATE AID ADJUSTED PER ADM | +/- \$ PER ADM PERCENTAGE FY86 TO FY83 | +/- \$ PER ADM PERCENTAGE FY83 TO FY83 | +/- \$ PER ADM PERCENTAGE FY83 TO FY86 | |
|------------------------------|---------------------------------|------------------------------|------------------------------|--|--------------------------------|--|------------------------------|---------------------------------------|--|--|--|---------|
| ALASKA GAYBOY | \$1,166,672 | 471 | \$7,118 | \$1,368,903 | 516 | \$6,529 | \$1,569,964 | 502 | \$7,106 | 91.73% | 99.83% | 108.84% |
| BRIDGE STRAIT | \$7,090,470 | 928 | \$7,641 | \$7,814,261 | 1,216 | \$6,426 | \$7,809,187 | 1,259 | \$6,264 | 84.11% | 81.99% | 97.48% |
| CHAYALU | \$2,206,314 | 261 | \$8,466 | \$1,826,825 | 206 | \$5,979 | \$2,807,447 | 316 | \$6,479 | 70.69% | 76.72% | 101.53% |
| CHUGACH | \$740,298 | 85 | \$8,709 | \$1,844,989 | 141 | \$9,009 | \$1,122,503 | 107 | \$10,491 | 103.43% | 120.45% | 116.45% |
| COPPER RIVER | \$3,274,596 | 566 | \$5,788 | \$3,447,793 | 567 | \$6,081 | \$3,672,376 | 536 | \$6,864 | 105.19% | 118.33% | 112.58% |
| EDDYBAY | \$2,889,812 | 321 | \$9,003 | \$1,345,865 | 389 | \$8,601 | \$3,185,228 | 399 | \$7,891 | 95.56% | 87.65% | 91.74% |
| KUSPOR | \$3,668,063 | 327 | \$10,606 | \$1,266,641 | 349 | \$9,310 | \$1,369,562 | 375 | \$8,953 | 88.25% | 84.42% | 95.65% |
| LAKE & PENINSULA | \$1,668,952 | 348 | \$10,503 | \$1,231,922 | 377 | \$8,573 | \$1,219,935 | 347 | \$9,345 | 81.31% | 88.64% | 109.01% |
| LOWER KUSLOBBIN | \$17,132,293 | 2,431 | \$7,188 | \$15,713,983 | 2,579 | \$6,093 | \$17,919,018 | 2,606 | \$6,876 | 85.75% | 96.77% | 112.85% |
| LOWER TROUS | \$8,774,283 | 1,184 | \$6,348 | \$5,662,733 | 1,300 | \$4,356 | \$6,381,395 | 1,282 | \$4,978 | 68.71% | 78.53% | 111.31% |
| RAISBERT | \$2,566,880 | 325 | \$7,895 | \$2,892,620 | 350 | \$8,000 | \$2,614,080 | 364 | \$7,180 | 102.34% | 90.93% | 88.86% |
| SOUTHWEST ISLAND | \$7,845,482 | 430 | \$8,943 | \$1,852,659 | 504 | \$7,648 | \$4,088,673 | 465 | \$8,402 | 85.48% | 98.43% | 115.15% |
| SOUTHWEST REGION | \$8,195,856 | 521 | \$8,053 | \$1,136,596 | 676 | \$6,589 | \$1,591,023 | 680 | \$7,474 | 81.82% | 92.80% | 113.82% |
| TROUS PLATS | \$2,889,525 | 312 | \$9,281 | \$3,467,335 | 369 | \$9,397 | \$3,354,350 | 361 | \$9,292 | 101.46% | 100.33% | 91.31% |
| TROUS-HOFBROD | \$8,278,065 | 557 | \$7,681 | \$8,071,270 | 572 | \$7,118 | \$4,021,934 | 565 | \$7,381 | 92.67% | 96.10% | 101.70% |
| VOPLIT | \$0 | 0 | | \$2,490,255 | 282 | \$8,831 | \$2,247,179 | 296 | \$7,592 | | | 85.97% |
| AVERAGE \$/ADM >> | | | \$8,208.63 | | | \$7,415.98 | | | \$7,684.35 | | | |
| STANDARD DEVIATION \$/ADM >> | | | \$1,121.47 | | | \$1,435.17 | | | \$1,346.32 | | | |

FOUNDATION PROGRAM

FISCAL YEARS 1988-1990

Millions of Dollars



| | 1988 | 1989 | 1990 |
|--------------|---------|---------|---------|
| STATE AID | 431.608 | 449.532 | 469.644 |
| LOCAL EFFORT | 135.935 | 125.715 | 105.519 |
| 90% PL874 | 40.603 | 36.523 | 36.695 |

90% PL874
 LOCAL EFFORT
 STATE AID



Delta/Greely School District

Delta/Greely School District
REAA #15
P O Box 527
Delta Junction Alaska 99737-0527
(907) 895-4658

Delta School
Route 1
Delta Junction
Alaska 99737
(907) 895-4656

Ft. Greely School
P O Box 647
Delta Junction
Alaska 99737-0647
(907) 869-3105

February 17, 1989

FEB 21 1989

Tom Ryan, Acting Director
Educational Finance & Support Services
Department of Education
P.O. Box F
Juneau, AK 99811

Dear Tom,

Pursuant to the request from you and Steve, I am writing to convey my thoughts regarding the proposal from the Single/Dual Site Consortium. First, let me say that the Delta/Greely schools could certainly use the additional monies generated by this proposal, or from any other source for that matter! However, although the additional monies would be welcomed, I do not agree with the manner in which the monies would be generated. I do not believe that the "small" districts have a unique set of problems different from other districts.

As you know, the proposal from the Single/Dual Site Consortium was based upon a study sanctioned and paid for by selected individual districts. I believe that a complete review of the school funding formula is in order for all 55 school districts. The foundation program review should be continuous with necessary changes proposed from year to year.

It is my belief that the problem that is being addressed by the consortium is not a formula problem at all, but a comparison problem with the previous school foundation program. Specifically, I believe that the comparison problem is primarily a result of the table placed in the prior foundation bill which calculated instructional units for city and borough school districts of less than 1,000 average daily membership. This particular table was unique to that bill and calculated a relatively large number of instructional units. When the current foundation program instructional units are compared to the units calculated from that table, the figures show a significant difference. The real question is whether the current foundation formula should be amended to increase instructional units for those districts, or whether the prior formula was artificially high? I believe that the hold harmless provisions built into the current foundation formula were designed to address the comparison problem and that the current formula provisions for calculating instructional units are acceptable. Certainly, under the current foundation program, all school districts of given characteristics are treated alike, whether they are city or borough districts, or REAA's.

Of the thirty "small" districts designated in the small schools funding study, twenty-five are city and borough school districts. Twenty-three of those districts are below 1,000 ADM and would have been impacted by the table in the previous foundation bill. Another significant change which impacts the data calculation in the small school funding study is that the average daily membership for pre-school children was added into the district ADM for the FY 87 student counts. The FY 87 budget

Tom Ryan, February 17, 1989.

year was also the year where there was a dramatic decrease in state funding for public schools. With the decreased funding and the increase in ADM, the revenue per student figures show, in most cases, a dramatic decrease from the FY 86 revenue per student figure to the FY 87 revenue per student figure. In fact, from the data in the small schools funding study, only three of the fifty-five school districts show an increase in the revenue per student from the FY 86 year to the FY 87 year.

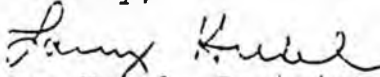
In FY 88, the first year of implementation for the new school funding formula, thirty-six districts showed an increase in the revenue per student. Nineteen of these thirty-six districts which showed an increase are in the "small" districts designated by the consortium. Obviously, there is no significant difference between the "small" districts and the "other" districts in this statistic. The projected figures for FY 89 further indicate that thirty-four of the school districts show an increase in the revenue per student figure. Twenty of these thirty-four districts are again included in the "small" districts.

In a separate comparison that I made looking at the revenue per student comparisons from the FY 87 year to projected FY 89, thirty-five districts show an increase. Of those thirty-five districts, seventeen of those are included in the "small" districts. Utilizing the data from the small school study, eleven districts show an increase in the revenue per student comparing FY 89 to FY 86. Five of those eleven districts are again within the "small" districts.

All of these comparisons indicate that there is no significant difference in the problems faced by the "small" districts than those faced by the remainder of Alaska school districts. There are approximately as many gainers and losers within the "small" districts as there are in the "other" districts. Certainly, there are some real revenue problems within Alaska school districts. However, I do not believe that the proposal to modify the formula put forth by the Single/Dual Site Financial Consortium is a positive response to those problems.

A copy of my notes from my presentation to the State Board of Education on November 8, 1988, are enclosed. As I stated there, I believe that the school foundation program needs continuous attention, study and modification to meet recognized needs. The experience of the last two years in conjunction with numerous PL 81-874 issues, necessitate a review of the premises upon which the formula was based. Based upon a study of the needs and concerns of all Alaska school districts, necessary proposals for change would be initiated.

Sincerely,


Larry Huxel, Superintendent

LH/tp
Enclosure

Alaska State Board of Education

Funding Issues - - November 8, 1988

* Single site districts have problems

Not all single site districts have similar problems

* All district have problems compared to 85-86

* Formula certainly needs continuous attention, study and modification

* First year (87-88) data just being compiled

* Remember - primary driving force behind new formula was

PL874 disparity problems

* HB 604 failed in 86 legislature, bill which passed failed

PL 874 disparity (SB408)

* New formula judged to pass PL 874 disparity test

* Age-old school finance question - -

money problem or formula problem?

how much vs distribution system

* Single site issue ----- money problem

too little money compared to prior receipts

* Hold harmless based

* Were prior receipts too high or

upon premise that

current receipts to low?

some districts were

too high

* Formula question - - are similar school districts treated comparably?

- - are there reasons for varying dollar allocations?

- * I believe you will find that the answers are "Yes" to both questions
- * Formula is not the problem - the comparison is the problem
- * There are reasons that some single site school district compare unfavorably - - specifically city and borough districts under 1000 ADM
- * SB 408 contained a new table designed for these districts
I believe that this table is single largest problem in comparisons
- * Junior high issue and special education factors of earlier years probably also play a part in unfavorable comparisons
- * One notable problem in current formula is front-loading of units for each funding community - - single funding community districts receive "front-loading" only once multiple funding community districts receive bonus
- * Issue was not noted during formula development as a major problem - - issue was recognized as an incentive for new funding communities
- * Front-loading more legitimate in small funding communities (less than 200 AD in K-6 or 7-12)
-- probably questionable in larger funding communities where economy of scale in staffing is not a major issue
- * Formula problems are minimal - - Revenue problems are significant

STATE OF ALASKA
DEPARTMENT OF EDUCATION
OFFICE OF DATA MANAGEMENT

1988-89 TEACHERS' AVERAGE YEARS EXPERIENCE
For Districts

AVGYRSEX:FSSV845
DRAFT DATA 2/28/89

| <u>REAs</u> | <u>TEACHERS</u> | <u>AVG. YEARS EX.</u> |
|------------------|-----------------|-----------------------|
| ADAK | 18 | 10.33 |
| RAILBELT | 33 | 12.37 |
| ALASKA GATEWAY | 44 | 10.37 |
| ALEUTIAN REGION | 15 | 7.71 |
| ANNETTE ISLAND | 42 | 10.55 |
| BERING STRAIT | 153 | 9.01 |
| CHATHAM | 47 | 8.27 |
| CHUGACH | 18 | 6.73 |
| COPPER RIVER | 50 | 10.45 |
| DELTA/GREELY | 60 | 12.59 |
| IDITAROD | 48 | 9.73 |
| KUSPUK | 53 | 11.00 |
| LAKE & PENINSULA | 52 | 6.50 |
| LOWER KUSKOKWIM | 258 | 9.25 |
| LOWER YUKON | 140 | 5.92 |
| PRIBILOF | 15 | 11.73 |
| SOUTHEAST ISLAND | 54 | 9.51 |
| SOUTHWEST REGION | 66 | 9.39 |
| YUKON FLATS | 47 | 11.93 |
| YUKON/KOYUKUK | 63 | 9.66 |
| YUPIIT | 36 | 5.80 |
| KASHUNAMIUT | 20 | 8.11 |
| AVERAGE | | 9.41 |

CITIES & BOROUGHs

| | | |
|---------------------|------|-------|
| ANCHORAGE | 2534 | 8.69 |
| BRISTOL BAY | 29 | 9.07 |
| CORDOVA | 38 | 12.62 |
| CRAIG | 24 | 7.27 |
| DILLINGHAM | 45 | 10.58 |
| FAIRBANKS | 902 | 10.15 |
| GALENA | 21 | 8.30 |
| HAINES | 35 | 15.14 |
| MOONAH | 17 | 13.93 |
| HYDABURG | 13 | 9.16 |
| JUNEAU | 323 | 13.51 |
| KAKE | 22 | 9.27 |
| KENAI | 628 | 10.48 |
| KETCHIKAN | 189 | 12.11 |
| KING COVE | 15 | 9.33 |
| KLAWOCK | 19 | 7.06 |
| KODIAK | 181 | 10.71 |
| MAT-SU | 519 | 10.75 |
| NENANA | 20 | 10.35 |
| NOME | 58 | 11.96 |
| NORTH SLOPE | 162 | 13.68 |
| NORTHWEST ARCTIC | 141 | 8.89 |
| PELICAN | 6 | 20.33 |
| PETERSBURG | 52 | 13.75 |
| SAND POINT | 17 | 9.00 |
| SITKA | 113 | 11.52 |
| SKAGWAY | 14 | 6.90 |
| ST. MARYS | 19 | 9.47 |
| UNALASKA | 19 | 11.86 |
| VALDEZ | 65 | 12.81 |
| WRANGELL | 45 | 14.37 |
| YAKUTAT | 17 | 9.20 |
| TANANA | 9 | 10.88 |
| AVERAGE | | 11.00 |
| TOTAL STATE AVERAGE | | 10.36 |



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) 456-1435

March 6, 1989

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

Re: Senate Bill No. 179; "An Act relating to state
aid for education; and providing for an
effective date."

NEA-Alaska supports and encourages your favorable
consideration of SB 179.

Small single and dual site districts are necessarily
disadvantaged in terms of the amount of financial resources
available.

The result effectively limits the programs and services
which can be made available to students. Over an extended
period of time this can and will adversely impact quality of
education.

As you consider SB 179 we also urge that its passage require
full funding of the instructional unit at no less than the
\$60,000 level so as not to detract from the potential
positive effect of this legislation.

Thank you for your consideration of our position.

Respectfully submitted,

Bob Manners
Executive Secretary

Alaska MUNICIPAL League

TELEPHONE
(907) 586-1325
FAX 463-5480


217 SECOND STREET, SUITE 200
JUNEAU, ALASKA 99801

April 11, 1990

APR 17 1990

MEMORANDUM

TO: Governor Steve Cowper
Members of the Alaska State Legislature

FROM: Scott A. Burgess, Executive Director
Alaska Municipal League 

SUBJECT: Position on Legislation

The Alaska Municipal League Board of Directors met in Juneau, April 5, 1990, and discussed a variety of legislative issues. With this memorandum and the enclosed resolution, I am asking you to note the position taken on the issue of financial assistance for single- and dual-site school districts in your deliberations during the Second Session of the 16th Alaska State Legislature. The enclosed resolution which was passed on April 5, 1990, by the AML Board of Directors addresses HB185 and SB179.

I hope you will consider the position of the AML Board of Directors on this issue and that it will be helpful in guiding your action. If you have any questions, you can contact me at 586-1325.

