

ALASKA LEGISLATURE COMMITTEE FILES 1997-1998 8672

9147 HOUSE HEALTH EDUCATION & SOCIAL SERVICES

teach us to learn things we haven't learned before. This bill is bad, because education will suffer.

If they care about our education they shouldn't let this bill pass. If it passes the bilingual program will be cut, drop out rate will rise and education will suffer.

Sincerely,



Cherie Isaac

P.O. Box 135

Kasigluk, Alaska

99609

To Whom i t May Concern,

3-25-98

Waq hello! I'm Charlotte Charles from Kasigiuk. This is a good place for natives to be living. All of my sibilings had got their education from this village and so will my younger brother and I. This is our home and we don't want anything to change that. Senate Bill 36 will affect the way we are living; Sports will be closed dcwn, i t will trouble our community, and our bilingual education will be cut down.

Many of our athletes are worried about the sports being closed when SB 36 is passed. Basketball is the most popular sport in the LKSD, and i f SB 36 is passed i t will have to be closed down due to the loss of money. Basketball keeps the students in school! There are other sports, too, that make them stay in school. They know i f they don't come to school-they won't be eligible to play and to travel. This is one reason why we don't want SB 36 to be passed.

When we heard about the SB 36, many of the natives (including others) were hurt and had affected the community. Why do we need to move to a bigger school? And here we hear some people complaining about having a lot of children in big cities that go to school. This will break many hearts forever!

I f SB 36 passes, our bilingual education would have to be cut down. The little kids that are just beginning to have school would probably lose their culture and their language. We, all of us, don't want to see that happen. Many natives disagree with SB 36 because we are afraid we'll lose our Yuplk culture and language. Wouldn't you be hurt too i f this happened to you? Just think about I t and how i t would affect you i f this had to do with you.

We hope that SB 36 will not be passed because everything would be

messed up and we don't want to let that happen. Why take the money away from the LKSD? Why don't they find it somewhere else? Less students would come to school because sports were closed down, it would affect the community, and the younger students wouldn't get to have bilingual education which will hurt many of the elders in our community. I hope this has helped you to choose not to let SB 36 be passed.

Sincerely,

Charlotte Charles

Charlotte Charles
P.O. Box 18
Kasigluk, Ak 99609
(907) 477-6075

To Whom it May Concern,

3-26-98

Hi. My name is Tatiana Nicholas from Kasigluk. I am in 9'th grade. I was born here, have lived here sixteen years and I am having school here. Kasigluk is a nice place to live and people love it here. SB 36 is bad because it will affect the community, some students will drop out, and our culture would be in trouble.

SB 36 is bad because so much money will be lost that sports will be cut and we students will not be able to travel. Some students, including me, would drop out if that happened. If we students move to another village our grades will become bad. That's why we don't want to move to another village. Dropping out would be more likely.

SB 36 is bad because it will affect the community. The education of people will be gone and that will hurt the community. People will not be able to get jobs without education.

SB 36 is bad because some of the students will not have bilingual education, they will not learn how to write or speak in Yup'ik and will not learn our Yup'ik history. If Eskimo Dancing is cut we will have loss of culture and we don't want that to happen. We will have low self-esteem we will feel bad, and we will be dumb.

Being a student is better than dropping out and to learning nothing. You don't want us to drop out don't you?

Sincerely

Tatiana Nicholas

Tatiana Nicholas

Box 66 Kasigluk AK, 99609


April 1, 1998
page 1 of 1

Dear Hess Committee,

I am a mother of 11 yrs old
6th grader who attends a rural
school in Naukato AK. Also, have
two 4yr olds who plan to attend
Kindergarten when 6yr to 12th grade.

NO on Senate Bill 36.

Our rural school has already
been cut: No music, P.E. now
looking at no Kindergarten next year.

 Please as preschool teacher
of 9 preschoolers who need there
school and depend on all the
programs for growth and education!

Say No to Senate Bill 36

Sincerely,

Carin Tapia
P.O. Box 17
Naukati, AK 99950
(907) 629-4260

April 1, 98

Dear Hess Committee,

I live in a rural area in Southeast Alaska. I was brought up believing all children have a right to a good education. I moved to a rural area so my children wouldn't have to deal with gangs and drugs. Now, if this bill passes my child's education will suffer. I work at our school as an aide and because of cuts the aides have been being cut in hours. That hurts the kids. We don't have money for books, programs, gas for travel or any supplies. How are my children supposed to get a good education if they don't have new books or materials? We're already suffering from cuts. If this passes we won't have enough money to run our school. My children are just as important as city kids. They should have the same chance at a good education. VOTE NO ON SB 36, for our kids.

Sincerely

Tamara L. Richter
(907) 629-4283

Members of the Hess Committee: Rep. Bunde, Rep. Dyson, Rep. Brice, Rep. Joe Green, Rep. Porter, Rep. Vezey, Rep. Kemplem:

We are writing to present our comments on the SB36. We are asking you not to support this bill because it creates winners and losers in our state and does not address the real issue of funding for our schools. The bill would devastate Southeast Island School District and the many families that are struggling to survive in Southeast Alaska. The portion of the bill that does not allow for a transition period during the October count would devastate our district financially as well as other districts. If we staff a school and commit District money in April and have fewer students at the October count that school might have to be shut down. Teachers would have to be placed elsewhere and students would all of a sudden have NO SCHOOL TO ATTEND. It is only fair to allow parents, communities and the district some time for closing schools and opening up new opportunities for those students. Please give us all the help you can in keeping our schools open and vital and vote against SB 36.

Howard Valentine School ASC
Coffman Cove, AK

Dee Dee Jeffreys, ASC Member
Judith Jones, Principal/Teacher
Jim Baker, Teacher
Alyson Baker, Teacher



Andy Durny
 Box 90
 Nulato AK 99765

Representative Con Bunde
 House Education and Social Services Committee
 State Capitol
 Juneau AK 99801

April 1, 1998

RE: Senate Bill 36

Dear Representative Bunde,

I am writing to express my views on Senate Bill 36 regarding the redistribution of funds for education. I would like my letter to be included in the record of public testimony.

I have lived in Nulato since 1971. I have 3 daughters in the local school here. I was on the local Community School Committee from the mid 1970's to early 90's and am currently on the CSC again.

I am opposed to Senate Bill 36. I believe this bill tries to reduce the problem of education funding to a very simplistic and unfair formula. Furthermore, I believe that Senate Bill 36 is a very divisive piece of proposed legislation which intentionally pits urban and rural residents against one another.

I have listened to public testimony in a previous teleconference on Senate Bill 36. I have discussed this bill with urban and rural residents, and I have read numerous articles and letters regarding this proposed legislation. I do not believe that the people of Alaska support this bill. Over and over, people are telling the legislators that the solution to our education funding problem is to provide more money for education. For more than 10 years, there has been no increase in education funding, despite increases in enrollment and costs.

I believe that one of the functions of government is to provide adequate public education. Alaska has a diverse population, living in very diverse locations and conditions, and with very diverse needs. It does an injustice to all the hard-working people of Alaska to base education funding on an overly-simplified formula and on misconceptions, especially misconceptions which state or imply that rural schools are not contributing to education and are taking money unfairly from urban schools. Even worse, the proposed Senate Bill 36 does an injustice to the students of Alaska, the young people who are supposed to be our future leaders.

Post-It [®] brand fax transmittal memo 7671		# of pages	2
To	Rep. Con Bunde	From	Andy Durny
Co	H.F. 55	Co.	
Dept		Phone #	907-898-2237/
Fax #	907-465-3871	Fax #	907-898-2207

Educators in urban and rural schools alike say that more funding is needed for our schools. Yet, the legislature is unwilling to provide such funding, instead criticizing our schools, and blaming one section of the population for taking more than it's share. How can we deny funding for education when we can pay over \$1,000.00 to every man, woman and child who has been a resident for 9 months? Why can't we put a cap on the permanent fund and place the balance into an education endowment? Or why can't we have a statewide school tax, or sales tax, or state income tax?

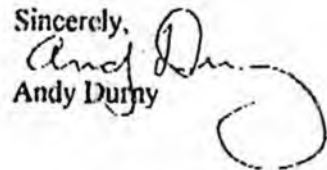
Rural residents are "accused" of not contributing their "fair share"; what about the thousands of dollars our community contributes to school and student activities each year through local fund-raisers? We may not have a property tax, but it doesn't mean we are parasites either. And what about all the out-of-state seasonal workers who come to Alaska every year and take money out of the state without putting anything back in? What about all the urban engineers, contractors, equipment operators, plumbers, electricians, and laborers who come out to rural Alaska each summer to to work on rural projects - generally at much higher rates of pay than the local workers and generally with all living expenses paid - and then leave at the end of the project without "paying their fair share" to the local economy?

The schools, the economy, the population, the politics and the needs of Alaskans differ greatly from one part of the state to another. It's wrong to think that our schools and our students can be reduced to single common denominator that fits the notions of people who have never even lived in the remote and rural areas. Certainly, there is a vast difference between the school facilities provided to most rural students and those provided to most urban students. It is unfair and wrong for the majority to ignore or overlook the needs of the minority, no matter what the motivation.

I realize that we need to reduce state spending, and that we need to improve our schools; on the other hand, I believe that the proposals set forth in Senate Bill 36 are the wrong way to reduce spending or to make improvements. SB36 is based on incomplete information, on preconceived notions, and on a biased report (the McDowell study): it is a bad bill and should not be passed. The State of Alaska has the resources to provide adequate and quality education to all students: we can come up with a better solution than SB36.

Thank you for your consideration.

Sincerely,


Andy Durny

cc. Rep. Irene Nicholia

April 1, 1998

To: House HESS Representatives:

Green
Bunde
Vevey
Dyson
Porter
Brice
Kemplen

Fax 465-3871

Dear Representatives:

Regarding the Senate Bill 36. I may not have children of my own but I do have nieces and nephews. The point is I care about their education but I am not about to pay a 3% tax supporting the school system in rural areas while this bill reallocates \$32m of the rural funds to the urban school system. (There's a red flag in the air)

During my school years in a rural village, we had no access to music, shop or home economic classes. I am seeing the same dilemma today. You might be thinking "well why didn't he go to a boarding school or an urban school". Well I did. Getting into all the trouble a teenager endures during his enthusiastic years; you can't blame him. Well I thought I might have half the chance of finishing if I went back home. I finished and obtained a diploma and I still feel cheated because I was not prepared for college when I entered; maybe because our school system was not up to the standards of urban areas then and today.

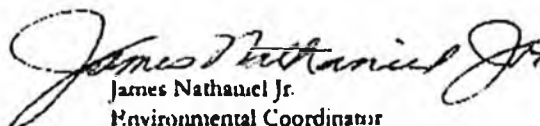
But if I had gone and attended an urban school system. WOW! They've got all the music teachers, shop instructors, home economics, small engines, etc

As a result, the one benefit of learning at home is that I have retained my cultural lifestyle and I am working for the community today.

If you want to re-allocate the funding from rural to urban school districts; don't dig into my pocket doing it. Thank you.

Respectfully submitted.

Sincerely,



James Nathaniel Jr.
Environmental Coordinator

TESTIMONY AGAINST CSSB36

In attempting to delve through the intricacies and complexities of this bill, many questions presented themselves. The first incongruity appeared in the explanation of the purpose of this bill, where it is stated that *it would allow for an equitable level of educational opportunities for those students attending the public schools of the state*. There is nothing more important than the children of Alaska, **ALL** Alaska, **NOT** just the large urban areas which already reap the benefits of city and state programs that enrich, enable and enhance the city residents. **CSSB 36 DOES NOT** represent a responsible approach to educating Alaskan children! A broader and more equitable commitment is called for. The argument is oft given that we of the rural and bush areas of the state have chosen our places of residence, lifestyles and hardships. On one hand that is correct, but financial circumstances have also dictated some of those choices. For those of us who chose to remain in the communities of our heritage, or who sought the quieter, "self-made" existences in rural Alaska as pioneers, we also voluntarily accepted the hardships and reduction of services that throughout this state's history have led the way to eventual urban development, oil, natural gas, mining and the development of other natural resources that have increased the wealth and prosperity of the urban areas and the state as a whole. Isn't it funny that this prosperity failed to enrich many of those who were most responsible. I just happen to have resided in the Delta-Greely REAA since 1977 and mused out to work daily from a home I built on a farm with **NO** road access. You all seem to be assuring us "ruralites" that this bill does not provide for urban on the backs of rural. **CSSB 36** does just that! When was the last time an urban resident **CHOSE** to have **INADEQUATE** or **UNSAFE** housing, sanitation, or schooling, even for a weekend or back-to-nature adventure. Rural Alaskan children, families and educational employees live with those "handicaps" on a daily basis. You and your McDowell Report claim that we ruralites and REAA's have not **PAID** our share, yet you and your report neglect to show the PL374 monies that having a military installation and it's inhabitants as a part of our school district have enabled us to return directly to your coffers (90% of the total received), or the revenue (via taxes) that we never took eventhough the oil pipeline runs directly through the middle of our community!

Page 15, line 10 - Allows REAA school boards to request that the legislature incorporate their region as a municipality. Year after year I hear you, the legislators espousing from a platform of **less** government and **more** local involvement and control, particularly when it relates to our schools and our communities, so where is that belief supported by **CSSB 36**? This community has revisited the issue of taxes year after year and the residents have **unanimously voted it down!** That should remain our choice, **NOT** a mandate from the state! We have build **our** community to represent **our** social, economic, and religious norms and mores. The imminent realignment of Ft. Greely, our largest local employer, has begun to, and will continue to have devastating effects on our community. We have been struggling to raise ourselves from the mire of economic chaos and personal repercussions to our jobs, families, businesses, and institutions. We have only received a shadow of the promises of state help, yet we struggle on. Our community's second largest employer

has been the local school district and your inability to adequately fund education has diminished those hours, benefits and jobs already. Now through this **BAD BILL**, you intend to eradicate our district, melding it, under the auspices of **CONSOLIDATION** and **EQUITY** with Alaska Gateway. When I attended school, we were taught that the benefits of our fight for democracy ended the dictates and mandates of a totalitarian government!

I have given my best efforts to the children of the Delta-Greely School District in the past 19 years as an educational support employee. You agree that, "it takes a village (community) to raise a child, you emphasize the importance of, "building bridges between communities and schools". We are the bridges! As the educational support staff, we live in our communities for the duration, we are the parents, grandparents, employees, and school board members! We are the backbone of education, communication, and politics in our communities. Even with **3** below cost-of-living increases in the past eight years, my dedication and expertise in my field have rewarded me with a gross annual wage flat decrease of \$3,500.00, (16%)!! My scenario is the same across rural Alaska, yet you tell us, "that we don't pay our share"? If we're talking "**FAIR SHARE**", why not compare the school-to-school, urban-to-rural, curriculum, extra and co-curricular activities, and those benefits we sweated to provide through ingenious, and creative grant writing.

The legislature's inability to fully fund education has diminished our education programs year-after-year. On one hand you inundate us with the need for teacher, school and student standards and accountability, while on the other hand, you diminish our ability to achieve those standards. It seems rather sadistic to me! The instructional program cannot continue to be cut while expecting to accomplish its education mission! One would think that the adoption of student standards would go hand-in-hand with an **INCREASE** in funding for the state's **gifted and talented programs and bilingual education**, silly me. The 4.5% allocated for gifted and talented is based on an outdated "guess", and again does not take into account the increases necessary due to the "improvements" in education derived from your improved student and teacher standards. Once again the legislative "**left hand**" fails to keep time with its "**right hand**"!