SAB:ph1

Enclosure

BOARD:GovLeg.res

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS

**A Resolution Asking for Financial Relief for
Single- and Dual-Site School Districts**

WHEREAS, twenty-eight single- and dual-site school districts in the State of Alaska have experienced difficulty in maintaining quality school programs in the past three years because of financial difficulties attributable in part to changes in the education foundation formula in FY 88 that affected these districts disproportionately, and

WHEREAS, these twenty-eight school districts cannot make additional budget reductions without causing further negative effects on the quality of instruction, and

WHEREAS, approximately 12,800 Alaskan children attend schools in these twenty-eight districts, and

WHEREAS, the current school foundation funding formula does not address adequately the revenue needs of these single-site and dual-site districts, and

WHEREAS, the current funding formula has resulted in a number of municipalities with single-site or dual-site school districts having to provide local funds in excess of required local efforts in order to provide for basic need, and

WHEREAS, the Alaska Municipal League is vitally interested in ensuring that Alaska children have access to quality education, and

WHEREAS, twenty-two of the twenty-eight single- and dual-site school districts are in AML member municipalities, and

WHEREAS, House Bill 185 and Senate Bill 179, as originally introduced in the Alaska Legislature in 1989, would provide financial relief to the twenty-eight affected districts by adjusting the education foundation formula as it applies to single- and dual-site school districts, and

WHEREAS, such adjustments would help prevent further cuts in instructional programs in these districts;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League of Board of Directors does support the passage of House Bill 185 (Senate Bill 179), as introduced, by the Alaska Legislature.



FEB 20 1990

City of Galena

Antoski Hall • P.O. Box 149 • Galena, Alaska 99741 • Telephone (907) 656-1301

SINGLE/DUEL SITE FUNDING RESOLUTION

City of Galena, Alaska

RESOLUTION NO.90-3

A RESOLUTION SUPPORTING STATE FUNDING FORMULA CHANGES FOR SINGLE AND DUEL SITE SCHOOL DISTRICTS.

WHEREAS, a new funding formula for Alaskan Public Schools was enacted in 1987; and

WHEREAS, it has been recognized since passage in 1987 that inequities exist and would be corrected after implementation; and

WHEREAS, an analysis of audited financial data and of school district programs shows inequities in funding and in student programs for single and duel site school districts of under 3,000 students; and

WHEREAS, the funding of single and duel site school districts is a separate issue within the funding formula which is very distinct and separate from the McDowell area differential study and from PL 81-874 issues; and

WHEREAS, changes in funding to single and duel site districts resulting from the McDowell area differential study and from PL 81-874 regulation changes will actually increase disparities and inequities between single and duel site districts and other Alaska school districts; and

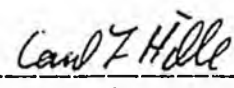
WHEREAS, the City of Galena has a vested financial interest in the financial operation of the Galena City School District.

NOW THEREFORE BE IT RESOLVED THAT: The City of Galena City Council strongly supports immediate changes in the foundation formula as proposed in HB 185 and SB 179 for Alaskan schools to reduce inequities in funding to single and duel site school districts.

PASSED and APPROVED by a duly constituted quorum of the City Council this 13th day of February, 1990.



Mayor Vernon White



Attest: Carl L. Hille

CORRECTION

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

A RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS

**A Resolution Asking for Financial Relief for
Single- and Dual-Site School Districts**

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WHEREAS, the current funding formula has resulted in a number of municipalities with single-site or dual-site school districts having to provide local funds in excess of required local efforts in order to provide for basic need, and

WHEREAS, the Alaska Municipal League is vitally interested in ensuring that Alaska children have access to quality education, and

WHEREAS, twenty-two of the twenty-eight single- and dual-site school districts are in AML member municipalities, and

WHEREAS, House Bill 185 and Senate Bill 179, as originally introduced in the Alaska Legislature in 1989, would provide financial relief to the twenty-eight affected districts by adjusting the education foundation formula as it applies to single- and dual-site school districts, and


WHEREAS, such adjustments would help prevent further cuts in instructional programs in these districts;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League of Board of Directors does support the passage of House Bill 185 (Senate Bill 179), as introduced, by the Alaska Legislature.

Alaska Municipal League Board
Resolution on Funding for
Single- and Dual-Site Schools
April 5, 1990

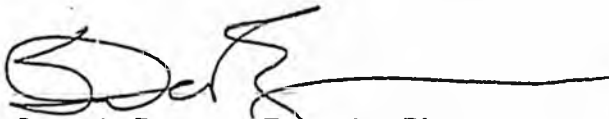
BE IT FURTHER RESOLVED that this resolution be sent to members of the Alaska State Senate, members of the Alaska House of Representatives, Governor Cowper, and all AML members for their consideration.

Adopted this 5th day of April 1990.



Dorothy A. Jones, President

Attest:


Scott A. Burgess, Executive Director



FEB 20 1990

City of Galena

Antoski Hall • P.O. Box 149 • Galena, Alaska 99741 • Telephone (907) 656 1301

SINGLE/DUEL SITE FUNDING RESOLUTION

City of Galena, Alaska

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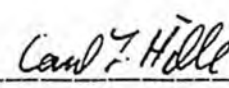
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PASSED and APPROVED by a duly constituted quorum of the City Council this 13th day of February, 1990.



Mayor Vernon White



Attest: Carl L. Hille

NENANA CITY PUBLIC SCHOOLS

P.O. BOX 00010
NENANA, ALASKA 99760
907-832-5464

JAN 22 1990

TO: State of Alaska Legislators

FROM: Gordon Tope, Superintendent *GT*

SUBJECT: Support of Single/Dual Site Funding and a Cost of Living increase to the unit value formula

DATE: January 11, 1990

We believe it is crucial that the Legislature support HB 185 & SB 179 for Single/Dual Site funding, as well as establishing a cost of living escalator to the present unit value.

During the 1986-87 year we received 1,763,918 in State revenues for the General Operating Fund. This year we anticipate 1,622,008 or 8.05% less than 1986-87. For the same period of time our local contribution has increased from 30,000 to 66,063 or 102.2%.

In 1986-87 we had 34.25 employees. By the 1989-90 school year we had reduced the certified teaching staff by 16.22%, the certified administration by 50.00% and the classified employees by 47.35% leaving us with 23.74 employees.

During this same period of time expenditures for fringe benefits increased by 30.13% (Health insurance alone increased by 150.2%). Due to inflation the cost of supplies, utilities, contractual services and other expenses increased an average of 31.45%.

Yet, by eliminating the school contributions, to community schools, activity busses, Kindergarten bus, by increasing the cost of school lunches, closing down our warehouse facilities and eliminating the purchasing of new equipment, we have held our increase of expenditures to a modest 12.53%

Certified & Classified salary scales increased 3% from the 1986-87 to the 1989-90 school year, or an average of .75% per year.



A comparison of selected salaries shows the following:

| <u>POSITION</u> | <u>1986-87</u> | <u>1989-90</u> | <u>PERCENT INCREASE [DECREASE]</u> |
|-------------------|----------------|----------------|--|
| Beginning Teacher | 27,316 | 28,135 | 3.0% |
| Top Teacher | 49,281 | 50,763 | 3.0% |
| Superintendent | 73,000 | 65,000 | [11.0%] |
| Principal | 59,325 | -0- | [Position Eliminated] |
| Maintenance | 16.83 | 14.25 | [15.3%] |
| Custodian | 12.95 | 13.35 | 3.1% |

As you can see, even though salary scales have increased a modest .75% per year. We have been able to reduce costs when replacing personnel.

We are presenting this information to you in hope that you can see the situation we are now facing. If we are to continue providing quality education, we need your help.

SCHOOL OPERATING FUND
Actual from Audit

| <u>REVENUES</u> | <u>86-87</u> | <u>89-90</u> | <u>% INCREASE [DECREASE]</u> |
|--|------------------|------------------|--------------------------------------|
| Local City of Nenana | 30,000 | 66,062 | 102.20 |
| Tuition (Contract with other District) | 626,053(1) | N/A | |
| Other Local | 60,095 | 46,500 | |
| State Foundation | 1,089,637(1) | 1,545,508(1) | |
| Secondary Formula | 24,225(1) | N/A | [8.05] |
| Tuition | 24,003 | 76,500(1) | |
| Transportation | 58,008 | N/A | |
| Federal PL874 | 3,195 | 13,000 | |
| TOTAL REVENUES | 1,915,216 | 1,747,570 | [8.75] |
| <u>EXPENDITURES</u> | | | |
| Total Certified | 710,896 | 655,778 | [7.75] |
| FTE | 18.5 | 15.5 | [16.22] |
| % of Revenue | 36.50% | 38.07% | |
| Total Administrative | 127,325 | 65,000 | [48.95] |
| FTE | 2.0 | 1.0 | [50.00] |
| % of Revenue | 6.55% | 3.77% | |
| Total Classified Including Subs and Temporary | 314,744 | 252,870 | [19.66] |
| FTE | 13.75 | 7.24 | [47.35] |
| % of Revenue | 16.18% | 14.68% | |

| | <u>86-87</u> | <u>89-90</u> | [%] <u>INCREASE</u> <u>[DECREASE]</u> |
|---------------------------------------|----------------|----------------|--|
| Total Fringe | 10.45%/203,315 | 15.36%/264,572 | 30.13 |
| RIP | 3.32%/ 64,645 | N/A | |
| Other Expenses | 20.10%/390,917 | 25.42%/437,900 | 12.53 |
| Pupil Trans. | 3.32%/ 64,522 | N/A | |
| Transfer to Other Funds | 2.43%/ 47,370 | 1.60%/ 27,605 | [41.73] |
| TOTAL EXPENDITURES | 1,923,734 | 1,703,725 | |
| FUND BALANCE (Includes Carry-over) | 172,202 | 18,845 | |
| | | | |
| ENROLLMENT | 203 | 185.5 | [8.63] |

INFLATIONARY INCREASES OVER FOUR YEARS

| | <u>86-87</u> | <u>89-90</u> | ^{cf} <u>INCREASE</u> <u>DECREASE</u> |
|---|--------------|--------------|---|
| Airfare to Anchorage | 222.00 | 232.00 | 4.5% |
| Audit-General Fund | 5,940.00 | 6,880.00 | 15.8% |
| Audit-State Single | 1,700.00 | 3,250.00 | 91.2% |
| Cups 10oz. | 60.02(case) | 77.35(case) | 28.9% |
| Fuel Oil #2 | .623 | .795 | 27.6% |
| Legal Fee | 125.00/hr. | 135.00/hr. | 8.0% |
| Liner, Waste Can | 39.12/cs. | 47.77/cs. | 22.1% |
| Maint. Contract Xerox | 286.40/mo. | 387.00/mo. | 35.1% |
| Milk 2% | 20.00 | 23.33 | 16.7% |
| Workbooks | 4.68 | 5.91 | 26.3% |
| | 1.14 | 1.59 | 39.5% |
| | 3.70 | 5.30 | 43.2% |
| Weekly Reader | 1.95 | 2.25 | 15.4% |
| AVERAGE INCREASE IN COST OF GOODS OR SERVICES | | | 31.45 |

cc: Representative S. Itz
 Senator Coghill
 Commissioner of Education
 State Board of Education
 House & Senate Hess and Finance Committee



Single/Dual Site Financial Consortium

"... representing the needs of ²⁹28 Alaskan School Districts."

November 6, 1989

TO: SENATOR PAUL FISCHER AND THE SPECIAL SENATE FINANCE COMMITTEE

FROM: WALT BROMENSCHENKEL, COORDINATOR, SINGLE/DUAL SITE FINANCIAL CONSORTIUM

RE: INFORMATION RELATED TO SCHOOL FUNDING FORMULA AND SINGLE/DUAL SITE FINANCIAL CONSORTIUM EFFORTS

More than two years ago, a number of single and dual site school districts in Alaska commissioned a study to evaluate the economic and programmatic impact of the most recent finance formula on single and dual site school districts. The participating school districts contracted with Southeast Regional Resource Center which was employed to design and carry out a study evaluating the impact of the funding formula on school districts. That study gathered financial and programmatic information from approximately twenty of the smaller school districts in the state. It compared circumstances within school districts before and after implementation of the latest finance formula.

The data requested from school districts were analyzed and evaluated. The researchers concluded that both the economic circumstances and the programmatic offerings within single and dual site school districts with student populations of 2,500 and less, suffered disparate effects from implementation of Senate Bill 15. That is to say, the impact of the new finance formula had a more negative effect on the single and dual site school districts than larger and multiple site school districts. In addition, the structure of the finance formula rewarded multiple site school districts through a front end load feature which, when applied to multiple sites, provided for substantial increases in funding when compared to the single and dual site school districts.

During the 1988/89 school year, 16 school districts in Alaska contributed \$3,000 per district to finance an effort which would result in a legislative solution to this finance formula problem. That solution would distribute approximately \$4.6 million among the 28 school districts included in the Single/Dual Site Consortium.

In the current year, the Single/Dual Site Financial Consortium is representing 29 school districts. The additional school district resulted from the reorganization of school districts on the Aleutian Chain. Specifically, the establishment of the Aleutian East Region School District produced a dual site district - the Aleutian Region Schools.

The conditions in the single and dual site school districts continue to deteriorate. At this time, many of the single and dual site school districts operate without a building principal, have no counseling services available to students, have no music or foreign language programs and have only minimal instructional programs in other areas within their districts. In addition, the ending fund balances of many of these school districts has been depleted. Many of the single and dual site school districts will not be able to continue offering even a minimal program without some relief resulting from a modification in the funding process.

The comment has been made that the Single/Dual Site Financial Consortium districts should not be spending \$5-10,000 on efforts to modify the funding formula; that these monies should be used for operating expenses. The fact is, that these school districts simply have no choice. Prior to last year, no state agency would accept the fact that the foundation formula was, indeed, causing ruin to many school districts in the State of Alaska. The only way we could get the attention of the Department of Education and the State Legislature was to organize, make contributions from already scarce monies, employ a lobbyist who could represent the single and dual site school districts and pursue this with all of the vigor we had.

During the past year we were unsuccessful in accomplishing any type of modification to the funding formula. We are committed to continue that effort and are hopeful that we can communicate effectively with the Legislature, the Governor's Office and the Department of Education in an effort to help them gain a better understanding of our situation. We are also hopeful that the \$4.6 million remedy which is being forwarded by the Single/Dual Site Consortium will be accepted and supported by those agencies.

It is our opinion that an adjustment to the Finance Formula must occur during this Legislative session and that this issue should be a high priority issue of the Department of Education, the Legislature and the Governor's Office. For many school districts within the Consortium, this effort is the single most important priority for the 1990 Legislative session. We ask your support in including the interests of the Single/Dual Site Financial Consortium as a high priority in your recommendations to the Legislature as a whole.

If you have any questions regarding this position paper, please feel comfortable in contacting members of the Single/Dual Site Financial Consortium Steering Committee as listed below:

WALT BROMENSCHENKEL
Annette Islands
886-6332

VINCE BARRY
Tanana
366-7203

HARRY ROGERS
Valdez
835-4357

HARRY PURDY
Galena
656-1205

GORDON TOPE
Nenana
832-5464

MORRIS VERVERS
Klawock
755-2220

GEORGE WHITE
Kake
785-3741

DALE MOORE
St. Marys
438-2311

Small school districts make sense

"Can you believe it?" griped a teacher. "That rural school district doesn't have 200 students. But they've got their own high-paid superintendent and business manager."

"It's such a waste of educational funds," agreed another teacher. "Why I've got more students in my school than they've got in the whole district."

I've heard this view a hundred times from educators, legislators, and public-spirited Alaskans. I've half believed it myself.

But the newest research on school district size and school achievement has made me reconsider the idea that small school districts are a waste of money.

Students in small school districts, the latest research shows, have higher achievement than students in large districts.

Small districts, some studies find, especially benefit low-income students.

This research is important to Alaska because we have so many small school districts and because many of our low-income students are in small districts.

Alaska has only five districts with more than 4,000 students — Anchorage, Fairbanks, Matanuska-Susitna, Kenai and Juneau.

Twenty-seven of Alaska's 55 school districts have fewer than 400 students.

But Alaska may not have gone wrong when it created



**Judith
Kleinfeld**

these small districts even though the fixed expenses of school districts — like a superintendent — make small districts cost more.

Herbert Walberg, a noted specialist in educational productivity, together with statistician William Fowler, have published one of the largest and most sophisticated studies ever done on the relationship between school district size and student achievement.

The study was carried out in New Jersey which has more than 500 school districts. In Alaska we can't do this kind of educational research because we only have 55 districts — too few to make the necessary statistical comparisons.

The New Jersey research is useful to us, however, because New Jersey has many school districts which are just as small as those in Alaska. The average district size in New Jersey, I was surprised to learn, is just

2,000 students.

New Jersey has one school district with only 38 students — even smaller than the smallest Alaska district (50 students).

I was impressed by another feature of the New Jersey study. Achievement was measured not only by standardized test scores. The state also developed its own tests which assessed what New Jersey citizens believed their children should know.

Students in small school districts, Walberg and Fowler found, achieved higher scores than their socioeconomic status would predict. Students in the largest school districts scored lower than would be expected.

The cutting point was about 3,000 students. On the average, districts below 3,000 students scored higher than students' socioeconomic status would predict and districts above 4,000 students scored lower.

Why might a small school district have positive effects on student achievement?

Small size gives a district some important advantages. New educational ideas can be tried out quickly without having to go through layers of bureaucracy.

Student problems can also be resolved faster.

"If I've got a problem with a student, I call the parent," one small district superintendent told me. "The parent says, 'You bet I'll take care of it. The su-

perintendent called.'"

In large school systems, a lot of staff time is spent on communication with other staff, rather than on communication with students. More staff time also goes into organizational battles that have little to do with teaching.

When a school district is small, superintendents and teachers are more likely to be aware of community values and parent preferences. It's easier for school staff to know the parents and work with them.

Just being small doesn't guarantee these educational benefits. Some small districts have poor relationships with their communities.

But consensus, communication and change are easier to achieve in a small district. And there may be cost-sharing arrangements and other economies that can cut the extra expenses caused by small districts.

The next time I hear people griping about the high cost of Alaska's small rural school districts I'm going to bring up the New Jersey research. I don't expect to change their minds. But maybe I can get them to think more about it.

□ Dr. Judith Kleinfeld teaches psychology at the University of Alaska Fairbanks.

POSITION PAPER

SINGLE/DUAL FUNDING COMMUNITY DISTRICTS

prepared by

ST. MARY'S SCHOOL DISTRICT

November 2, 1989

POSITION PAPER

SINGLE/DUAL FUNDING COMMUNITY DISTRICTS

Although the current Foundation Program is generally regarded as a more equitable means of distributing public education funds in Alaska than prior distribution schemes, it is likewise widely recognized that some significant inequities still exist. The Legislature took this into account through separate appropriations to mitigate the negative impacts of the new formula on certain types of districts. This paper deals with a problem shared by twenty-nine districts composed of only one or two funding communities.

The allocation of instructional units under the Foundation Program is "front-end loaded." For example, a base amount of two K-12 instructional units is provided for the first 10 students in ADM for a funding community with fewer than 200 ADM in elementary or in secondary. However, as ADM increases, it takes more and more students to generate a unit. For example, with 100 ADM a district does not get 20 units (ten times the number it gets for 10 ADM). Instead it gets only 12.33 units.

The "penalty" for the district with only one or two funding communities is that it is only able to take advantage of the "front-end loading" once or twice, while districts with several funding communities benefit multiple times. The effects of this can be graphically illustrated by comparing the K-12 funding generated in three pairs of districts in which each district in the pair has approximately the same ADM (see Appendix). In each comparison, one district is composed of one or two funding communities and the other has several funding communities. Inasmuch as categorical funds, area differentials, and other factors are not involved in the calculation of K-12 units, the only variable is the single/dual funding community versus multiple funding communities. In the three district pairs compared, multiple funding communities produced a per ADM funding differential from \$1,913 (45.7%) to \$4,978 (91.6%). The extra revenue generated by the multiple funding community district in each pair ranged from \$151,434 to \$306,623 for each additional funding community.

There are, of course, incremental added costs for the operation of multiple sites. However, the revenue generated from access to the "front-end load" of the formula numerous times tends to overcompensate for the necessary operational cost differential. By comparison, therefore, the single/dual funding community districts are significantly and unfairly penalized. Such a disparity cannot be justified under a Foundation Program that purports to provide funding for equal educational opportunity across Alaska (AS14.17.220).

The Single/Dual Site Financial Consortium has suggested minor adjustments to the Foundation Program for twenty-nine single/dual site districts that would cost about \$4.7 million based on a \$60,000 unit. This proposed solution has been introduced as legislation in the form of HB185 and SB179.

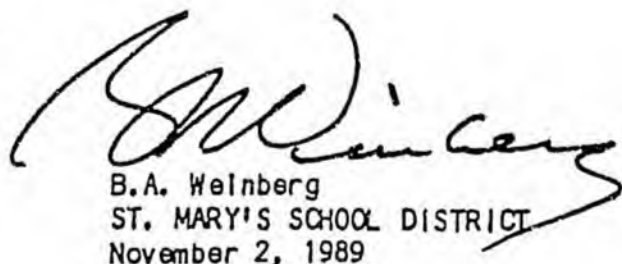
Some critics of this proposal say that a school consolidation initiative to eliminate small "inefficient" districts is the answer. They are

relying on the conventional wisdom that greater size automatically produces economies of scale and reduces the percentage cost of administration. However, such intuitive judgments are not always borne out by the facts. A case in point is found in a November 1986 report to the Washington State Legislature entitled "Special Study of School District Central Administration" (Report No. 86-16). This report revealed that the state's largest district, Seattle, had nearly the highest percentage of expenditures for central administration, and Castle Rock, one of the smallest districts, had the lowest percentage.

In any case, because school consolidation is a complex matter fraught with political and other ramifications, it is really a future issue. On the other hand, single and dual funding community districts and the associated financing inequities are with us now. Thus, a foundation formula adjustment on their behalf is very much a present issue and should be dealt with now.

Other opponents of the Consortium proposal say that benefits would go to certain "well off" districts which do not really need the additional funds. It is true that because of extraordinary assessed valuations or PL874 revenues, some districts are more fortunate than others. However, the current Foundation Program does not even attempt to distribute funds on the basis of need. If it did, a good case could be made that one or more Alaska districts do not "need" any foundation funds.

Notwithstanding, an inherent inequity exists in the allocation of the cornerstone of the foundation formula, the basic K-12 unit. In the interest of fairness, therefore, this disparity affecting half of the state's districts should be addressed without further delay.


B.A. Weinberg
ST. MARY'S SCHOOL DISTRICT
November 2, 1989

Comparison of Selected District Pairs

(ADM and number of units from DOE FY'90 projections produced on March 13, 1989.)

| | #Funding Communities | ADM | K-12 Units | Actual K-12 Rev. @\$60,000 | K-12 Rev. Per ADM | Adjusted* K-12 Rev. @\$60,000 | |
|------------------|-------------------------|----------|---------------|----------------------------------|----------------------|-------------------------------------|--|
| Alaska Gateway | 7 | 477.00 | 57.59 | 3,455,400 | 7,244 | 3,332,252 | |
| Dillingham | 1 | 460.00 | 36.67 | 2,200,200 | 4,783 | 2,200,200 | |
| | <u>6</u> | | | | <u>2,461</u> | <u>1,132,052</u> | Difference (51.5%) |
| | | | | | | 188,676 | Additional K-12 Revenue Per Funding Community Two through Six |
| Northwest Arctic | 11 | 1,613.97 | 164.17 | 9,850,200 | 6,103 | 9,782,029 | |
| Sitka | 1 | 1,602.80 | 111.93 | 6,715,800 | 4,190 | 6,715,800 | |
| | <u>10</u> | | | | <u>1,913</u> | <u>3,066,229</u> | Difference (45.7%) |
| | | | | | | 306,623 | Additional K-12 Revenue Per Funding Community Two through Eleven |
| Lake & Peninsula | 14 | 367.15 | 63.72 | 3,823,200 | 10,413 | 3,800,812 | |
| Haines | 2 | 365.00 | 33.06 | 1,983,600 | 5,435 | 1,983,600 | |
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* K-12 funding is adjusted to equivalent ADM for comparison purposes by multiplying the per ADM revenue of the larger district by the ADM of the smaller district.



Single/Dual Site Financial Consortium

"... representing the needs of 28 Alaskan School Districts."

January 12, 1990

TO: ATTENDEES AT THE AASB EDUCATION EXPOSITION

FROM: WALT BROMENSCHENKEL, *WB* SUPERINTENDENT, SINGLE/DUAL SITE FINANCIAL CONSORTIUM

RE: INFORMATION RELATED TO SCHOOL FUNDING FORMULA AND SINGLE/DUAL SITE FINANCIAL CONSORTIUM EFFORTS

More than two years ago, a number of single and dual site school districts in Alaska commissioned a study to evaluate the economic and programmatic impact of the most recent finance formula on single and dual site school districts. The participating school districts contracted with Southeast Regional Resource Center which was employed to design and carry out a study evaluating the impact of the funding formula on school districts. That study gathered financial and programmatic information from approximately twenty of the smaller school districts in the state. It compared circumstances within school districts before and after implementation of the latest finance formula.

The data requested from school districts were analyzed and evaluated. The researchers concluded that both the economic circumstances and the programmatic offerings within single and dual site school districts with student populations of 2,500 and less, suffered disparate effects from implementation of Senate Bill 15. That is to say, the impact of the new finance formula had a more negative effect on the single and dual site school districts than larger and multiple site school districts. In addition, the structure of the finance formula rewarded multiple site school districts through a front end load feature which, when applied to multiple sites, provided for substantial increases in funding when compared to the single and dual site school districts.

During the 1988/89 school year, 18 school districts in Alaska contributed \$3,000 per district to finance an effort which would result in a legislative solution to this finance formula problem. That solution would distribute approximately \$4.6 million among the 28 school districts included in the Single/Dual Site Consortium.

In the current year, the Single/Dual Site Financial Consortium is representing 29 school districts. The additional school district resulted from the reorganization of school districts on the Aleutian Chain. Specifically, the establishment of the Aleutian East Region School District produced a dual site district - the Aleutian Region Schools.

The conditions in the single and dual site school districts continue to deteriorate. At this time, many of the single and dual site school districts operate without a building principal, have no counseling services available to students, have no music or foreign language programs and have only minimal instructional programs in other areas within their districts. In addition, the ending fund balances of many of these school districts has been depleted. Many of the single and dual site school districts will not be able to continue offering even a minimal program without some relief resulting from a modification in the funding process.

Each of the thirty school districts in the Single/Dual Site Consortium currently has many successful programs that could be presented during the AASB Education Exposition. However, many of those school districts simply can not afford to travel to Juneau for the purpose of sharing their successes. At this point, it is clear that unless the funding formula for single and dual site school districts is changed, the quality dimension of the single and dual site school district will cease to exist. These school districts simply have no choice but to pursue remedies through the Financial Consortium. Prior to last year, no state agency would accept the fact that the Foundation Formula was, indeed, causing ruin to many school districts in the State of Alaska. The only way we could get the attention of the Department of Education and the State Legislature was to organize, make contributions from already scarce funds, employ a lobbyist who could represent the single and dual site school district and pursue this with all the vigor we had.

During the past year we were unsuccessful in accomplishing any type of modification to the funding formula. We are committed to continue that effort and are hopeful that we can communicate effectively with the Legislature, the Governor's Office and the Department of Education in an effort to help them gain a better understanding of our situation. We are also hopeful that the \$4.6 million remedy which is being forwarded by the Single/Dual Site Consortium will be accepted and supported by those agencies.

It is our opinion that an adjustment to the Finance Formula must occur during this Legislative session and that this issue should be a high priority concern of the Department of Education, the Legislature and the Governor's Office. For many school districts within the Consortium, this effort is the single most important priority for the 1990 Legislative session. We ask your support in including the interests of the Single/Dual Site Financial Consortium in your deliberations during this legislative session.

If you have any questions regarding this position paper, please feel comfortable in contacting members of the Single/Dual Site Financial Consortium Steering Committee as listed below:

WALT BROMENSCHENKEL
Annette Islands
886-6332

VINCE BARRY
Tanana
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Valdez
835-4357

HARRY PURDY
Galena
656-1205

GORDON TOPE
Nenana
832-5464

MORRIS VERVERS
Klawock
755-2220

GEORGE WHITE
Kake
785-3741

DALE MOORE
St. Marys
438-2311

POSITION PAPER

SINGLE/DUAL FUNDING COMMUNITY DISTRICTS

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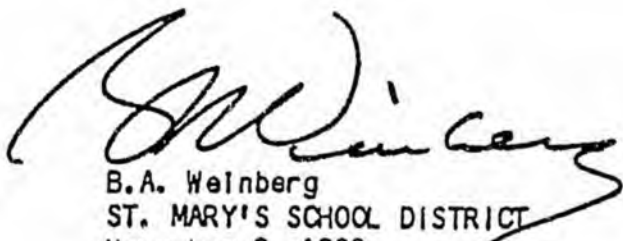
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B.A. Weinberg
ST. MARY'S SCHOOL DISTRICT
November 2, 1989

APPENDIX

Comparison of Selected District Pairs

(ADM and number of units from DOE FY'90 projections produced on March 13, 1989.)

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FEB 20 1990



Single/Dual Site Financial Consortium

"... representing the needs of 28 Alaskan School Districts."

February 14, 1990

GOVERNOR STEVE COWPER
State of Alaska
Pouch A
Juneau, AK 99811

Dear Governor Cowper,

The school districts included on the attached listing are affected by HB 185 and SB 179 which address funding for Single/Dual Site Schools in our State. A consortium of 29 school districts has been formed to make a correction to the funding formula after commissioning a study in 1988 to evaluate the economic and programmatic impact of the funding formula passed in 1987. This consortium represents over half of all school districts in the State.

The study found that programmatic offerings within single and dual site school districts with student populations of 2,500 and less suffered disparate effects from the new formula. This means that the impact of the new finance formula has a more negative effect on the single and dual site school districts than larger and multiple site school districts. In addition, the current formula rewards multiple site school districts through a front end load feature when applied to multiple sites. This feature provides for substantial increases in funding when compared to the single and dual site school districts.

Two bills have been introduced to bring the single and dual site schools into parity with other schools in Alaska. HB 185 was introduced by Representatives Wallis, Jacko and Goll in 1989. SB 179 was introduced by Senator Eliason along with seven other senators and is currently in Senate HESS. SB 179 has had one hearing to date. HB 185 is now sitting in House Rules awaiting further action.


The bills would cost the State an additional \$4,700,000 per year if either HB 185 or SB 179 pass. The additional funds would be distributed among 29 single and dual site school districts. Further, it should be made clear that no large multiple site schools would experience any reduction in funds by the passage of HB 185 or SB 179. *No but if same applied could get more*

We respectfully request that your office consider the passage of HB 185 and/or SB 179 a high priority education issue in your recommendations to the Legislature and to Commissioner Demmert.

Enclosed please find a packet that includes highlights of the 1938 study and other information that supports the need to pass HB 185 and/or SB 179.

Thank you for your attention to this matter.

Sincerely,



Walter E. Bromenschenkel, Ed.D.
Superintendent of Schools, Annette Islands
Coordinator, Single/Dual Site Consortium

\smschc

cc: William Demmert, Commissioner of Education
State of Alaska Board of Education
Single/Dual Site Consortium Membership

Enclosures

WEB:JL

ALASKA SCHOOL DISTRICTS INCLUDED IN HB 185 & SB 179

Adak
Aleutian Region
Annette Islands
Bristol Bay
Cordova
Craig
Delta Greely
Dillingham
Galena
Haines
Hoonah
Hydaburg
Kake
Kashunamuit
Ketchikan
Klawock
Nenana
Nome
Pelican
Petersburg
Pribilof Islands
Sitka
Skagway
St. Marys
Tanana
Unalaska
Valdez
Wrangell
Yakutat

\smschf

HIGHLIGHTS

SINGLE DUAL SITE FINANCIAL CONSORTIUM STUDY REPORT

BACKGROUND

In April of 1988 a number of Alaska School District Board of Education members and superintendents met to discuss their belief that the funding formula had a disparate impact on single and dual-site school districts.