The Alaska Constitution requires that the Legislature establish and maintain a system of **PUBLIC SCHOOLS**. It doesn't reference just urban schools, or those with the larger **VOTING** population. I have already explained Delta's current and future economic state of disaster. What happens when we are not **able** to fund education with the \$1, 607,389.00 less that **YOU** intend to graciously bestow upon Tok and us to **SHARE**? Where have you calculated the costs of subsequent long-term litigation?

CSSB 36 is **RURAL GENOCIDE!!** Please **DO NOT** sacrifice our children and their education for the **VOTES** of the masses!

Jackie Nelson-Lizardi
President, DGESPA
HC 60 Box 4180
Delta Jct., AK 99737
(907) 895-4217 fax (907) 895-4278

Hughes Tribal Council
Hut'odleekkaakk'et Tribe
P.O. Box 45029
Hughes, Alaska 99745
Ph. (907) 889-2239(35)
Fax (907) 889-2252

Members of House Hess:

Representative Green
 Representative Bundle
 Representative Vezey
 Representative Dyson
 Representative Porter
 Representative Brice
 Representative Kemplen
 Fax Number (907) 456-3871

Esteemed House Members:

This village is in opposition of SB 36. Our school is important to us, and we feel that legislation is taking our much needed funding. We don't think that it's fair to change the funding formula, which the Supreme Court deemed fair in *Matanuska-Susitna Borough vs. State of Alaska*.

The base foundation unit formula hasn't been changed for ten years, going up only \$1,000.00 in value since 1988. We feel that taking money from rural schools to increase the urban school funding is wrong! Increasing the unit value from \$61,000.00 to a higher figure, to cover inflation rates for both urban and rural school districts is preferable to SB 36's funding recommendations, because when the McDowell Group did the study to come up with this plan, they failed to factor in the higher cost of living in rural areas.

Maintenance and operating costs are not high enough priority with SB 36 requiring 70% of the funding be spent on instruction. Please listen to our appeal to deal fairly in this issue, instead of taking from the rural schools and giving to the urban schools! We demand fair treatment!

Sincerely,

Claude Kaypak, TFS

Frank Ambrose, Water plant Operator

Pat Williams, C.M.

Lorraine B. Williams
 Bookkeeper
 Office Manager

Sandra McLafferty, Tribal Administrator

Jammy Seager, Health Aide (T.C.)

Ray Adams, Store Manager

Ella D. Sam - Mayor - Pastoral
Virginia Red - Principal / Teacher

Hughes Tribal Council
 Hut'odleekkaakk'et Tribe
 P.O. Box 45029
 Hughes, Alaska 99745
 Ph. (907) 889-2239(35)
 Fax (907) 889-2252

Page 2: Members of House Hess, signatures

<u>Cynthia Moore</u>	<u>C. Kitty O'Connor</u>
<u>Healy & Beatrice</u>	<u>Bill S. Williams</u>
<u>Jameson Bisset</u>	<u>Ronald A. Beatrice</u>
<u>Florence A. Ambrose</u>	<u>Michelle Amundsen - Teacher</u>
<u>Alan L. Smith</u>	<u>Laphie Beatrice</u>
<u>Aaron Ast v. McDonald</u> <small>5/1/98 Teacher Aide</small>	<u>Jannys Williams</u>
<u>Almira Beatrice</u>	<u>Gilbert Scott</u>
<u>Yvonne Ambrose</u> <small>Teacher</small>	
<u>Healy Ambrose</u>	
<u>Lige Ambrose</u>	
<u>Jina Ambrose</u>	
<u>Maura Ambrose</u>	
<u>Clarence J. Allen</u>	

HVC/tef

DON BREMNER
P.O. BOX 295
YAKUTAT, ALASKA 99689

APRIL 1, 1998

RE: OPPOSITION TO SB 36

Chair: HESS Committe,

This letter is to oppose passage of SB 36. Aside from the equity questions involved in passing such a bill it is important to consider village wide ramifications of depriving rural Alaskan children a quality education. Our rural communities are already struggling with cash shortages and to cut into education funds only places more negative pressure on the village society.

SB 36 has potential to divide the various races of people in Alaska into racial groups where minorities in Rural Alaska lose the educational tools to becoming effective citizens in our society. This is the first step where the rich get richer and the poor get poorer.

I would recommend that our legislators look at other options this year before changing the funding formulas to solve budget issues and political party differences.

Thank-You for your time and consideration.

Sincerely,


Don Bremner



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House
HESS
 Committee on SB 36 Committee Name
 Dated April 1, 1998
 Bill / Subject

Senate Bill 36 does not do anything to solve problems with the funding formula or to fix any of the problems we face in education in our state. Taking money from rural kids to give to urban children will only exacerbate inequities and will not solve any of the difficulties. As a parent and teacher who has lived and worked and schooled my own children in both rural and urban Alaskan schools, I can tell you that ^{children in} rural schools already do not have the breadth of educational opportunity that urban children have. Cutting these opportunities further will be an overt act of active discrimination. Instead, we should invest in our futures by adequately funding all schools so each child has equal opportunity to excellent education, regardless of their diverse needs. Equality does not mean the same - it means having ones needs met so one has the same opportunity. Rural schools, rural children are already struggling to have their needs met. Vote no on SB36. Have the courage to solve the real problems - not do make more through the illusion of a ~~fake~~ fix. Let's find a fair solution to the problem. SB36 is ^{simple but it is} not fair. I welcome change - but change for the better, not for the worse.

SIGNED:

Maria Kallen Brown
Testifier

Self, my children, Alaska's future - all our children
Representing

P.O. Box 84056 Fairbanks, AK 99708 (907) 457-7270
Address / Phone Number

change - but
for the
better, not
for the
worse.



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House ESS Committee
 Committee on SB 36 / School Funding Committee Name
 Dated 2.1.98
 Bill / Subject

It is quite ironic that this bill is Health/Education/Soc. Svcs., for with this bill, you will hurt the health/education/social services of all rural children. Taking away varied means for Native people to flourish academically is a not so veiled means of discrimination.

You said to me "We share a goal for equal funding" — apparently your math skills are equal to your reasoning — short and uncalculated.

You also said you have taken 2-3 years before this bill — what were you waiting for — Venetia? To further erode self determination.

Forced assimilation will not work, it has not in the past, nor will it work now.

You care not for the rural Native people, that is evident — you spend \$1 million to fight against the Natives, now you do it again in education, except it is costing millions. you

SIGNED: Tony Cantil
 Testifier

myself and many other Alaskan Native Parents/children
 Representing

P.O. Box 81870 Ft. Collins, CO 9707-6767
 Address / Phone Number



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the HOUSE EDUCATION AND SOCIAL SERVICES
 Committee on SB-36 Committee Name
 Dated 1 APR 98
 Bill / Subject

MY NAME IS DENA IVEY AND I'VE BEEN A RESIDENT OF ALASKA FOR THE PAST 26 YEARS. I AM ALSO OF YUPIK HERITAGE. I WAS FORTUNATE, GROWING UP, TO RECEIVE A TOP-NOTCH PUBLIC EDUCATION. I'D LIKE TO BELIEVE THAT I WOULD HAVE RECEIVED THIS SAME QUALITY OF EDUCATION, REGARDLESS OF WHERE I HAPPENED TO BE LOCATED. UNDER SB-36, THERE IS A VERY REAL THREAT TO ALASKA NATIVES, AND ALASKA NATIVE CULTURE, SIMPLY BY VIRTUE OF WHERE THEY HAPPEN TO BE LOCATED IN A GEOGRAPHIC SENSE. PERHAPS THE INTENT OF THIS BILL IS HONORABLE, PERHAPS NOT. IT IS IRREFUTABLE, HOWEVER, THAT THIS BILL IS DISCRIMINATORY, WHICH IS COUNTER

SIGNED: Dena Ivey over
 Testifier
FRIES CHAPTER, ALASKA NATIVE BROTHERHOOD/SISTERHOOD
 Representing
P.O. BOX 80164 FAIRBANKS, AK 99708 480-2471
 Address / Phone Number

THE FOLLOWING DOCUMENT(S)
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ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

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State of Alaska



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the

House HESS Committee

Committee on

PB 36 / School Funding

Committee Name

Dated

1.1.98

Bill / Subject

It is quite ironic that this bill is Health/Education/Soc. Svcs., for with this bill, you will hurt the health/education/social services of all rural children. Taking away varied means for Native people to flourish academically is a not so veiled means of discrimination.

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Forced assimilation will not work, it has not in the past, nor will it work now.

You care not for the rural Native people, that is evident — you spend \$1 million to fight against the Natives, now you do it again in education, except it is costing millions. you

SIGNED:

Tony Cantil

Testifier

myself and many other Alaskan Native Parents/children

Representing

P.O. Box 81870 Fairbanks, AK 99767

Address / Phone Number

will pay grave consequences if this bill is
passed. The consequences? Revolt, legal suits
and unrest.

You already have a history of not listening
or caring for Native people → go ahead

do what your history tells you and we will
do what we have to.



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the HOUSE EDUCATION AND SOCIAL SERVICES
 Committee on SB-36 Committee Name
Bill / Subject Dated 1 APR 98

MY NAME IS DENA IVEY AND I'VE BEEN A RESIDENT OF ALASKA FOR THE PAST 26 YEARS. I AM ALSO OF YUPIK HERITAGE. I WAS FORTUNATE, GROWING UP, TO RECEIVE A TOP-NOTCH PUBLIC EDUCATION. I'D LIKE TO BELIEVE THAT I WOULD HAVE RECEIVED THIS SAME QUALITY OF EDUCATION, REGARDLESS OF WHERE I HAPPENED TO BE LOCATED. UNDER SB-36, THERE IS A VERY REAL THREAT TO ALASKA NATIVES, AND ALASKA NATIVE CULTURE, SIMPLY BY VIRTUE OF WHERE THEY HAPPEN TO BE LOCATED IN A GEOGRAPHIC SENSE. PERHAPS THE INTENT OF THIS BILL IS HONORABLE, PERHAPS NOT. IT IS IRREFUTABLE, HOWEVER, THAT THIS BILL IS DISCRIMINATORY, WHICH IS COUNTER

SIGNED: Dena Ivey over
 Testifier
FBI'S CHAPTER, ALASKA NATIVE BROTHERHOOD/SISTERHOOD
 Representing
P.O. Box 80164 Fairbanks, AK 99708 456-2471
 Address / Phone Number

TO THE PROTECTIONS WHICH OUR CONSTITUTION (FEDERAL AND STATE) GUARANTEES US. IF THE STATE GOVERNMENT REFUSES TO DISCRIMINATE IN THE AREA OF A RURAL PREFERENCE FOR SUBSISTENCE, WHY IS IT SO PREPARED TO DISCRIMINATE IN THE AREA OF AN URBAN PREFERENCE FOR EDUCATION? IT SMELLS OF RACISM, INTENDED OR NOT.

THANK YOU.



ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House Hess Committee
 Committee on SB 30 Dated 04-01-98
Committee Name
Bill / Subject

I am writing this testimony, as an exercise of my right as a resident of Alaska. I am a member of the Venetie Reservation and I vehemently oppose SB30 and urge the committee to vote NO.

I myself have benefitted greatly from public schools not only in Alaska but across the country. Today I hold a degree in International Relations from The George Washington University in Washington, D.C.. From my own work experience on Capitol Hill over the past 5 years, I now have a much clearer understanding of how politics operates on a national level and how legislation affects the citizens of this country or of this state or in my case, the members of my tribe. Most importantly, I now obtain the knowledge and skills to better the livelihood of the Ewich in people and all people in the state of Alaska.

Currently, in addition to taking 12 credit hours at UAF, I am an Alaska Native Edu. tutor at Ladd Elementary. Ironically, the majority of children I work with are non-native. Regardless, my primary interest is the

SIGNED:

Primo B. Peter - Raboff
 Testifier

Representing

1325 Shields Dr. Fairbanks, AK 99709
 Address / Phone Number

development of the most influential minds of the children I work with. Again, my primary interest is to see that all children are given the equal opportunity to develop their minds in order to better benefit rural communities, urban communities, and our society as a whole.

SB 36 will surely be of great benefit to urban schools, however, ~~the~~ benefit will come by an outrageous and unjustifiable cost to rural schools. There are some issues, I believe members of the Alaskan Legislature, should be able to answer — not based on strictly political influence, but based on the equal rights that may be found in both the constitution of Alaska and that of the United States.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

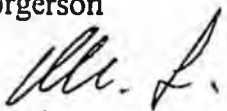
130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 10, 1998

SUBJECT: Public school funding - (CSSB 36(FIN)) (Version "R")

TO: Senator John Torgerson

FROM: Michael F. Ford 
Legislative Counsel

You have asked if CSSB 36(FIN), version "R", raises any constitutional issues. I believe the bill as written does not violate the state or federal constitutions.

Under Article VII, sec. 1, of the Alaska Constitution the legislature is required to "establish and maintain" a system of public schools. However, in creating the public school system the legislature has broad authority. Recently, the Alaska Supreme Court rejected a court challenge to the existing system for funding public schools and also described the authority of the legislature in creating a public school system. In Matanuska-Susitna Bor. v. State, 931 P.2d 391 (AK 1997), the court indicated that the legislature has wide latitude "in furthering public policy objectives even when the means chosen may happen to have severely disparate impacts on certain classes of taxpayers." In that case the court rejected an equal protection challenge based on the fact that the law required a local contribution from some school districts but not others. The court found that all that is required to pass constitutional review is that there must be a "fair and substantial relationship" between the means chosen and the ends achieved. Also a greater degree of over or under inclusiveness is tolerated in this situation because the interests involved (tax equality) are at the low end of the scale of protected interests.

In short, the legislature has broad latitude to fashion a public school funding plan and that plan can tax different areas of the state at different levels or in different ways.

You have also asked if CSSB 36(FIN) violates any civil rights. I do not believe that it does. Under 42 U.S.C. 2002 (The Civil Rights Act of 1964), discrimination on the basis of race, color, or national origin is prohibited. I do not think that the provisions of CSSB 36(FIN) discriminate on a race, color, or national origin basis. The only case in this state that I am aware of in which civil rights were alleged to be violated by the state's public school program was Tobeluk v. Lind, 589 P.2d 873 (Alaska 1979). In that case the complaint concerned the failure of the state to provide schools in rural areas and one of the issues raised was an allegation of racial discrimination in violation of 42 U.S.C. 2000d. However, the

Senator John Torgerson

March 10, 1998

Page 2

state settled that case without reaching the merits of the claimed discrimination. In the more recent Matanuska case, the claims involved allegations that the existing funding formula violated of the state equal protection clause, but that case did not raise civil rights violations. The present funding formula in CSSB 36(FIN) does not allocate funds on the basis of race, color, or national origin. As such, I do not think that any civil rights are violated by the bill.

Please contact me if you have further questions.