The group determined to form a consortium to investigate the effects of the application of House Bill 126 on small single and dual-site school districts. The membership included single and dual-site school districts with enrollments of less than 3,000 students. The consortium contracted for a study to investigate how these school districts had been impacted by the new Foundation Program.

FINDINGS

The major findings of the study are as follows:

1. All districts in Alaska experienced a reduction in expenditures per ADM (average daily membership) between fiscal years 1986 and 1989.
2. Single/dual site and small school districts experienced a greater reduction in dollars per ADM than did multiple site and larger school districts - that is, the changes in funding resulted in disproportionate/disparate program curtailments that negatively affected small single and dual-site school districts more than larger and multiple-site school districts.
3. Larger and multiple-site school districts have now approximated their FY 1986 dollar per ADM expenditure levels.
4. Smaller single and dual-site school districts have remained at a level relatively constant with the level to which they had fallen after the FY 1987 budget constrictions.
5. To bring the smaller school districts back to their relative position when compared to the larger districts, an increased expenditure of approximately \$10 million would be necessary.
6. The researchers concluded and recognized that multiple-site school districts are more costly to operate than single/dual site school districts.

SOLUTION

The researchers generated and evaluated several methods of addressing the funding problem. The researchers identified and recommended a funding scheme which would result in a percentage increase added to the Foundation Formula allocation to each of the small single and dual-site school districts. They generated three alternative solutions which the Consortium could consider, all of which would cost between .89% and 1.23% of the State of Alaska Education Foundation Allocation for FY 1989.

| <u>SOLUTION</u> | <u>AMOUNT TO BE DISTRIBUTED</u> |
|-----------------|-------------------------------------|
| A | \$4,672,724 |
| B | \$4,072,837 |
| C | \$5,539,129 |

CONCLUSION

The Consortium membership has no interest in competing with other school districts for existing dollars. It is the belief of the Single and Dual-Site Consortium membership that additional money in the amount of \$4,672,724 should be added to the Foundation Formula Allocation and distributed among the school districts negatively affected by application of House Bill 126.

POSITION PAPER

SINGLE/DUAL FUNDING COMMUNITY DISTRICTS

prepared by

ST. MARY'S SCHOOL DISTRICT

and

KASHUNAMIUT SCHOOL DISTRICT

Revised

January 19, 1990

POSITION PAPER

SINGLE/DUAL FUNDING COMMUNITY DISTRICTS

Although the current Foundation Program is generally regarded as a more equitable means of distributing public education funds in Alaska than prior distribution schemes, it is likewise widely recognized that some significant inequities still exist. The Legislature has taken this into account through separate appropriations to mitigate the negative impacts of the new formula on certain types of districts. This paper deals with a problem shared by twenty-nine districts composed of only one or two funding communities.

The allocation of instructional units under the Foundation Program is "front-end loaded." For example, a base amount of two K-12 instructional units is provided for the first 10 students in ADM for a funding community with fewer than 200 ADM in elementary or in secondary. However, as ADM increases, it takes more and more students to generate a unit. For example, with 100 ADM a district does not get 20 units (ten times the number it gets for 10 ADM). Instead it gets only 12.33 units.

The "penalty" for the district with only one or two funding communities is that it is only able to take advantage of the "front-end loading" once or twice, while districts with several funding communities benefit multiple times. The effects of this can be graphically illustrated by comparing the K-12 funding generated in three pairs of districts in which each district in the pair has approximately the same ADM (see Appendix). In each comparison, one district is composed of one or two funding communities and the other has several funding communities. Inasmuch as categorical funds, area differentials, and other factors are not involved in the calculation of K-12 units, the only variable is the single/dual funding community versus multiple funding communities. In the three district pairs compared, multiple funding communities produced a per ADM funding differential from \$1,714 (39.8%) to \$5,014 (95.1%). The extra revenue generated by the multiple funding community district in each pair ranged from \$154,698 to \$280,885 for each additional funding community.

There are, of course, incremental added costs for the operation of multiple sites. However, the revenue generated from access to the "front-end load" of the formula numerous times tends to overcompensate for the necessary operational cost differential. By comparison, therefore, the single/dual funding community districts are significantly and unfairly penalized. Such a disparity cannot be justified under a Foundation Program that purports to provide funding for equal educational opportunity across Alaska (AS14.17.220).

The Single/Dual Site Financial Consortium has suggested minor adjustments to the Foundation Program for twenty-nine single/dual site districts. This proposed solution, introduced as legislation in the form of HB185 and SB179, would cost about \$4.7 million based on a \$60,000 unit, less than 1% of the Foundation Program cost.

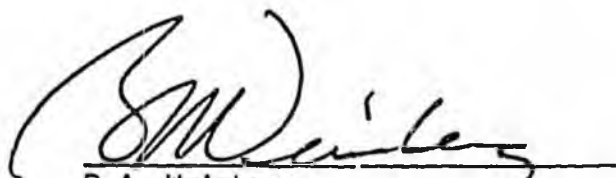
Some critics of this proposal say that a school consolidation initiative to eliminate small, "inefficient" districts is the answer. They are

relying on the conventional wisdom that greater size automatically produces economies of scale and reduces the percentage cost of administration. However, such intuitive judgments are not always borne out by the facts. A case in point is found in a November 1986 report to the Washington State Legislature entitled "Special Study of School District Central Administration" (Report No. 86-16). This report revealed that the state's largest district, Seattle, had nearly the highest percentage of expenditures for central administration, and Castle Rock, one of the smallest districts, had the lowest percentage. During FY'89, 27% of Alaska districts had lower percentages of total school operating funds spent on school and central administration than Anchorage.

In any case, because school consolidation is a complex matter fraught with political and other ramifications, it is really a future issue. On the other hand, single and dual funding community districts and the associated financing inequities are with us now. Thus, a foundation formula adjustment on their behalf is very much a present issue and should be dealt with now.

Other opponents of the Consortium proposal say that benefits would go to certain "well off" districts which do not really need the additional funds. It is true that because of extraordinary assessed valuations or PL874 revenues, some districts are more fortunate than others. However, the current Foundation Program does not even attempt to distribute funds on the basis of need. If it did, a good case could be made that one or more Alaska districts do not "need" any foundation funds. For this reason, single/dual site districts should be treated under the same philosophy that governs the rest of the foundation program rather than being singled out for adjustments strictly on a so-called need basis.

The fact remains that an inherent inequity exists in the allocation of the cornerstone of the foundation formula, the basic K-12 unit, which adversely affects single and dual funding community districts. In the interest of fairness, therefore, this disparity affecting over half of the state's districts should be addressed without further delay.


B.A. Weinberg
ST. MARY'S SCHOOL DISTRICT
KASHUNAMIUT SCHOOL DISTRICT
January 19, 1990

APPENDIX

Comparison of Selected District Pairs

(ADM and number of units from DOE FY'90 reports produced on 01/08/90.)

| | #Funding Communities | ADM | K-12 Units | Actual K-12 Rev. @\$60,000 | K-12 Rev. Per ADM | Adjusted* K-12 Rev. @\$60,000 | |
|------------------|-------------------------|----------|---------------|----------------------------------|----------------------|-------------------------------------|--|
| Southwest Region | 10 | 435.60 | 58.06 | 3,483,600 | 7,997 | 3,483,600 | |
| Dillingham | 1 | 449.45 | 35.96 | 2,157,600 | 4,801 | 2,091,316 | |
| | | | | | <u>3,196</u> | <u>1,392,284</u> | Difference (66.6%) |
| | | | | | | 154,698 | Additional K-12 Revenue Per Funding Community Two through Ten |
| Northwest Arctic | 11 | 1,645.75 | 165.13 | 9,907,800 | 6,020 | 9,864,854 | |
| Sitka | 1 | 1,638.68 | 117.60 | 7,056,000 | 4,306 | 7,056,000 | |
| | | | | | <u>1,714</u> | <u>2,808,854</u> | Difference (39.8%) |
| | | | | | | 280,885 | Additional K-12 Revenue Per Funding Community Two through Eleven |
| Lake & Peninsula | 14 | 407.35 | 69.84 | 4,190,400 | 10,287 | 4,083,939 | |
| Haines | 2 | 397.00 | 34.89 | 2,093,400 | 5,273 | 2,093,400 | |
| | | | | | <u>5,014</u> | <u>1,990,539</u> | Difference (95.1%) |
| | | | | | | 165,878 | Additional K-12 Revenue Per Funding Community Three through Fourteen |

* K-12 funding is adjusted to equivalent ADM for comparison purposes by multiplying the per ADM revenue of the larger district by the ADM of the smaller district.



APR 05 1990

April 5, 1990

Senator Paul Fischer
Rm 508, Capitol
P.O. Box V
Juneau, Alaska 99811

Dear Senator Fischer:

Enclosed for your information is a copy of Resolution #9028 supporting HB 185 and SB 179 which correct inequities in State funding to single/dual site school districts.

We would appreciate your support in this effort.

Sincerely,

Jeanne D. Donald

Jeanne D. Donald, City Clerk
City of Valdez

sb

CITY OF VALDEZ, ALASKA

RESOLUTION NO. 9028

A RESOLUTION OF CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, SUPPORTING HB 185 AND SB 179 WHICH CORRECT INEQUITIES IN STATE FUNDING TO SINGLE/DUAL SITE SCHOOL DISTRICTS.

WHEREAS, a consortium has been formed by 29 single/dual school districts; and

WHEREAS, this consortium commissioned a study that clearly shows single/dual site districts suffered disparate adverse effects from the funding formula passed in 1987; and

WHEREAS, two bills have been introduced, HB 185 and SB 179, which would bring single and dual site schools into parity with other schools in Alaska; and

WHEREAS, additional funding of \$4,700,000 per year is needed to fund either version of this proposed legislation to the 29 single and dual site school districts without affecting funding to large multiple site school districts; and

WHEREAS, single/dual site school districts make significant local contributions to fund their schools; and

WHEREAS, it is imperative that this legislation be made a high priority for enactment by the Sixteenth Alaska State Legislature and Governor Cowper; and

WHEREAS, equity in education formula funding should be a priority of the Alaska Municipal League, the State Board of Education, the Department of Education, and the Alaska Legislature.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

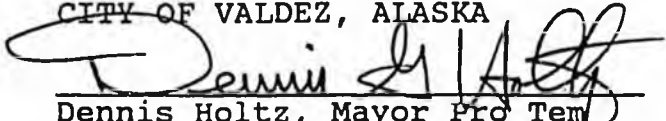
Section 1. The City of Valdez supports the enactment of HB 185, SB 179, or other legislation, along with the necessary funding of \$4,700,000, to bring single and dual site schools into parity with other Alaska schools receiving formula funding.

Section 2. The City of Valdez respectfully requests the Alaska Municipal League through its Board of Directors to lend its support for enactment of legislation to provide equity to all schools under the State's education formula funding.

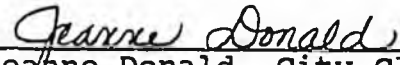
Section 3. The City of Valdez requests that copies of this resolution be sent to Governor Steve Cowper, Senator Jalmar Kerttula, Senator Mike Szymanski, Representative Gene Kubina, Senator Paul Fischer, Representative Johnny Ellis, State Board of Education President Barney Gottstein, Education Commissioner William G. Demmert, and Walter F. Bromenschenkel, Coordinator, Single/Dual Site Consortium.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 2nd day of April, 1990.

CITY OF VALDEZ, ALASKA


Dennis Holtz, Mayor Pro Tem

ATTEST:


Jeanne Donald, City Clerk

FISCAL NOTE

REQUEST:

Revision Date: _____
 Title: State Aid for Education
 Sponsor: Eliason, Zahroff et. al.
 Requestor: Eliason

Agency Affected: Education
 BRU: K-12 Support
 Components: Foundation

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 89 | FY 90 | FY 91 | FY 92 | FY 93 | FY 94 |
|------------------------|----------|----------------|----------------|----------------|----------------|----------------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | 4,703.4 | 4,703.4 | 4,703.4 | 4,703.4 | 4,703.4 |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0 | 4,703.4 | 4,703.4 | 4,703.4 | 4,703.4 | 4,703.4 |

| | | | | | | |
|---------|--|--|--|--|--|--|
| CAPITAL | | | | | | |
|---------|--|--|--|--|--|--|

| | | | | | | |
|---------|--|--|--|--|--|--|
| REVENUE | | | | | | |
|---------|--|--|--|--|--|--|

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|---|---------|---------|---------|---------|---------|
| GENERAL FUND | 0 | 4,703.4 | 4,703.4 | 4,703.4 | 4,703.4 | 4,703.4 |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | | | | | | |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS : (Attach a separate page if necessary)

See attached analysis of impact on the Foundation program.

Prepared by: Mary Haka Phone: 465-2800
 Division: Commissioner's Office Date: 2/23/89
 Approved by Commissioner: William G. Demmert Date: 2/23/89
 Agency: Education

Distribution (by preparer):

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

| 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|------------|-------------|-----------|-------|------------|-----------|-------------|
| 1. DEPARTMENT OF EDUCATION | | | | | | | |
| 2. PROJECTED PERIOD FY90 FOUNDATION | | | | | | | |
| 3. SINGLE/DUAL SITE PROPOSED SOLUTION (A) | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6 | PROJECTED | ADJUSTMENT | INCREASED | AREA | ADJUSTED | COLUMN 13 | |
| 7 SCHOOL | | FACTOR | K-12 | COST | INCREASED | TIMES | |
| 8 DISTRICT | FY90 ADM | SINGLE/DUAL | UNITS | DIFF. | K-12 UNITS | \$60,000 | |
| 9 | ----- | | | | | | |
| 10 | | | | | | | |
| 11 ADAK | 638.00 | | 6% | 2.91 | 1.27 | 3.70 | \$222,000 |
| 12 ALASKA GATEWAY | 477.00 | | | 0.00 | 1.19 | 0.00 | \$0 |
| 13 ALEUTIAN REGION | 115.00 | | | 0.00 | 1.31 | 0.00 | \$0 |
| 14 ANCHORAGE | 38,747.00 | 2,591.49 | | 0.00 | 1.00 | 0.00 | \$0 |
| 15 ANNETTE ISLAND | 414.00 | 33.60 | 8% | 2.69 | 1.03 | 2.77 | \$166,200 |
| 16 BERING STRAIT | 1,298.00 | 161.33 | | 0.00 | 1.39 | 0.00 | \$0 |
| 17 BRISTOL BAY | 246.00 | 24.67 | 8% | 1.97 | 1.27 | 2.50 | \$150,000 |
| 18 CHATHAM | 317.00 | 44.31 | | 0.00 | 1.03 | 0.00 | \$0 |
| 19 CHUGACH | 101.00 | 17.58 | | 0.00 | 1.14 | 0.00 | \$0 |
| 20 COPPER RIVER | 588.00 | 68.65 | | 0.00 | 1.14 | 0.00 | \$0 |
| 21 CORDOVA | 428.00 | 34.53 | 8% | 2.76 | 1.11 | 3.06 | \$183,600 |
| 22 CRAIG | 217.60 | 20.51 | 12% | 2.46 | 1.03 | 2.53 | \$151,800 |
| 23 DELTA GREELY | 900.00 | 65.13 | 6% | 3.91 | 1.16 | 4.54 | \$272,400 |
| 24 DILLINGHAM | 460.00 | 36.67 | 8% | 2.93 | 1.27 | 3.72 | \$223,200 |
| 25 FAIRBANKS | 13,175.00 | 903.94 | | 0.00 | 1.04 | 0.00 | \$0 |
| 26 GALENA | 145.00 | 15.67 | 12% | 1.88 | 1.30 | 2.44 | \$146,400 |
| 27 HAINES | 365.00 | 33.06 | 4% | 1.32 | 1.05 | 1.39 | \$83,400 |
| 28 HOONAH | 235.00 | 21.67 | 12% | 2.60 | 1.08 | 2.81 | \$168,600 |
| 29 HYDABURG | 106.00 | 12.83 | 12% | 1.54 | 1.03 | 1.59 | \$95,400 |
| 30 IDITAROD | 407.00 | 56.41 | | 0.00 | 1.33 | 0.00 | \$0 |
| 31 JUNEAU | 4,675.00 | 314.34 | | 0.00 | 1.00 | 0.00 | \$0 |
| 32 KAKE | 183.00 | 18.20 | 12% | 2.18 | 1.03 | 2.25 | \$135,000 |
| 33 KASHUNAMTUT | 165.00 | 17.00 | 12% | 2.04 | 1.33 | 2.71 | \$162,600 |
| 34 KENAI | 8,476.00 | 672.77 | | 0.00 | 1.00 | 0.00 | \$0 |
| 35 KETCHIKAN | 2,491.00 | 174.64 | 3% | 5.24 | 1.00 | 5.24 | \$314,400 |
| 36 KING COVE | 133.00 | 14.87 | | 0.00 | 1.27 | 0.00 | \$0 |
| 37 KLAWOCK | 184.00 | 18.27 | 12% | 2.19 | 1.03 | 2.26 | \$135,600 |
| 38 KODIAK | 2,250.69 | 180.20 | | -0.00 | 1.09 | 0.00 | \$0 |
| 39 KUSPUK | 402.00 | 56.16 | | 0.00 | 1.33 | 0.00 | \$0 |
| 40 LAKE & PENINSULA | 367.15 | 63.72 | | 0.00 | 1.31 | 0.00 | \$0 |
| 41 LOWER KUSKOKWIM | 2,735.50 | 291.46 | | 0.00 | 1.42 | 0.00 | \$0 |
| 42 LOWER YUKON | 1,301.00 | 145.56 | | 0.00 | 1.35 | 0.00 | \$0 |
| 43 MAT-SU | 8,252.00 | 578.13 | | 0.00 | 1.00 | 0.00 | \$0 |
| 44 NENANA | 196.00 | 19.07 | 12% | 2.29 | 1.20 | 2.75 | \$165,000 |
| 45 NOME | 765.00 | 56.73 | 6% | 3.40 | 1.34 | 4.56 | \$273,600 |
| 46 NORTH SLOPE | 1,259.00 | 122.78 | | 0.00 | 1.45 | 0.00 | \$0 |
| 47 NORTHWEST ARCTIC | 1,613.97 | 164.17 | | 0.00 | 1.45 | 0.00 | \$0 |
| 48 PELICAN | 41.00 | 6.63 | 12% | 0.80 | 1.08 | 0.86 | \$51,600 |
| 49 PETERSBURG | 647.00 | 48.89 | 6% | 2.93 | 1.00 | 2.93 | \$175,800 |
| 50 PRIBILOF | 163.00 | 20.47 | 8% | 1.64 | 1.30 | 2.13 | \$127,800 |
| 51 RAILBELT | 336.00 | 37.66 | | 0.00 | 1.23 | 0.00 | \$0 |
| 52 SAND POINT | 155.00 | 16.33 | | 0.00 | 1.27 | 0.00 | \$0 |
| 53 SITKA | 1,602.80 | 111.93 | 4% | 4.48 | 1.00 | 4.48 | \$268,800 |
| 54 SKAGWAY | 135.00 | 15.00 | 12% | 1.80 | 1.05 | 1.89 | \$113,400 |
| 55 SOUTHEAST ISLAND | 509.00 | 81.05 | | 0.00 | 1.04 | 0.00 | \$0 |
| 56 SOUTHWEST REGION | 495.00 | 68.20 | | 0.00 | 1.31 | 0.00 | \$0 |
| 57 ST. MARY'S | 112.00 | 13.33 | 12% | 1.60 | 1.30 | 2.08 | \$124,800 |
| 58 TANANA | 88.00 | 11.33 | 12% | 1.36 | 1.30 | 1.77 | \$106,200 |
| 59 UNALASKA | 180.00 | 18.00 | 12% | 2.16 | 1.27 | 2.74 | \$164,400 |
| 60 VALDEZ | 715.00 | 53.61 | 6% | 3.22 | 1.11 | 3.57 | \$214,200 |
| 61 WRANGELL | 523.00 | 40.49 | 8% | 3.24 | 1.00 | 3.24 | \$194,400 |
| 62 YAKUTAT | 128.00 | 14.53 | 12% | 1.74 | 1.08 | 1.88 | \$112,800 |
| 63 YUKON FLATS | 345.00 | 52.85 | | 0.00 | 1.46 | 0.00 | \$0 |
| 64 YUKON-KOYUKUK | 506.00 | 71.32 | | 0.00 | 1.34 | 0.00 | \$0 |
| 65 YUPIIT | 300.00 | 36.67 | | 0.00 | 1.41 | 0.00 | \$0 |
| 66 | ----- | | | | | | |
| 67 | | | | | | | |
| 68 TOTALS | 101,809.71 | 7,896.89 | | 69.28 | | 78.39 | \$4,703,400 |

HIGHLIGHTS

SINGLE-DUAL SITE FINANCIAL CONSORTIUM STUDY REPORT

BACKGROUND

In April of 1988 a number of Alaska School District Board of Education members and superintendents met to discuss their belief that the funding formula had a disparate impact on single and dual-site school districts.

The group determined to form a consortium to investigate the effects of the application of House Bill 126 on small single and dual-site school districts. The membership included single and dual-site school districts with enrollments of less than 3,000 students. The consortium contracted for a study to investigate how these school districts had been impacted by the new Foundation Program.

FINDINGS

The major findings of the study are as follows:

1. All districts in Alaska experienced a reduction in expenditures per ADM (average daily membership) between fiscal years 1986 and 1989.
2. Single/dual site and small school districts experienced a greater reduction in dollars per ADM than did multiple site and larger school districts - that is, the changes in funding resulted in disproportionate/disparate program curtailments that negatively affected small single and dual-site school districts more than larger and multiple-site school districts.
3. Larger and multiple-site school districts have now approximated their FY 1986 dollar per ADM expenditure levels.
4. Smaller single and dual-site school districts have remained at a level relatively constant with the level to which they had fallen after the FY 1987 budget constrictions.
5. To bring the smaller school districts back to their relative position when compared to the larger districts, an increased expenditure of approximately \$10 million would be necessary.
6. The researchers concluded and recognized that multiple-site school districts are more costly to operate than single/dual site school districts.

SENATE DISTRICTS ANALYSIS- SINGLE/DUAL SITE CONSORTIUM PROPOSAL

| SCHOOL DISTRICT | SENATE DISTRICT | K-12 UNITS FY 89 | ADJUSTMENT FACTOR | INCREASED UNITS | AREA DIFFERENTIAL (EXISTING) | SINGLE/DUAL SITE: CONSORT PROPOSAL | CHANGE IN DIFFERENTIAL: MCDOWELL REPORT | IMPACT OF MCDOWELL REPORT | TOTAL IMPACT |
|------------------|--------------------|---------------------|-------------------|-----------------|---------------------------------|---------------------------------------|--|---------------------------|--------------|
| KASHUNAMIUT | Adams | 17.26 | 12.00% | 2.07 | 1.33 | \$165,292 | 4.00% | \$41,424 | \$206,706 |
| NOME | Adams | 55.55 | 6.00% | 3.33 | 1.34 | \$267,973 | 2.00% | \$66,660 | \$334,633 |
| Adams Total | | | | | | \$433,255 | | \$108,084 | \$541,339 |
| GALENA | Binkley | 15.33 | 12.00% | 1.84 | 1.30 | \$143,489 | 3.00% | \$27,594 | \$171,083 |
| ST. MARY'S | Binkley | 13.58 | 12.00% | 1.63 | 1.30 | \$127,109 | 7.00% | \$57,036 | \$184,145 |
| TANANA | Binkley | 11.17 | 12.00% | 1.34 | 1.30 | \$104,551 | 3.00% | \$20,106 | \$124,657 |
| Binkley Total | | | | | | \$375,149 | | \$104,736 | \$479,885 |
| DELTA GREELY | Coghill | 68.13 | 6.00% | 4.09 | 1.16 | \$284,511 | -2.00% | (\$81,756) | \$202,755 |
| NENANA | Coghill | 19.33 | 12.00% | 2.32 | 1.20 | \$167,011 | -6.00% | (\$69,588) | \$97,423 |
| Coghill Total | | | | | | \$451,522 | | (\$151,344) | \$300,178 |
| ANNETTE ISLAND | Eliason | 34.67 | 8.00% | 2.77 | 1.03 | \$171,408 | 5.00% | \$104,010 | \$275,418 |
| CRAIG | Eliason | 20.20 | 12.00% | 2.42 | 1.03 | \$149,803 | 5.00% | \$60,600 | \$210,403 |
| HAINES | Eliason | 33.16 | 4.00% | 1.33 | 1.05 | \$83,563 | -2.00% | (\$39,792) | \$43,771 |
| HOONAH | Eliason | 21.60 | 12.00% | 2.59 | 1.08 | \$167,962 | 2.00% | \$25,920 | \$193,882 |
| HYDABURG | Eliason | 13.16 | 12.00% | 1.58 | 1.03 | \$97,595 | 5.00% | \$39,480 | \$137,075 |
| KAKE | Eliason | 17.26 | 12.00% | 2.07 | 1.03 | \$128,000 | 7.00% | \$72,492 | \$200,492 |
| KLAWOCK | Eliason | 17.47 | 12.00% | 2.10 | 1.03 | \$129,558 | 5.00% | \$52,410 | \$181,968 |
| PELICAN | Eliason | 7.75 | 12.00% | 0.93 | 1.08 | \$60,264 | 2.00% | \$9,300 | \$69,564 |
| SITKA | Eliason | 112.99 | 4.00% | 4.52 | 1.00 | \$271,176 | 0.00% | \$0 | \$271,176 |
| SKAGWAY | Eliason | 15.00 | 12.00% | 1.80 | 1.05 | \$113,400 | 0.00% | \$0 | \$113,400 |
| YAKUTAT | Eliason | 14.68 | 12.00% | 1.76 | 1.08 | \$114,152 | 12.00% | \$105,696 | \$219,848 |
| Eliason Total | | | | | | \$1,486,880 | | \$430,116 | \$1,916,996 |
| KETCHIKAN | Jones | 175.23 | 3.00% | 5.26 | 1.00 | \$315,414 | 0.00% | \$0 | \$315,414 |
| PETERSBURG | Jones | 47.83 | 6.00% | 2.87 | 1.00 | \$172,188 | 0.00% | \$0 | \$172,188 |
| WRANGELL | Jones | 39.43 | 8.00% | 3.15 | 1.00 | \$189,264 | 0.00% | \$0 | \$189,264 |
| Jones Total | | | | | | \$676,866 | | \$0 | \$676,866 |
| CORDOVA | Kertula/Syzmanski | 34.60 | 8.00% | 2.77 | 1.11 | \$184,349 | 9.00% | \$186,840 | \$371,189 |
| VALDEZ | Kertulla/Syzmanski | 52.34 | 6.00% | 3.14 | 1.11 | \$209,151 | -5.00% | (\$157,020) | \$52,131 |
| Kert/Sysmn Total | | | | | | \$393,499 | | \$29,820 | \$423,319 |
| ADAK | Zharoff | 42.75 | 6.00% | 2.57 | 1.27 | \$195,453 | 2.00% | \$51,300 | \$246,753 |
| BRISTOL BAY | Zharoff | 24.00 | 8.00% | 1.92 | 1.27 | \$146,304 | 6.00% | \$86,400 | \$232,704 |
| DILLINGHAM | Zharoff | 38.08 | 8.00% | 3.05 | 1.27 | \$232,136 | 2.00% | \$45,696 | \$277,832 |
| KING COVE | Zharoff | 0.00 | 0.00% | 0.00 | 0.00 | \$0 | 2.00% | \$0 | \$0 |
| PRIBILOF ISLANDS | Zharoff | 20.71 | 8.00% | 1.66 | 1.30 | \$129,230 | 10.00% | \$124,260 | \$253,490 |
| SAND POINT | Zharoff | 0.00 | 0.00% | 0.00 | 0.00 | \$0 | 2.00% | \$0 | \$0 |
| UNALASKA | Zharoff | 16.67 | 12.00% | 2.00 | 1.27 | \$152,430 | 2.00% | \$20,004 | \$172,434 |
| Zharoff Total | | | | | | \$855,554 | | \$327,660 | \$1,183,214 |
| TOTAL/AVERAGE | | 999.93 | 8.57% | 68.87 | 1.07 | \$4,672,725 | 2.73% | \$849,072 | \$5,521,797 |

HOUSE DIST ANALYSIS- SINGLE/CUAL SITE CONSORTIUM PROPOSAL

| SCHOOL DISTRICT | HOUSE DISTRICT | K-12 UNITS FY 89 | ADJUSTMENT FACTOR | INCREASED UNITS | AREA DIFFERENTIAL (EXISTING) | SINGLE/ DUAL SITE DISTRICTS PROPOSAL | CHANGE IN DIFFERENTIAL UNDER MCDOWELL REPORT | IMPACT OF MCDOWELL REPORT | TOTAL IMPACT |
|--------------------|----------------|---------------------|-------------------|-----------------|---------------------------------|---|---|---------------------------------|-----------------|
| CORDOVA | Cato | 34.60 | 8.00% | 2.77 | 1.11 | \$184,349 | 9.00% | \$186,840 | \$371,189 |
| VALDEZ | Cato | 52.34 | 6.00% | 3.14 | 1.11 | \$209,151 | -5.00% | (\$157,020) | \$52,131 |
| Cato Total | | | | | | \$393,499 | | \$29,820 | \$423,319 |
| KASHUNAMIUT | Foster | 17.28 | 12.00% | 2.07 | 1.33 | \$165,282 | 4.00% | \$41,424 | \$206,706 |
| NOME | Foster | 55.55 | 6.00% | 3.33 | 1.34 | \$267,973 | 2.00% | \$66,660 | \$334,633 |
| Foster Total | | | | | | \$433,255 | | \$108,084 | \$541,339 |
| ANNETTE ISLAND | Goll | 34.67 | 8.00% | 2.77 | 1.03 | \$171,408 | 5.00% | \$104,010 | \$275,418 |
| CRAIG | Goll | 20.20 | 12.00% | 2.42 | 1.03 | \$149,803 | 5.00% | \$60,600 | \$210,403 |
| HAINES | Goll | 33.16 | 4.00% | 1.33 | 1.05 | \$83,563 | -2.00% | (\$39,792) | \$43,771 |
| HOONAH | Goll | 21.60 | 12.00% | 2.59 | 1.08 | \$167,962 | 2.00% | \$25,920 | \$193,882 |
| HYDABURG | Goll | 13.16 | 12.00% | 1.58 | 1.03 | \$97,595 | 5.00% | \$39,480 | \$137,075 |
| KAKE | Goll | 17.26 | 12.00% | 2.07 | 1.03 | \$128,000 | 7.00% | \$72,492 | \$200,492 |
| KLAWOCK | Goll | 17.47 | 12.00% | 2.10 | 1.03 | \$129,558 | 5.00% | \$52,410 | \$181,968 |
| SKAGWAY | Goll | 15.00 | 12.00% | 1.80 | 1.05 | \$113,400 | 0.00% | \$0 | \$113,400 |
| YAKUTAT | Goll | 14.68 | 12.00% | 1.76 | 1.08 | \$114,152 | 12.00% | \$105,596 | \$219,848 |
| Goll Total | | | | | | \$1,155,440 | | \$420,816 | \$1,576,256 |
| PELICAN | Grussendorf | 7.75 | 12.00% | 0.93 | 1.08 | \$60,264 | 2.00% | \$9,300 | \$69,564 |
| SITKA | Grussendorf | 112.99 | 4.00% | 4.52 | 1.00 | \$271,176 | 0.00% | \$0 | \$271,176 |
| Grussendorf Total | | | | | | \$331,440 | | \$9,300 | \$340,740 |
| ADAK | Jacko | 42.75 | 6.00% | 2.57 | 1.27 | \$195,453 | 2.00% | \$51,300 | \$246,753 |
| BRISTOL BAY | Jacko | 24.00 | 8.00% | 1.92 | 1.27 | \$146,304 | 6.00% | \$86,400 | \$232,704 |
| DILLINGHAM | Jacko | 38.08 | 8.00% | 3.05 | 1.27 | \$232,136 | 2.00% | \$45,696 | \$277,832 |
| KING COVE | Jacko | 0.00 | 0.00% | 0.00 | 0.00 | \$0 | 2.00% | \$0 | \$0 |
| PRIBILOF ISLANDS | Jacko | 20.71 | 8.00% | 1.66 | 1.30 | \$129,230 | 10.00% | \$124,260 | \$253,490 |
| SAND POINT | Jacko | 0.00 | 0.00% | 0.00 | 0.00 | \$0 | 2.00% | \$0 | \$0 |
| UNALASKA | Jacko | 16.67 | 12.00% | 2.00 | 1.27 | \$152,430 | 2.00% | \$20,004 | \$172,434 |
| Jacko Total | | | | | | \$855,554 | | \$327,660 | \$1,183,214 |
| DELTA GREELY | Schultz | 68.13 | 6.00% | 4.09 | 1.16 | \$284,511 | -2.00% | (\$81,756) | \$202,755 |
| NENANA | Schultz | 19.33 | 12.00% | 2.32 | 1.20 | \$167,011 | -6.00% | (\$69,588) | \$97,423 |
| Schultz Total | | | | | | \$451,522 | | (\$151,344) | \$300,178 |
| WRANGELL | Taylor | 39.43 | 8.00% | 3.15 | 1.00 | \$189,264 | 0.00% | \$0 | \$189,264 |
| KETCHIKAN | Taylor/Davis | 175.23 | 3.00% | 5.26 | 1.00 | \$315,414 | 0.00% | \$0 | \$315,414 |
| PETERSBURG | Taylor/Davis | 47.83 | 6.00% | 2.87 | 1.00 | \$172,188 | 0.00% | \$0 | \$172,188 |
| Taylor/Davis Total | | | | | | \$676,866 | | \$0 | \$676,866 |
| GALENA | Wallis | 15.33 | 12.00% | 1.84 | 1.30 | \$143,489 | 3.00% | \$27,594 | \$171,083 |
| ST. MARY'S | Wallis | 13.58 | 12.00% | 1.63 | 1.30 | \$127,109 | 7.00% | \$57,036 | \$184,145 |
| TANANA | Wallis | 11.17 | 12.00% | 1.34 | 1.30 | \$104,551 | 3.00% | \$20,106 | \$124,657 |
| Wallis Total | | | | | | \$375,149 | | \$104,736 | \$479,885 |
| TOTAL/AVERAGE | | 999.93 | 8.57% | 68.87 | 1.07 | \$4,672,725 | 2.73% | \$849,072 | \$5,521,797 |