MFF:glc

98-156.glc

LEGAL SERVICES

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LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101


130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 25, 1998

SUBJECT: Public schools - (CSSB 36(FIN) am)

TO: Representative Con Bunde
Attn: Lynne Smith

FROM: Michael F. Ford 
Legislative Counsel

I wanted to bring a title issue to your attention regarding the employment tax proposed in amendment 0-LS0070\RA.9. Under article II, section 13, of the Alaska Constitution the subject of each bill is required to be expressed in the title. I wanted to warn you that it is possible that the existing title of CSSB 36(FIN) am "relating to public schools" could be found to be insufficient notice of the tax provisions contained in the amendment. There are no cases that have interpreted this notice requirement by our Supreme Court.

This question could be avoided by amending the title to include reference to the employment tax. As you know however, the uniform rules require suspension, when the title to a bill is changed in the second house.

Please contact me if you have further questions.

MFF:glc
98-188.glc

Enclosure

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

130 Seward Street, Suite 409
Juneau, Alaska 99801-2105

MEMORANDUM

March 25, 1998

SUBJECT: Taxation in the unorganized borough - (CSSB 36(FIN) am))

TO: Representative Con Bunde
Attn: Lyane Smith

FROM: Michael F. Ford *M.F.*
Legislative Counsel

You have asked if the legislature can impose a tax in the unorganized borough, as a local contribution to public schools. I believe the legislature has this power.

Under article X, section 6, of the Alaska Constitution, the legislature has the authority to "exercise any power or function in the unorganized borough which the assembly may exercise in the organized borough." I think this provision is quite clear. The legislature acts as the assembly for the unorganized borough and can impose a tax on the residents of the unorganized borough if it chooses to do so. Funds collected under the tax cannot, however, be dedicated to public schools.

Please contact me if you have further questions.

MFF:jdr:glc
98-190.jdr

Original

AMENDMENT

#1

OFFERED IN THE HOUSE

TO: CSSB 36(FIN) am

1 Page 10, lines 7 - 9:

2 Delete "If it makes the district eligible for more state aid under the program, a district
3 may transmit, within two weeks after the 20-school-day period ending the second Friday in
4 February, a similar report for that counting period."

5 Page 10, line 18:

6 Delete "periods"

7 Insert "period"

AMENDMENT # 2

OFFERED IN THE HOUSE

TO: CSSB 36(FIN) am

1 Page 1, lines 12 - 14:

2 Delete all material and insert:

3 "(3) impose a public school local contribution requirement on regional
4 educational attendance areas by imposition of a three percent employment tax in the
5 unorganized borough."

6 Page 3, line 12:

7 Delete "."

8 Insert ":

9 "(3) the local contribution of a regional educational attendance area is
10 equal to the employment tax imposed under AS 43.42 that is collected in the previous
11 fiscal year from individuals, including nonresidents, employed in the regional
12 educational attendance area."

13 Page 3, following line 24:

14 Insert a new subsection to read:

15 "(e) In the fiscal year following the fiscal year of collection, a regional
16 educational attendance area is, subject to appropriation, entitled to receive money
17 collected under AS 43.42 in that regional educational attendance area."

18 Page 19, following line 26:

19 Insert a new bill section to read:

20 "** Sec. 32. AS 43 is amended by adding a new chapter to read:

21 **Chapter 42. Unorganized Borough Employment Tax.**

22 **Sec. 43.42.010. Purpose; nonresident taxation.** It is the purpose of this

1 chapter to impose an employment tax on individuals who are employed in the
2 unorganized borough, including those individuals who are nonresidents who are
3 employed in the unorganized borough.

4 **Sec. 43.42.020. Tax imposed.** In each calendar year, there is levied an
5 employment tax upon each individual who receives compensation for services
6 performed in the unorganized borough outside of a home rule or first class city as an
7 employee or receives self-employment earnings from business activities conducted in
8 the unorganized borough outside of a home rule or first class city. The tax on an
9 individual is three percent of

10 (1) compensation paid to that individual by an employer who has a
11 business situs in the unorganized borough outside of a home rule or first class city for
12 services performed in the unorganized borough outside of a home rule or first class
13 city in the calendar year as an employee of that employer;

14 (2) that individual's self-employment earnings from business activities
15 conducted in the unorganized borough outside of a home rule or first class city in the
16 calendar year.

17 **Sec. 43.42.030. Determination of business situs.** For purposes of
18 AS 43.42.020, an employer has a business situs in the unorganized borough outside
19 of a home rule or first class city if, at any time in the calendar year, an individual
20 performs services in the unorganized borough outside of a home rule or first class city
21 as an employee of that employer.

22 **Sec. 43.42.035. Credit against tax.** An individual is entitled to a tax credit
23 against the tax levied on the individual by this chapter equal to the amount paid by
24 the individual in taxes in a city or borough school district that is contributed to the
25 school district. An individual may claim a credit under this section by providing
26 proof of payment to the employer on a form approved by the Department of Labor
27 or by providing proof satisfactory to the Department of Labor of payment of the tax
28 in the city or borough school district.

29 **Sec. 43.42.040. Collection, reporting, and remittance of tax on employee**
30 **compensation.** (a) An employer making payment of compensation for services
31 performed in the unorganized borough outside of a home rule or first class city shall
32 withhold from the payment the tax levied by this chapter. Unless a credit is allowed

1 under AS 43.42.035, the employer shall withhold three percent of each payment of
2 compensation and shall file a return and remit the taxes as required by (b) or (c) of
3 this section.

4 (b) Except as provided in (c) of this section, the return required by this
5 section must be filed, and the withheld taxes remitted, by the date the employer's
6 regular quarterly report of employment security contributions under AS 23.20 is
7 required to be filed. The employer shall file a return by reporting amounts withheld
8 under this section during the preceding calendar quarter, and any additional
9 information required by regulation adopted under AS 43.42.050(a), to the Department
10 of Labor on forms provided by the Department of Labor together with the employer's
11 regular quarterly report of employment security contributions under AS 23.20. With
12 each return filed under this subsection, the employer shall remit the taxes required to
13 be withheld under this section during the preceding calendar quarter.

14 (c) An employer who is required to withhold and remit taxes under this
15 section but who is not subject to the reporting requirements of AS 23.20 shall file a
16 return and remit the taxes as required by this subsection. On or before the last day
17 of the month following each calendar quarter in which taxes were withheld under this
18 section, the employer shall file with the department a return on forms provided by the
19 department and shall remit the taxes required to be withheld during the preceding
20 calendar quarter. In the return, the employer shall report amounts withheld under this
21 section during the preceding calendar quarter and any additional information required
22 by regulation adopted under AS 43.42.050(a).

23 **Sec. 43.42.050. Administration of tax on employee compensation.** (a)
24 After consultation with the Department of Labor, the department shall prescribe, by
25 regulation, any additional information that must be included in a return filed under
26 AS 43.42.040 in order for the department to calculate, determine, collect, or enforce
27 the tax levied by this chapter. The Department of Labor shall include, on forms for
28 reporting under AS 23.20, space designated for reporting amounts withheld under
29 AS 43.42.040 and for providing any additional information required by department
30 regulations. The department shall coordinate with the Department of Labor to
31 maximize the use of existing reports to the department and to the Department of
32 Labor.

1 (b) The Department of Labor shall provide to the department the information
2 collected under AS 43.42.040 that relates to the tax levied by this chapter.

3 (c) The Department of Labor shall report to the department a failure of an
4 employer to timely report or remit the tax levied by this chapter. The Department of
5 Labor may not use the provisions of AS 23.20 to enforce the collection or remittance
6 of the tax levied by this chapter. Reporting forms and other records relating to the
7 tax levied by this chapter that are maintained by the Department of Labor are prima
8 facie evidence of timely reporting and remittance, or failure to timely report or remit,
9 under AS 43.42.040.

10 **Sec. 43.42.060. Administration and payment of tax on self-employment**
11 **earnings.** (a) An individual who is subject to the tax on self-employment earnings
12 levied by this chapter shall file a return with the department, and with the return shall
13 pay the tax, in the manner required by this section. The return must be filed on a
14 form provided by the department.