1 IN THE SENATE

BY ELIASON, ZHAROFF, ADAMS,
COGHILL, JONES, KERTTULA,
SZYMANSKI AND BINKLEY

2

SENATE BILL NO. 179

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to state aid 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 14.17.041 is amended by adding new subsections to read:

10 (e) A district with an ADM of 3,000 or less that consists of one
11 funding community shall increase the elementary and secondary instruc-
12 tional units received under (a) or (b) of this section by multiplying
13 the instructional units by a percentage determined under the following
14 table:

| District ADM | Percentage |
|--------------|------------|
| 1 - 250 | 1.12 |
| 251 - 525 | 1.08 |
| 526 - 1000 | 1.06 |
| 1001 - 2000 | 1.04 |
| 2001 - 3000 | 1.03 |

21 (f) A district with an ADM of 1,000 or less that consists of two
22 funding communities shall increase the elementary and secondary in-
23 structional units received under (a) or (b) of this section by multi-
24 plying the instructional units by a percentage determined under the
25 following table:

| District ADM | Percentage |
|--------------|------------|
| 1 - 250 | 1.08 |
| 251 - 525 | 1.04 |
| 526 - 1000 | 1.02 |

1 * Sec. 2. This Act takes effect July 1, 1989.

1 IN THE HOUSE

BY WALLIS AND JACKO

2

HOUSE BILL NO. 185

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

SIXTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

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

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

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13 the instructional units by a percentage determined under the following
14 table:

| 15 | District ADM | Percentage |
|----|--------------|------------|
| 16 | 1 - 250 | 1.12 |
| 17 | 251 - 525 | 1.08 |
| 18 | 526 - 1000 | 1.06 |
| 19 | 1001 - 2000 | 1.04 |
| 20 | 2001 - 3000 | 1.03 |

21 (f) A district with an ADM of 1,000 or less that consists of two
22 funding communities shall increase the elementary and secondary in-
23 structional units received under (a) or (b) of this section by multi-
24 plying the instructional units by a percentage determined under the
25 following table:

| 26 | District ADM | Percentage |
|----|--------------|------------|
| 27 | 1 - 250 | 1.08 |
| 28 | 251 - 525 | 1.04 |
| 29 | 526 - 1000 | 1.02 |

1 * Sec. 2. This Act takes effect July 1, 1989.

SINGLE SITE / DUAL SITE DISTRICT CONSORTIUM FINANCIAL STUDY REPORT

December, 1988



Annette Island Schools, Craig City Schools, Dillingham City Schools, Galena City Schools, Hydaburg City Schools, Kake City Schools, Ketchikan Gateway Borough Schools, Klawock City Schools, Petersburg City Schools, Pribilof Schools, Sitka Borough Schools, St. Mary's City Schools, Tanana City Schools, Unalaska City Schools, Valdez City Schools, Wrangell City Schools, Yakutat City Schools

HIGHLIGHTS

SINGLE-DUAL SITE FINANCIAL CONSORTIUM STUDY REPORT

BACKGROUND

In April of 1988 a number of Alaska School District Board of Education members and superintendents met to discuss their belief that the funding formula had a disparate impact on single and dual-site school districts.

The group determined to form a consortium to investigate the effects of the application of House Bill 126 on small single and dual-site school districts. The membership included single and dual-site school districts with enrollments of less than 3,000 students. The consortium contracted for a study to investigate how these school districts had been impacted by the new Foundation Program.

FINDINGS

The major findings of the study are as follows:

1. All districts in Alaska experienced a reduction in expenditures per ADM (average daily membership) between fiscal years 1986 and 1989.
2. Single/dual site and small school districts experienced a greater reduction in dollars per ADM than did multiple site and larger school districts - that is, the changes in funding resulted in disproportionate/disparate program curtailments that negatively affected small single and dual-site school districts more than larger and multiple-site school districts.
3. Larger and multiple-site school districts have now approximated their FY 1986 dollar per ADM expenditure levels.
4. Smaller single and dual-site school districts have remained at a level relatively constant with the level to which they had fallen after the FY 1987 budget constrictions.
5. To bring the smaller school districts back to their relative position when compared to the larger districts, an increased expenditure of approximately \$10 million would be necessary.
6. The researchers concluded and recognized that multiple-site school districts are more costly to operate than single/dual site school districts.

SOLUTION

The researchers generated and evaluated several methods of addressing the funding problem. The researchers identified and recommended a funding scheme which would result in a percentage increase added to the Foundation Formula allocation to each of the small single and dual-site school districts. They generated three alternative solutions which the Consortium could consider, all of which would cost between .89% and 1.23% of the State of Alaska Education Foundation Allocation for FY 1989.

| <u>SOLUTION</u> | <u>AMOUNT TO BE DISTRIBUTED</u> |
|-----------------|-------------------------------------|
| A | \$4,672,724 |
| B | \$4,072,837 |
| C | \$5,539,129 |

CONCLUSION

The Consortium membership has no interest in competing with other school districts for existing dollars. It is the belief of the Single and Dual-Site Consortium membership that additional money in the amount of \$4,672,724 should be added to the Foundation Formula Allocation and distributed among the school districts negatively affected by application of House Bill 126.



ANNETTE ISLANDS SCHOOL DISTRICT

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Accredited by Northwest Accreditation Association

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January 16, 1989

**TO: ALASKA SUPERINTENDENTS
ALASKA BOARD OF EDUCATION MEMBERS
AND OTHER INTERESTED PARTIES**

FROM: SMALL SCHOOLS FUNDING CONSORTIUM STEERING COMMITTEE

RE: SUMMARY OF SMALL DISTRICT FUNDING STUDY FINDINGS

This document presents information related to the small district funding study. It summarizes the procedures that were used in establishing the Small District Funding Consortium and it presents the major findings of the study. Please feel comfortable in using this information in whatever manner you feel appropriate.

PROCESS

- A. In April of 1988 a number of Alaska School District Board of Education Members and Superintendents met to discuss their belief that the funding formula had a disparate impact on small school districts.
- B. The group determined to form a consortium to investigate the effects of the application of House Bill 126 on single site and small school districts.
- C. The consortium authorized the steering committee to contract with the Southeast Regional Resource Center for consultation services. The Southeast Regional Resource Center assigned Bill Thompson, Former Director of Finance and Law with the State Department of Education and Bill Bramble also formerly associated with the State Department of Education, to this project.
- D. The project study was limited to single site school districts and dual site school districts with less than 3,000 students.
- E. Each identified school district was asked to contribute \$2,000 to defray the research costs. Seventeen of the thirty eligible school districts contributed \$2,000 each. The instrument was developed, sent to all thirty districts and was completed by all twenty-one districts.

7/30

MAJOR FINDINGS

- A. All districts in Alaska experienced a reduction in expenditures per FTE between 1986 and 1989.
- B. Single/dual site and small school districts experienced a greater reduction in dollars per FTE expenditure than did multiple site and larger school districts -- that is, the changes in funding resulted in disproportionate/disparate program curtailments that negatively affected small schools more than larger schools and multiple site school districts.
- C. Larger and multiple site school districts have now approximated their 1986 dollar per FTE expenditure levels.
- D. Smaller/dual site school districts have remained at a level relatively constant with the level to which they had fallen after the 1987 budget constrictions.
- E. To bring the smaller school districts back to their 1986 relative position when compared to the larger districts, an increased expenditure of approximately \$10 million would be necessary.
- F. The researchers concluded and recognized that multiple site school districts are more costly to operate than single/dual site school districts.

SOLUTION

The researchers generated and evaluated several methods of addressing the funding problem. The researchers identified and recommended a funding scheme which would result in a percentage increase added to the Foundation Formula allocation to each of the districts. They generated three alternative solutions which the Consortium might consider, all of which would cost between .89% and 1.23% of the State of Alaska Education Foundation Allocation for FY/89.

| <u>SOLUTION</u> | <u>AMOUNT TO BE DISTRIBUTED</u> |
|-----------------|---------------------------------|
| A | \$4,672,724 |
| B | 4,072,837 |
| C | 5,539,129 |

CONCLUSION

The Small School Consortium membership has no interest in competing with other school districts for existing dollars. It is the belief of the Small School Consortium membership that additional money in the amount of \$4,672,724 should be added to the Foundation Formula Allocation and distributed among the school districts negatively affected by application of House Bill 126.

Since the implementation of the new state foundation funding formula in FY 1988 small, single or two-community districts have faced increased problems in school funding. In the spring of 1988 seventeen small school districts formed a consortium to take a look at the problem, to try to identify the magnitude and causes of the problems they were experiencing, and pose remedies for the problem. The consortium contracted with the South East Regional Resource Center to gather and analyze data and investigate alternative solutions. Two sources of data were analyzed in the study. These were (a) an extensive set of financial data available from the Department of Education and (b) data gathered through a survey of small school districts. This report is one of a series of three reports prepared by William Thomson and William Bramble of SERRC for the consortium. Together they constitute the final report for the study. The final report has been updated with respect to the earlier draft reports in that complete FY 88 school district audit information and October 1988 FY 89 student count data from the Department of Education is included.

For further information about this report contact one of the Small Schools Financial Consortium Steering Committee Members listed below.

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PART 1

NARRATIVE SUMMARY

BACKGROUND

In the spring of 1988, seventeen small school districts formed a consortium to examine problems in funding associated with the new public school foundation program.

The consortium includes districts with two or less funding communities and less than 2500 students as eligible for membership. This made thirty districts eligible; however, two districts, King Cove and Sand Point, will become part of the East Aleutian Borough in FY 1990.

The consortium contracted with the South East Regional Resource Center to gather and analyze data, financial and programmatic, and propose solutions to identified funding problems. Personnel of the Resource Center were instructed not to examine categorical funding, i.e. vocational or bilingual education, or the adequacy of the area differentials, but to examine the general operational problems of small districts. The methodology and activities of Center personnel were monitored by a consortium steering committee of six school superintendents and six district board chairpersons.

This report presents the work of the consortium in examining the effects of the implementation of the 1987 foundation program. Specifically, it investigates the effects of the program implementation by looking at changes in school finances, programs, and operations across the fiscal years 1986 to 1989. This document consists of the following three parts. Part 1 presents a summary of findings, Part 2 presents detail on financial changes in school districts across the four fiscal years, and Part 3 presents the results of a survey of single and dual-site districts aimed at identifying program impacts of the changes in school funding across the period.

METHODOLOGY

The methodology used was to gather data related to educational inputs (funding, instruction resource, staffing, programs) as well as educational outputs (available courses and curricula, graduation rates, student success after graduation). In addition information was gathered from other sources, e.g., DOE enrollments, achievement test scores, personnel (FTE's) and cost data. Information was gathered for four fiscal years, FY 1986, 1987, 1988 and planned for FY 1989. Data were collected in the summer and fall of 1988.

The rationale for using four fiscal years is two-fold: (1) FY 1986 marked the last year of the foundation program, an amount per pupil scheme, which had been in effect since 1982 and can be considered the high point in available state support for schools. FY 1987 not only marked a new foundation program, but also included a ten percent reduction in state aid because of declining state revenue after the fiscal year had begun. FY 1988 marks the implementation of the existing program, therefore, the first year's data and a second year of planned activities are available. (2) These four years allow sufficient information to be gathered and comparative analysis to be performed.

In making comparisons, data sets were established for the thirty single and dual-site districts, the twenty-four other districts (all other districts except Anchorage), and the Anchorage school district. Anchorage was separated because of its size. We determined that to include it in one of the other data sets tended to unfairly weigh the results.

In addition to synthesizing financial information, a district survey was conducted to assess the impacts of the new foundation program upon single and dual-site districts. Moreover, master class schedules for elementary, junior high schools, and high schools were collected along with annual survey report plans of high school seniors. This information was used as reliability checks against survey responses.

GENERAL FINDINGS

A. The attached graphs illustrate the changes in total district revenues per pupil in average daily membership (ADM) and the level of state aid per ADM from 1986 to projected in 1989. Graph 1 depicts the four-year changes in total revenues in the school operating fund. This is revealing in that total revenue per pupil between single and dual-site school districts and other districts were at the same point in FY 1986. Across the four years the discrepancy between other districts and the single and dual site districts increases. Single and dual site districts receive less and less per pupil funding in comparison to the other districts. A slight increase in funding is shown for all districts between FY1988 and FY 1989. However, the discrepancy between the two groups is greatest for the projected FY 1989 revenues.

Graph 2 depicts the four-year changes in State aid entitlement for the two groups of districts under three different foundation programs - FY1986, FY1987, and FY1988-1989. The graph shows that State aid entitlement for single and dual-site school districts was significantly higher in 1986 than for other districts. In FY 1987 all districts experienced a sharp decline in State aid because of proration of each district's aid entitlement. In that year the governor reduced the State general fund appropriation for all programs by 10% because of declining State revenues.

The graph shows that between FY 1987 and FY 1988, with the implementation of the new foundation program in FY 1988, the traditional financial relationship in revenue per pupil between single and dual-site school districts and other districts changes. Prior to the FY 1988 program, single and dual-site districts received more State aid per pupil than other districts. With the implementation of the new formula in FY 1988, other districts receive more State aid per ADM than single and dual-site districts and the gap in funding widens in the projected FY 1989 entitlements. In effect, even though single and dual-site districts are efficient in the use of available funds, the economies of scale which other districts can exercise are overlooked in the new program.

The general level of State aid per pupil (across all districts) between 1988 and 1989 (after the implementation of the new foundation program) can largely be explained by changes in the number of pupils participating in categorical programs or federal

revenue received under PL 81-874 in FY 1988, since the schedules for computation of K-12 units have not changed. The significant findings that can be drawn from these revenue graphs are:

1. In comparing trends in total school district revenues with trends in State aid entitlements, single and dual-site districts are more dependent upon a given level of state aid than are other districts. That is, changes in the level of State aid impact single and dual-site districts to a greater extent than other districts.

2. The required four mill effort for city and borough school districts under the current foundation program does not generate significant dollars in real terms to offset the loss of state aid across single and dual-site districts. To financially maintain the current level of program operation single and dual-site districts must obtain a local appropriation which is significantly higher than four mills. The limits which cap the local effort which districts can make (6 mills or 21% of the total adjusted unit value) preclude this remedy. This is exhibited in the FY 1988 analysis of fiscal capacity (See District Financial Analysis in Part 2 of the report) which show that the local appropriation in mill equivalency for Sitka, 6.75 mills, Ketchikan, 6.25 mills, Klawock, 5.81 mills and Haines, 5.67 mills respectively are the highest in the state.

3. Projected into the future, the revenue graphs show that revenue for other districts will increase at a faster rate than for single and dual-site districts. Moreover, it can be inferred that the financial limits of how much the single and dual-site districts can contribute from local sources to offset the loss of state aid will be reached more quickly than for other districts.

B. The changes in revenues and the impacts upon the districts' operations are illustrated in the expenditure graphs (Graphs 3-6). In terms of total expenditures (see Graph 3), other districts and Anchorage are approaching the same level of expenditure per pupil in 1989 that they expended in 1986. Single and dual-site districts exhibit a decline in FY 1989 after being at the same level for 1987 and 1988. Graphs 4 through 6 show that the major functions of district operation, instruction, administration, and operation and maintenance of plant, have significant shifts in percentage of total expenditures across the four-year period. District boards of education for single and dual-site school districts have preserved the instructional program to the extent possible by making cost

reductions in administrative and operation and maintenance of plant functions. The increases in expenditures per ADM for instruction are not surprising and should be expected when there are less dollars available. Moreover, in FY 1989, expenditures for instruction show a slight decrease from FY 1988. This demonstrates that single and dual-site districts are less able to absorb inflationary or other cost increases.

The significance of the pattern of expenditure for single and dual-site districts is:

1. District administration and operation and maintenance of plant functions are being reduced to the minimum level and cannot be further reduced while still providing for obligatory activities, e.g. keeping the building clean and maintained; administration and reporting required by statute and regulation. A review of the district survey data (see Part 3 of this report) supports this finding. Not only have categories of expense within these functions reached a minimal supportable level, but in the instructional function the level of expenditure for textbooks, instructional materials and equipment, and pupil supplies have decreased substantially.

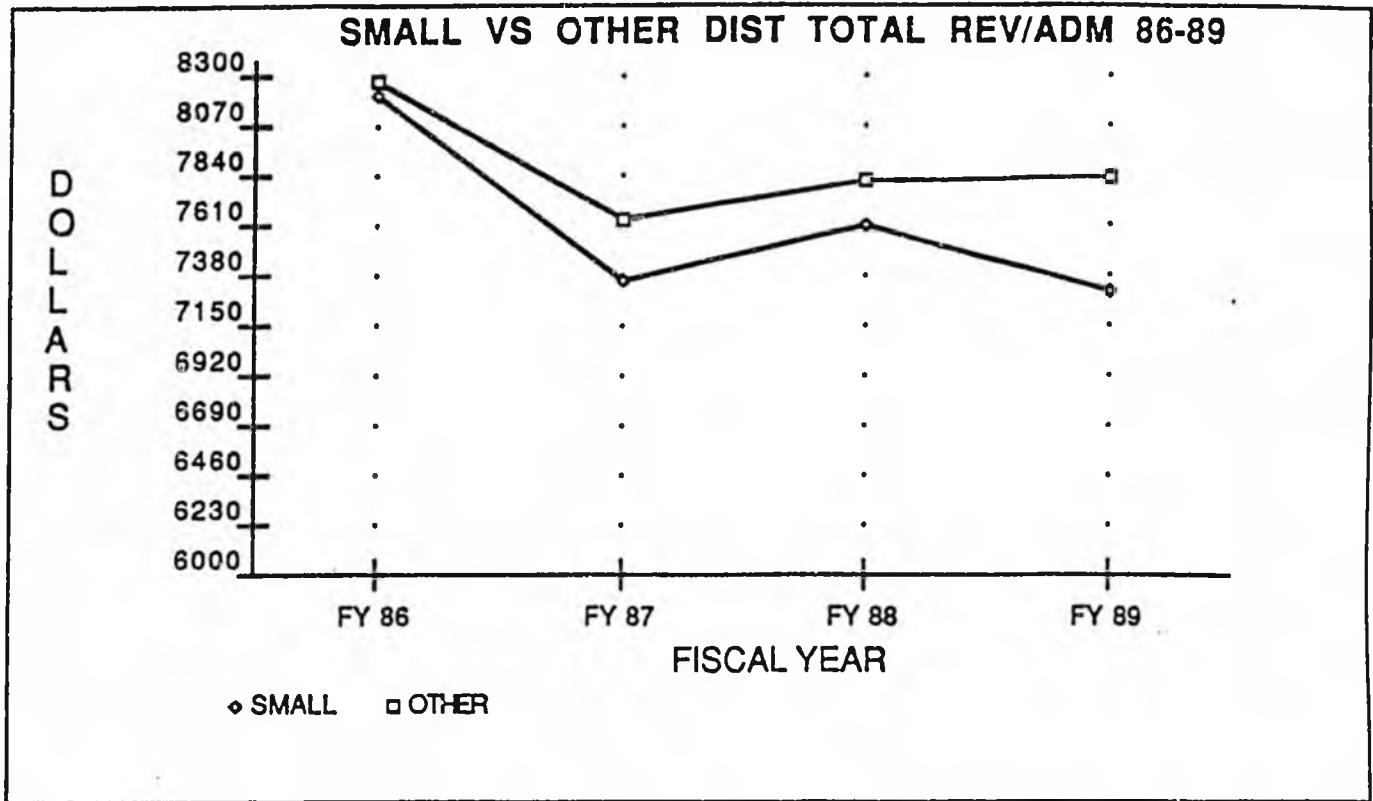
2. If revenues for single and dual-site districts remain constant, cost increases for whatever cause will have to be borne by further restrictions of expenditure in the instructional program since other functions are reaching minimum, supportable level of expenditure.

3. Given the existing pattern of expenditure, a future reduction in the state aid program will have a greater impact on single and dual-site school districts than other districts. Moreover, it becomes a question as to whether general societal expectations for schooling can be accomplished.

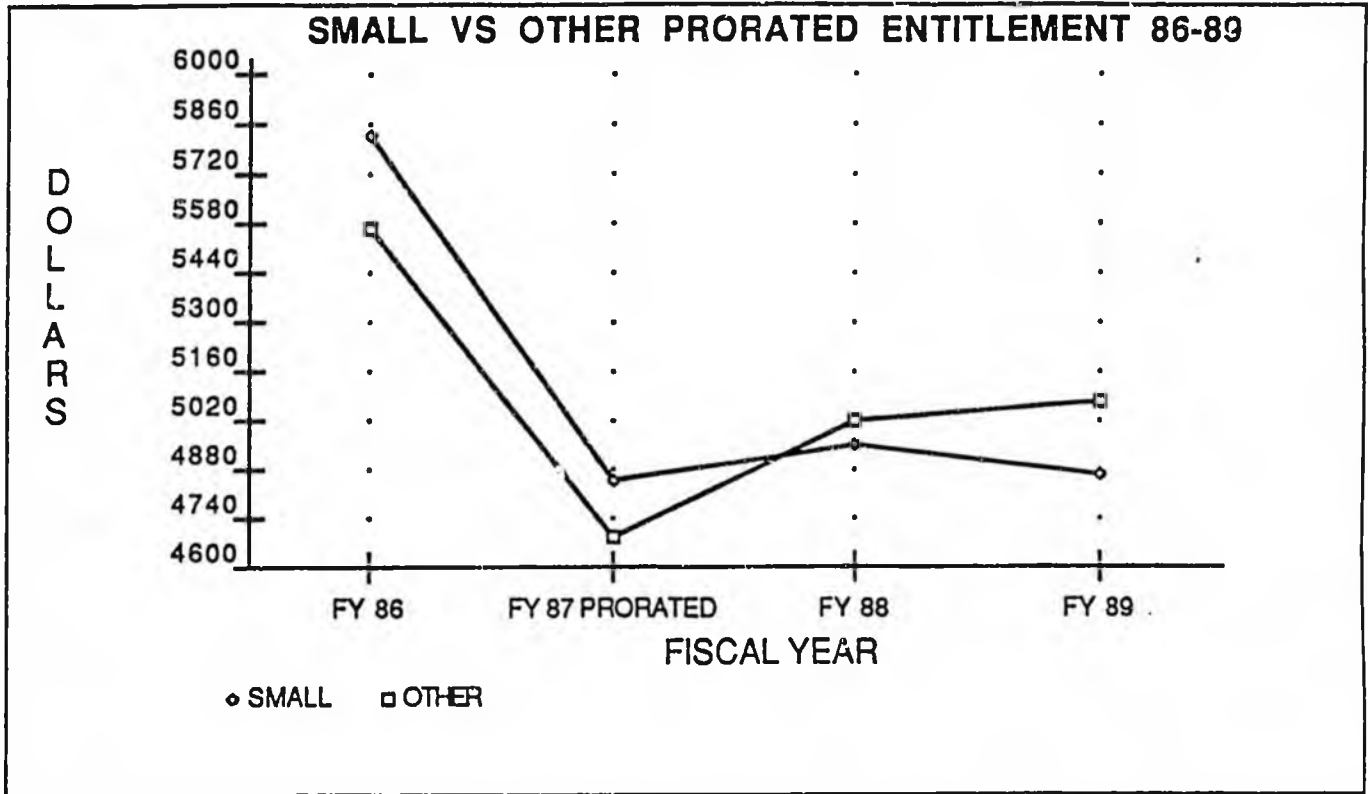
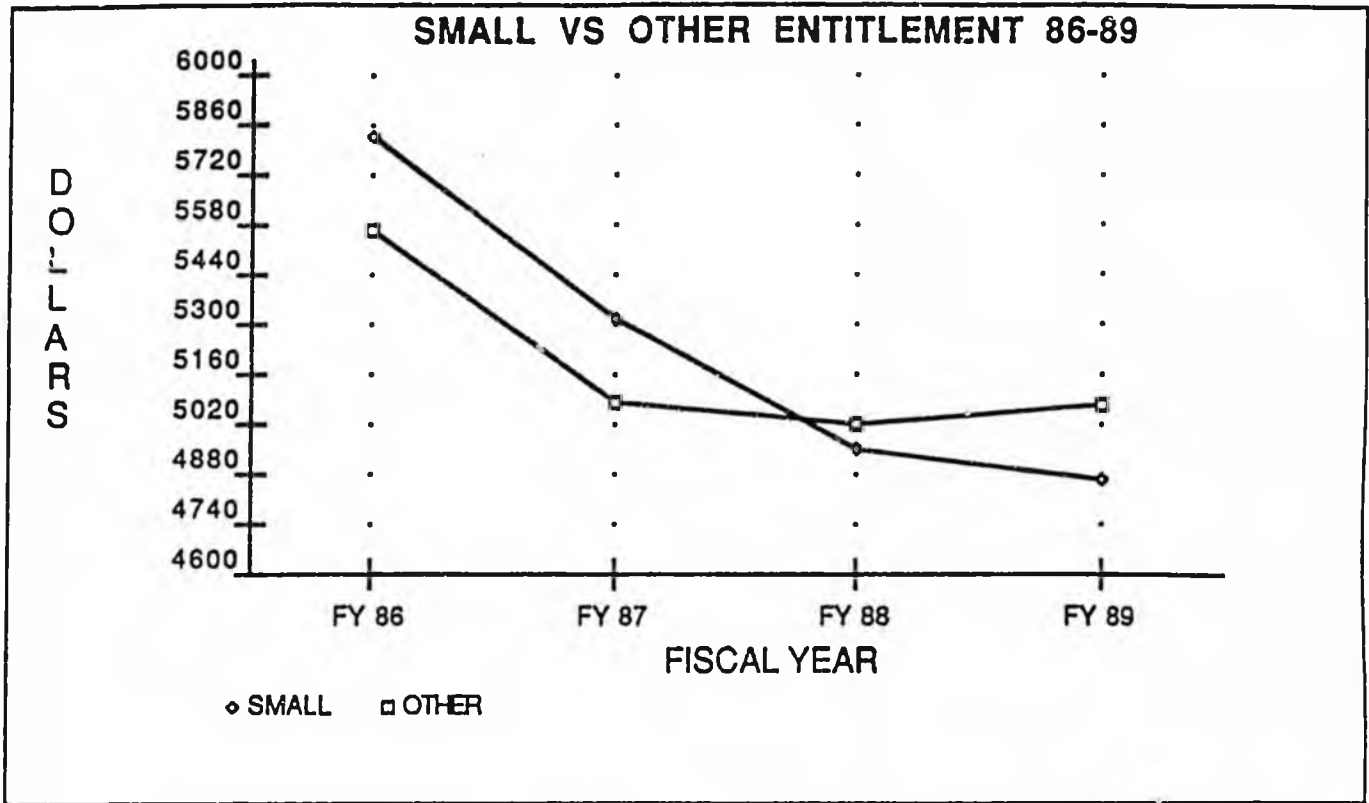
C. In examining the Public School Foundation Program statute in conjunction with the data from this study, it is found that the problem for single and dual-site school districts lies in the construction of the K-12 schedule AS 14. 17.041.(a) (b). which forms the basis and the largest share of what is the determination of basic need. The schedules are carefully constructed on a pupil basis, that is, for each additional student some financial aid is provided. As a district becomes larger and is able to exercise economies of scale, the amount per pupil is less, as it should be. However, it appears

that although the schedules provides adequately for the operation of a school, regardless of the type of district in which it is located, the schedules do not adequately compensate when a school is also the district.