15 (b) The individual shall file a return for each calendar quarter in which the
16 individual had self-employment earnings and make a payment of three percent of the
17 individual's self-employment earnings in that quarter.

18 (c) Returns must be filed and payments made, as required by (b) of this
19 section, on or before the following dates:

- 20 (1) April 15, for the first calendar quarter of a year;
21 (2) July 15, for the second calendar quarter of a year;
22 (3) October 15, for the third calendar quarter of a year;
23 (4) January 15 of the following year, for the fourth calendar quarter
24 of a year.

25 **Sec. 43.42.070. Record of tax withheld from employees; refunds.** (a) An
26 employer who withholds tax under AS 43.42.040 shall furnish to the employee before
27 February 1 of each calendar year a record of the amount of tax withheld from that
28 employee's compensation in the preceding calendar year. The employer shall pay to
29 the department a penalty of \$10 for each failure to provide the record required by this
30 subsection.

31 (b) On or before April 15 of a calendar year, an individual may file with the
32 department, on forms provided by the department, a claim for the refund of excess tax

1 withheld or paid for the preceding calendar year. The individual shall attach the
2 records provided by employers or other proof of payment acceptable to the department
3 to support the refund claim.

4 **Sec. 43.42.080. Disposition of and accounting for tax proceeds.** (a) The
5 money collected by the department under this chapter shall be deposited in the general
6 fund of the state, and the proceeds from the tax shall be separately accounted for by
7 regional educational attendance area. A regional educational attendance area is,
8 subject to appropriation, entitled to receive money collected under this chapter from
9 that area. The legislature may appropriate the estimated balance of the account to the
10 public school account established under AS 14.17.300.

11 (b) In this section, "regional educational attendance area" means an area of
12 the unorganized borough specified as an educational service area under
13 AS 14.08.031(a).

14 **Sec. 43.42.090. Regulations.** The department may adopt regulations to
15 interpret and implement this chapter.

16 **Sec. 43.42.099. Definitions.** In this chapter.

17 (1) "business activities" means activities or acts of a commercial,
18 occupational, professional, or like nature, that are engaged in or caused to be engaged
19 in with the object of financial or pecuniary gain, profit, or benefit; "business
20 activities" does not include

21 (A) providing services as an employee;

22 (B) furnishing or selling of property, services, substances, or
23 things by a person who does not represent to be regularly engaging in those
24 transactions;

25 (C) an individual's investment or banking activities relating to
26 that individual's personal property;

27 (2) "calendar quarter" means each of the three-month periods ending
28 March 31, June 30, September 30, and December 31;

29 (3) "compensation for services" means gross wages, salaries, tips, and
30 other remuneration paid to an employee by an employer; "compensation for services"
31 does not include

32 (A) remuneration for attendance at events such as trade shows.

- 1 conventions, or educational or scientific workshops or seminars; or
- 2 (B) compensation earned by a prisoner under AS 33 at a rate
- 3 less than the minimum wage established under AS 23.10;
- 4 (4) "employer" means a person making payment of compensation for
- 5 services who is required to deduct and withhold income taxes under provisions of
- 6 26 U.S.C. (Internal Revenue Code);
- 7 (5) "individual" means a natural person who was 19 years of age or
- 8 older on January 1 of a calendar year;
- 9 (6) "self-employment earnings" means gross receipts from a business
- 10 activity that are not paid by an employer less the expenses incurred to produce the
- 11 gross receipts;
- 12 (7) "tax" means the employment tax levied by this chapter."

13 **Renumber the following bill sections accordingly.**

Renumber internal references to bill sections in accordance with this amendment. Below are all internal bill section references in this bill:

- Page 1, line 6
- Page 20, line 9
- Page 20, line 14
- Page 20, line 23
- Page 20, line 24
- Page 21, line 8
- Page 21, line 11
- Page 21, line 16
- Page 21, line 20

ANNIE M. JOHN
P.O. Box 9157
Nikolai, Alaska 99691

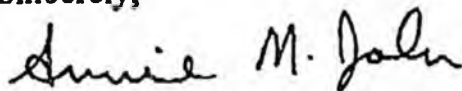
April 1, 1998

Senators & House of Representatives
State Capitol
Juneau, Alaska 99801

TO WHOM IT MAY CONCERN:

I would like to express my opposition to Senate Bill 36 because our children out here in the rural areas will feel the biggest impact if it passes. The bill will force our schools to close and then where will the equity be as I keep hearing that the specific purpose of SB36 is to solve the supposed inequity in school funding. Our children have been having to make do with what little funding they have and it would be shame to take away even more from them. The funding that we currently have does not even cover extras such as fine arts, music, and whatever else the urban kids take for granted. I've always believed that you all were elected to represent everyone in the State and I've been getting more disillusioned lately listening to all that's been happening down there in the legislature. What do we have to do to be treated as equals? Please take us into consideration when SB36 comes up for a vote. Please vote NO. Thank you.

Sincerely,



Annie M. John,
Advisory School Board Member & Concerned Parent

P.S. Please don't play an April Fool's Day joke on our kids. They deserve better than that.

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REPRESENTATIVE IRENE NICHOLIA

ANN G. ALEXIA
P.O. Box 9126
Nikolai, Alaska 99691

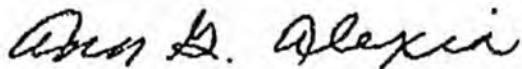
April 1, 1998

Senators & House of Representatives
State Capitol
Juneau, Alaska 99801

TO WHOM IT MAY CONCERN:

I strongly oppose Senate Bill 36 because the Bill will cause even more division between rural and urban students and families. What kind of message are we sending our children through passage of bills such as these? What makes one class of citizens better than the other? I personally think that we, as Alaskan citizens, should be treated equally and I've yet to see that. Our children do not have the opportunities that urban children enjoy because of the already limited funds that we've been getting. We, and especially the children, deserve better than that. Our kids don't even have opportunities for music lessons and other fun things such as going to a museum, etc. I still am not convinced that anything needs to be fixed - instead I feel that battle lines are being drawn even tighter between urban and rural. Let's not fix something that's not broke. Please vote NO on Senate Bill 36. Thank you!

Sincerely,



Ann G. Alexia,
Advisory School Board Member

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REPRESENTATIVE IRENE NICHOLIA

Native Village of Kwihagak
 Quinhagak L.R.A. Council
 P.O. Box 149
 Quinhagak, Alaska 99655
 (907) 556-8165 Fax: 556-8166



City of Quinhagak
 City Council
 P.O. Box 90
 Quinhagak, Alaska 99655
 (907) 556-8615 Fax: 556-8540

RESOLUTION 98- -

A RESOLUTION OPPOSING ALASKA SENATE BILL NO. 36 ENTITLED: AN ACT RELATING TO THE PUBLIC SCHOOL FUNDING PROGRAM; RELATING TO THE DEFINITION OF A SCHOOL DISTRICT, TO THE TRANSPORTATION OF STUDENTS, TO SCHOOL DISTRICT LAYOFF PLANS, TO THE SPECIAL EDUCATION SERVICES AGENCY, AND TO THE CHILD CARE GRANT PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE."