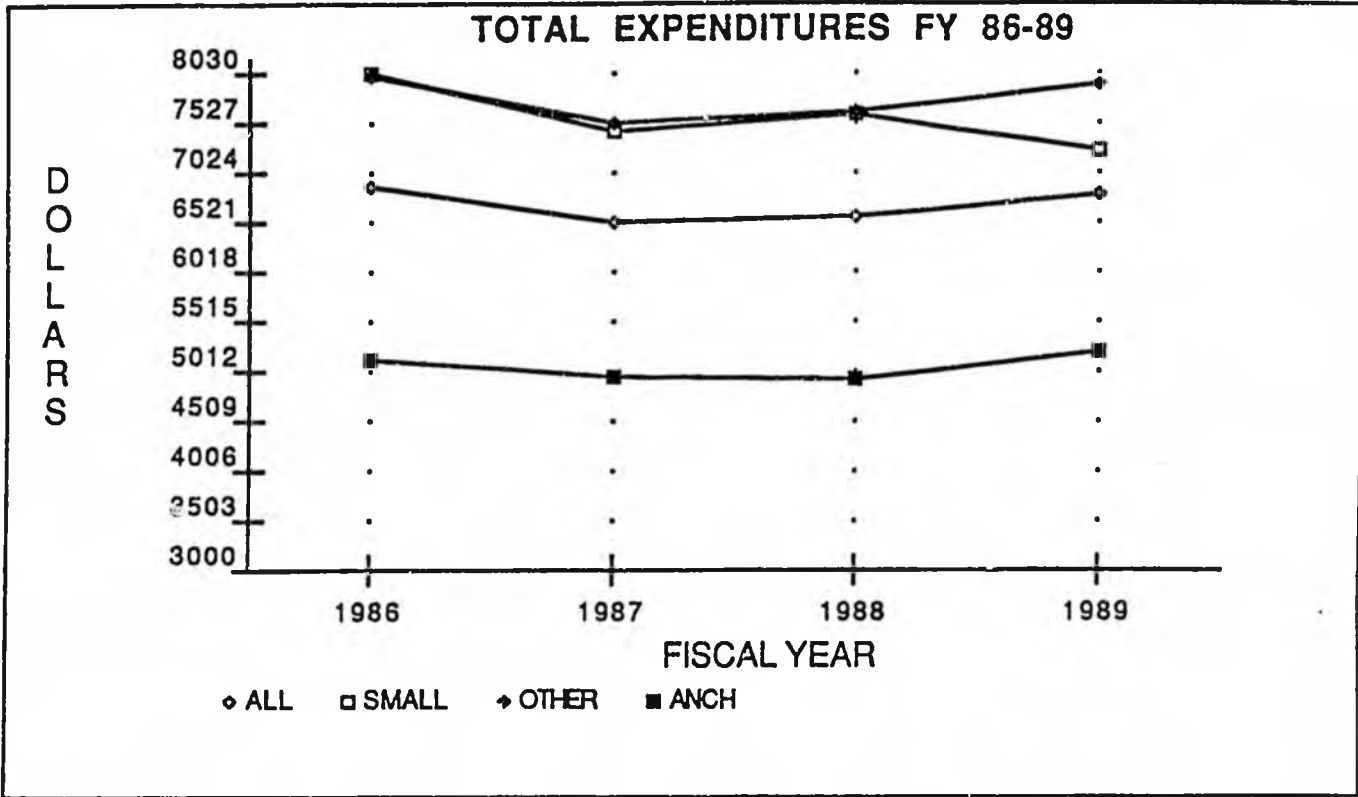
It appears that the amount provided for functions other than instruction are adequate if the schedule can be repeated enough times. However if the schedule can be used once for a district, at the most, repeated only once, the level of support for a district is not sufficient for it to meet its legal, statutory obligations. The alternative is for the small district to reduce its instructional program.



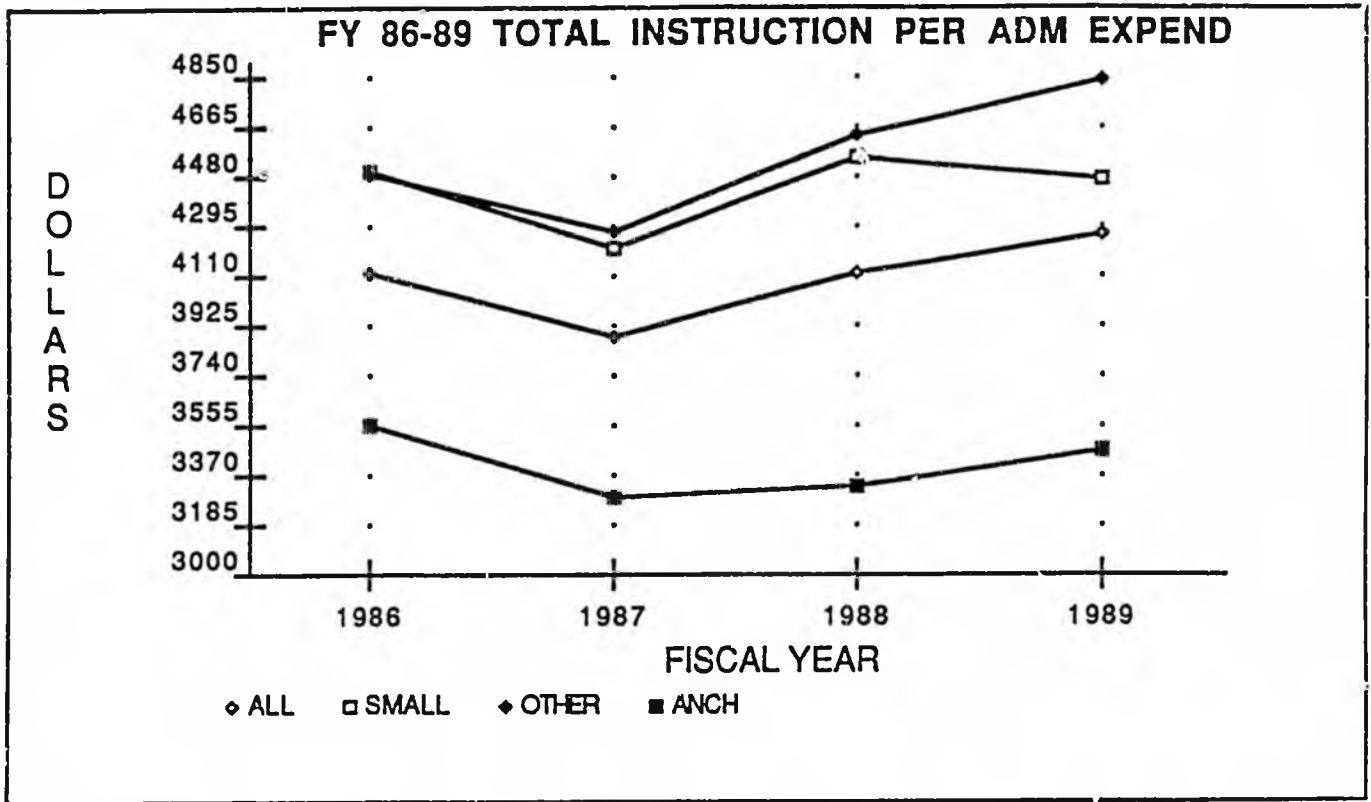
Graph 1. Changes in Total Revenue per ADM from FY 1986 to FY 1989



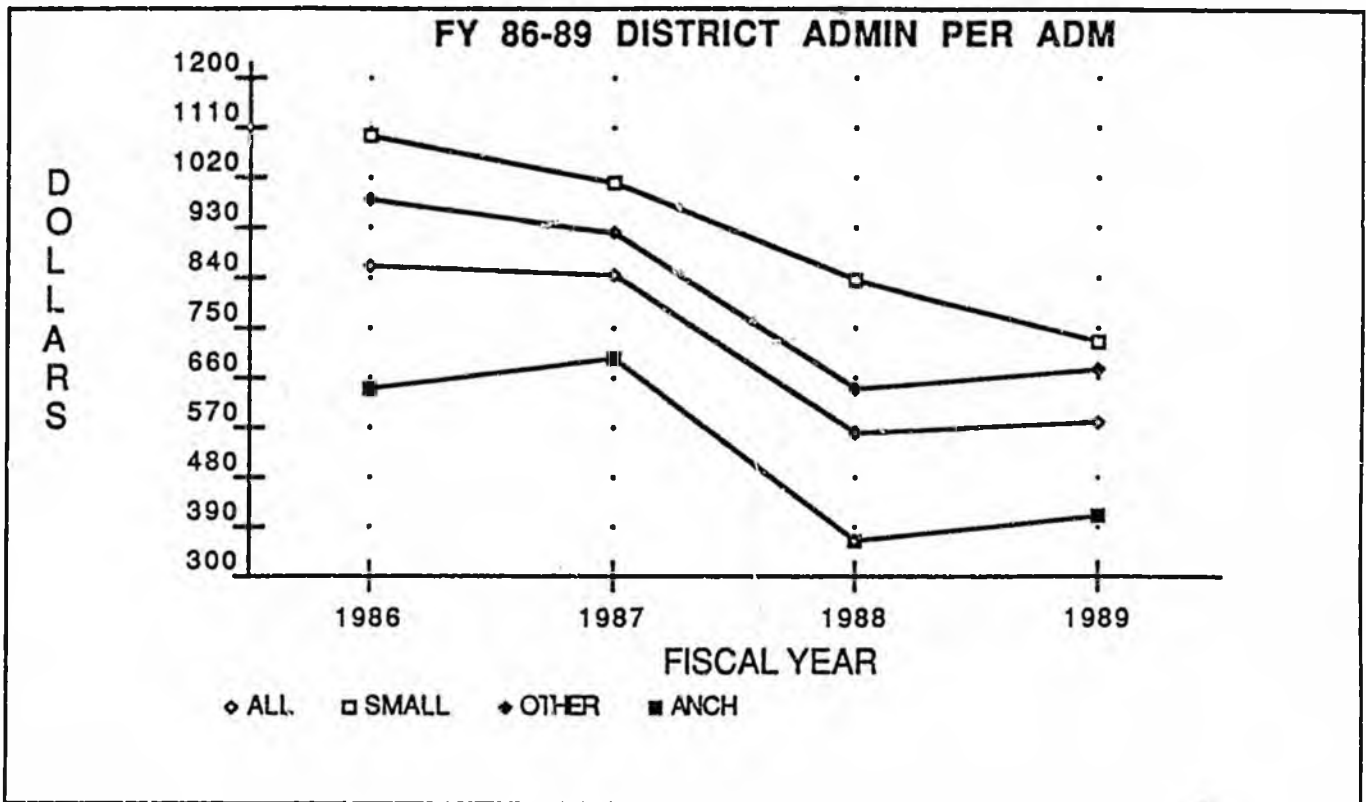
Graph 2. Changes in State Aid Entitlement per ADM from FY 1986 to FY 1989



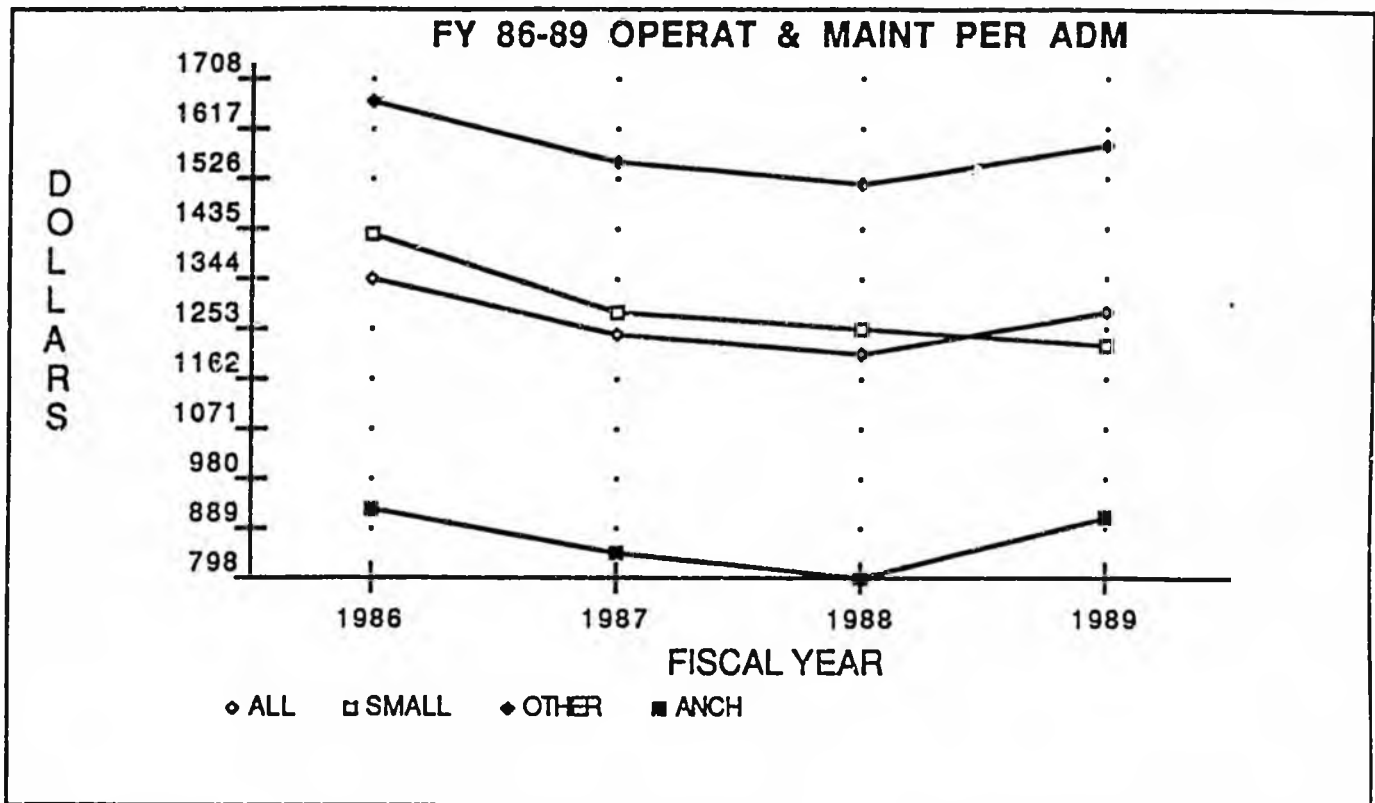
Graph 3. Changes in Total Expenditures per ADM from FY 1986 to FY 1989



Graph 4. Changes in Expenditures for Instruction per ADM from FY 1986 to FY 1989



Graph 5. Changes in Expenditures for District Administration per ADM from FY 1986 to FY 1989



Graph 6. Changes in Expenditures for Operations and Maintenance of Plant per ADM from FY 1986 to FY 1989

RECOMMENDATIONS

To provide financial relief for single and dual-site districts, it is recommended that an adjustment be made to the K-12 schedules in the public school foundation program statute to adequately provide for districts which have two or less funding communities and less than 3,000 students.

Several methods were considered for accomplishing this adjustment:

1. A flat grant for each district;
2. A schedule of additional units for several sizes of districts;
3. A percentage factor based on size of district applied to the number of K-12 units generated in accordance with the schedule;
4. A guarantee that each mill levied against the assessed value of real and personal property in a district will generate a State-guaranteed, fixed amount of dollars per pupil.

Method 1 was rejected for it makes no provision for recognition of district size, i.e., economies of scale.

Method 2 was rejected because it has the same limitations as identified for Method 1. Moreover, it is difficult, if not impossible to schedule without either over compensating or under compensating in relationship to cost.

Method 4 was rejected, for it is not specifically germane to the identified problem of single and dual-site districts. This method is more appropriate for certain problems of all districts which generate few dollars regardless of local levy. It may be worthy of further exploration and study.

Method 3 was selected to be most appropriate as a proposed solution. The percentage method applied to the K-12 schedule realizes additional state aid for each student, although the amount may be very small as the size of each district's population increases. Moreover, it recognizes in stair-stepping fashion, district size. That is, as districts become larger they are able to exercise better economies of scale; therefore, the additional percentage becomes smaller and the amount of aid per pupil less.

Three variations of Method 3 are included for the consortium members consideration.

PROPOSED SOLUTIONS

The following are three variations of Method 3 which applies a percentage to the K-12 schedules. The financial impacts of each solution for each single and dual-site district are provided in Tables 1-3.

Solution A

Each District which consists of a single funding community shall have its entitlement of K-12 instructional units as determined under AS 14.17.041. of this chapter adjusted by the following percentage:

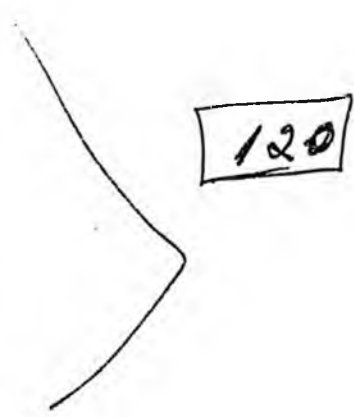
| ADM | Percentage |
|-----------|------------|
| 1-250 | 12 |
| 251-525 | 8 |
| 526-1000 | 6 |
| 1001-2000 | 4 |
| 2001-3000 | 3 |

Each District which has two funding communities shall reduce its percentage under this section by 4 percentage points.

Solution B

For Solution B the adjustment percentages are as follows.

| ADM | Percentage |
|-----------|------------|
| 1-120 | 12 |
| 121-200 | 10 |
| 201-300 | 8 |
| 301-525 | 6 |
| 526-1000 | 5 |
| 1001-2000 | 4 |
| 2001-3000 | 3 |



Solution C

For Solution C the adjustment percentages are as follows.

| ADM | Percentage |
|-----|------------|
|-----|------------|