WHEREAS, The Native Village of Kwihagak (NVK) AND City of Quinhagak represents the political interests and promotes the well-being of the Yup'ik Tribal community of Quinhagak, Alaska; and

WHEREAS, NVK's and City's role and responsibility includes advocating for the rights and interests of the people of the region in pursuing governmental services to address their basic human needs and improve their living conditions; and

WHEREAS, The most important resource of the region is its children and it is of critical importance to provide for the future and well-being of the children through education which is a basic human right available to all children no matter where they live or what their ethnic background is; and

WHEREAS, The State of Alaska formed and funded Rural Education Attendance Area School Districts to enable equitable and fair access to education of children living in rural remote villages throughout Alaska; and

WHEREAS, Education of the children through the Rural Education Attendance Area School Districts is vital not only to provide for the future of the children, but also to maintain the indigenous native culture, integrity, way of life, general well-being and livelihood of the people throughout rural Alaska; and

WHEREAS, The people of the region need and require the same level of basic education services afforded to all Alaskans; and

WHEREAS, The Alaska State Legislature intends to extinguish rural education funding through Senate Bill 36 which seeks to redistribute education funding dollars from rural school districts to urban schools, redefining school district boundaries, proposing employment taxes of 4% for districts without an economic base, and redefining most education processes as we know them; and

WHEREAS, The NVK and City lack the economic infrastructure and economic base to bear the burden of an employment tax to finance basic education and other basic human services; and

WHEREAS, Such a measure would cripple regions such as NVK and City, already experiencing an economic disaster from recent fishery industry failures; and

WHEREAS, Passage of this bill will have long and drastic effects on the operations of the rural school districts and the support and assistance in all areas of education provided for the children of the region; and



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WHEREAS, Passage of this bill will also halt the enormous academic progress of the children living in rural Alaska in areas of mathematics, reading, and writing, and in particular, it will halt the advancement of knowledge, skills and abilities of the children and their future contribution to the general well-being and economy of the region; and

WHEREAS, The rural school districts are working diligently and successfully to support and assist in this process.

NOW THEREFORE BE IT RESOLVED, That the Council of the Native Village of Kwinbagak and Council of City of Quinhagak respectfully implores and requests the Alaska State Legislature to reconsider its position and action towards the children of rural Alaska.

BE IT FURTHER RESOLVED, That the Council of the Native Village of Kwinbagak and Council of City of Quinhagak hereby opposes passage of Senate Bill No. 36 by the Alaska State Legislature.

PASSED 20th day of March 1998, by the Council with a duly constituted quorum of members present.

CERTIFICATION:

Marie A. Smith
SECRETARY

Wanilie Barilla
PRESIDENT

Stella Cleveland
SECRETARY

Lophi Evans
MAYOR



Southwest Region School District

April 1, 1998

Health Education and Social Services Committee
Alaska State Capitol
Juneau, Alaska 99801-1182

Dear Committee Members:

I received a fax from Representative Ivan M. Ivan regarding the opportunity for Public Testimony regarding SB 36. I am unable to participate in person so I ask you to consider this letter my testimony.

I urge you to consider an appropriate way to fund education for all children in the State of Alaska. A formula which re-distributes funds from one group of children to another is wrong! All children in Alaska are in need of an education. Please address the needs of all children and find a way to increase funding to education. Again, I urge you to vote against any legislation that would give to one group at the expense of another and cause resentment between rural and urban areas.

Another issue that I would like to address is our need for a new school here in Togiak. Our school was built in the 50's and it is worn out. My custodian just dropped in my office to tell me that the gym ceiling has new leaks that he put cans under to catch the water. This is just one of the many problems that our 40+ year old building has. Other concerns are that the school is too close to the sea wall and subject to flooding. It is also within a few feet of the tank farm.

Please vote against SB 36 and for legislation that allows funds to address the building needs of schools including the new building in Togiak.

Respectfully,

Karen Swenson
Principal
Togiak School

P.O. Box 90
574 Kenny Wren Road
Dillingham, AK 99576

(907) 842-5287 - Phone
(907) 842-5428 - Fax

Aleknagik

Clark's Point

Ekwok

Koliganek

Manokotak

New Stuyahok

Portage Creek

Togiak

Twin Hills

Post-It Fax Note	7671	Date	4-2	# of pages	1
To	CON BUNDE	From	Juneau		
Co./Dept	HESS	Co.	DLG L10		
Phone #		Phone #	842 5319		
FAX #	465-3871	Fax #			

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SOUTHEAST ISLAND SCHOOL DISTRICT

1621 TONGASS AVENUE SUITE 301
POST OFFICE BOX 8340
KETCHIKAN, ALASKA 99901
PHONE: (907) 225-8658
FAX: (907) 225-2836

RAY GRIFFITH, Ed.D.
SUPERINTENDENT

March 30, 1998

House of Representatives
Alaska State Capital
Juneau, AK 99801-1182

Dear Representative:

As president of Southeast Island School District Board, I am writing with serious anxiety about SB 36 and SB 337. Singly SB 36 would devitalize our district. If the Legislature chooses to combined the two bills the devastation would be incomprehensible.

The board, as trustees take our role of providing education for the children in our communities very seriously. We represent twelve communities with schools at the present time. Our current duty and the law require we open and staff the twelve schools. The communities are entitled and the tenured staff have contracts on the opening day. SB 36 does not take into consideration the mandated opening of schools under the present law. Without an amendment to SB 36, we would have the schools open this August with the teachers, students and needed supplies in place and then if the count was down in October the school would be closed. This would leave us with unhoused students, angry parents, contracted teachers and chaos in almost half of our schools.

I rely on my experience as the first mayor serving five terms after the incorporation of Coffman Cove, a second class city in 1989 to address SB 337. I am familiar with Title 29 and know Third Class Boroughs were deleted from the law years ago. From what I gather in Title 29 is after incorporation of a Third Class Borough, an election takes place. Our REAA school board would be replaced by an assembly and mayor. The mayor is the school board president and the assembly is the board. The assembly after the election would pick the form of taxes the borough provides for the schools. The taxed communities are those in the former REAA with or without schools. The residents would be taxed if they had the schools surviving SB 36 and also if their schools were closed.

A Third Class Borough would require an administrator, a staff, an office and equipment. The selected taxation would be divided between the costs of the school district and borough. Two staffs unless the Superman or Superwoman hired by the borough had the expertise in Local Government and School Administration. At the present time we are moving Southeast Island School District's District Office into rooms adjacent to our only gym, in the largest school in the district. I have no idea where a free or another inexpensive office space for a Third Class Borough would exist in our REAA.

We face the potential loss of our present school board members who may select not to run because of the added local government responsibilities and further erosion of our ability to provide education to the children of our district. Please consider all the facts, you are about to implement a chain of events that would devastate Southeast Island School District and the other REAAs. Please consider an amendment to SB 36 that would provide funding to cover the entire 98-99 school year. Then consider another mechanism to provide for the funding in the future.

Sincerely,

A handwritten signature in cursive script that reads "Pat Rowland".

Pat Rowland
Chair, Southeast Island School Board

HC 1 Box 124 B
Soldotna, AK 99669
April 2, 1998

RE: SB 36

Hello, my name is Teresa Hoops and I am a homeschooling parent who has been teaching my daughters for the past 4 years. I believe that as the guardian of my children I should be held accountable for what they are learning. This being so, I also should have the right to choose what curriculum we use and where we get it from. In a public or private school setting, if a parent wanted to have their child in a school on the other side of town from where they live, they have the right to make that choice. Why can't I?

Having my daughters enrolled in a different district should be, again as their parent, my choice. We have been with Copper River School District for 2 yrs. A new computer or the fact that my choice of curriculum is now offered through my own district has no bearings on my desire to change districts. Just as a parent may find teachers/administrators in another school more to their liking, so I have found Copper River School District to be more than helpful in meeting our needs.

By allowing choices of districts, we all can make Alaska a great place to educate our youngsters.

Please DON'T support SB 36.

Thankyou and God Bless You!
Teresa Hoops

Rural Alaska Community Action Program, Inc.

Testimony by the Rural Alaska Community Action Program, Inc.
Regarding Senate Bill 36
House HESS Committee Hearing, April 1, 1998 - 3:00 pm

Recommend keeping the formula as it is.

Chairman Bunde and Members of the House Committee on Health, Education and Social Services, my name is Jeanine Kennedy, Executive Director for the Rural Alaska Community Action Program, Inc. The mailing address for the Rural Alaska Community Action Program, Inc., is 731 East 8th Avenue, Anchorage, Alaska.

The Rural Alaska Community Action Program, Inc is a private non-profit with central offices in Anchorage. ~~The agency provides training, information, and advocacy to communities in rural Alaska.~~ The main work of the Rural Alaska Community Action Program, Inc is to administer Head Start and Early Head Start programs in 32 villages statewide, *and ~~is~~ not affected by the educ. funding formula.*

I am here to provide information about how the Rural Alaska Community Action Program, Inc Board of Directors believes that the proposed SB 36 legislation is going to impact villages, children, and the state as a whole.

Senator Randy Phillips has said that the bill will achieve "simplicity, equity, and accountability." We believe the real issue is that urban schools are needing and demanding more money for their operations and administration, while rural schools are saying that current funding from the

(10 years - there have been only cities on holding the line - no consideration up to the

Legislature is inadequate to cover their needs. At the same time, the legislative majority is in the middle of its five-year plan to cut the State's operating budget.

point has been made for increased in costs - or increase in # of students.

Senate Bill 36's true goal is not "simplicity, equity and accountability."

If it were, the Legislature would approve an *increase* in funding of education in *both* the rural and urban areas of the State. Instead, the Legislature is proposing to take money from one area of the State and give it to another area. In short, the proposed changes to the education foundation formula are nothing more than a redistribution of existing dollars in a fashion that is rapidly creating divisiveness among all of Alaska's citizens.

We live in one of the richest states in the nation with among the lowest of resident populations. We are a state that does not impose an income tax. This is a state where the major urban center, Anchorage does not even have a sales tax. This is a state that has over \$23 *billion* dollars in savings. It is therefore stunning to see the Legislature proposing to cut funding for our children's future in a manner that, if it is carried out as proposed, will have the effect of undermining our education system in drastic ways. This is not right, it is not simple, it is not equitable and it shows that the Legislature does not believe there is any need to be accountable to rural residents who have children in school. The message that is coming from the Legislature is that *money* is more important than children.

The assets that need protection are our children. Alaska's children are the state's investment and its dividend. Children are Alaska's greatest

assets -- yet this Legislature proposes to treat them as troublesome liabilities. The impacts of Senate Bill 36 will be devastating. The impacts of the cuts in rural schools will mean that the number of students per teacher will rise dramatically. If 1.5 positions were cut from East Anchorage High School, for example, it would mean the redistribution of students among dozens of classes. When you cut 1.5 positions in a village school, it could mean one teacher, instead of two. That one teacher will be responsible for teaching 43 students in one class that includes children from Grades 1 - 12. Costs in rural areas are much higher than they are in urban areas. RurAL CAP administers Head Start programs, much of the food for the programs is purchased in Anchorage and then shipped to rural sites -- the cost of the freight doubles the costs of the food. The same must be true for other needs of schools in rural communities compared to an urban center like Anchorage.

The proposals contained within Senate Bill 36 are examples of poor public policy. This bill makes the poorest of Alaska's poor pay for education in communities that contain people with greater advantages in the way of infrastructure that ultimately benefits local schools. Is it "fair" or "equitable" that the children who need the most help, who have the lowest test scores, who live in the most poverty, are the ones who will lose the most? Is it fair to take opportunities from one child in order to provide an even greater advantage to another child?

The RurAL CAP Board requests and urges that the Legislature consider more carefully the impacts of what you are doing to the whole

state. What may serve in the short term politically is short-sighted socially and economically. Thank you for this opportunity to share the views of the Board of Directors of the Rural Alaska Community Action Program, Inc.

**Hughes Tribal Council
Hut'odleekkrakk'et Tribe
P.O. Box 45029
Hughes, Alaska 99745
Ph. (907) 889-2239(35)
Fax (907) 889-2252**

Members of House Hess:
Representative Green
Representative Bundle
Representative Vezey
Representative Dyson
Representative Porter
Representative Brice
Representative Kemplen
Fax Number (907) 456-3871

Esteemed House Members:

This village is in opposition of SB 36. Our school is important to us, and we feel that legislation is taking our much needed funding. We don't think that it's fair to change the funding formula, which the Supreme Court deemed fair in *Matanuska-Susitna Borough vs. State of Alaska*.

The base foundation unit formula hasn't been changed for ten years, going up only \$1,000.00 in value since 1988. We feel that taking money from rural schools to increase the urban school funding is wrong! Increasing the unit value from \$61,000.00 to a higher figure, to cover inflation rates for both urban and rural school districts is preferable to SB 36's funding recommendations, because when the McDowell Group did the study to come up with this plan, they failed to factor in the higher cost of living in rural areas.

Maintenance and operating costs are not high enough priority with SB 36 requiring 70% of the funding be spent on instruction. Please listen to our appeal to deal fairly in this issue, instead of taking from the rural schools and giving to the urban schools! We demand fair treatment!

Sincerely,

Claude Koyuk, T.E.V.S.
Frank Ambrose, Water plant Operator
Art Mills, C.M.
Lorraine B. Williams, Bookkeeper & Office Manager

Randra McCafferty, Tribal Administrator
Jammy George, Health Aide (T.C.)
Ray Adams, Store Manager
Ella D. Sam - Mayor - Postman
Virginia Red - Principal / Teacher

Hughes Tribal Council
 Hut'odleekka'ik'et Tribe
 P.O. Box 45029
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Page 2: Members of House Hess, signatures

<u>CHRISTINE MOORE</u>	<u>C. Kitty O'Connell</u>
<u>Henry Beatus</u>	<u>Pete S. Williams</u>
<u>Jameson Beatus</u>	<u>Ronald Beatus</u>
<u>Florence A. Ambrose</u>	<u>Michelle Amundsen - Teacher</u>
<u>Alan J. Ambrose</u>	<u>Sophie Beatus</u>
<u>Aaron Astvik</u> <small>53 Ambrose Teacher Aide</small>	<u>Jannya Williams</u>
<u>Almira Beatus</u>	<u>Gilbert S. 171</u>
<u>Yvonne Ambrose</u> <small>Teacher Hess</small>	<u>_____</u>
<u>Hayden Ambrose</u>	<u>_____</u>
<u>Lisa Ambrose</u>	<u>_____</u>
<u>Jana Ambrose</u>	<u>_____</u>
<u>Maura Ambrose</u>	<u>_____</u>
<u>Clarence J. Olsen</u>	<u>_____</u>

HVC/tef

PETITION AGAINST
SENATE BILL 36

WE, THE UNDERSIGNED, STRONGLY OBJECT TO SENATE BILL 36. THIS BILL IS UNJUST AND PROMOTES ONE CLASS OF PEOPLE OVER ANOTHER. THESE REDUCTIONS TO OUR RURAL SCHOOLS WILL HARM OUR CHILDREN FOR GENERATIONS. IT IS NOT POSSIBLE TO PROVIDE QUALITY EDUCATION IN THE RURAL AREAS WITHOUT ADEQUATE AND APPROPRIATE FUNDING.

TO TAX PEOPLE WHO ARE ALREADY LIVING BELOW THE POVERTY LEVEL IS TO BE IGNORANT OF THE REALITY THAT EXISTS IN RURAL ALASKA. TO FURTHER PUNISH RURAL ALASKANS BY TAKING AWAY MUCH NEEDED EDUCATIONAL FUNDING PROMOTES AND WIDENS THE GAP BETWEEN THE "HAVES" AND "THE HAVE NOTS".

SB 36 WILL DOOM GENERATIONS OF RURAL CHILDREN TO A LIFE OF EDUCATIONAL SHORTCOMINGS AND THE INABILITY TO COMPETE EQUALLY FOR JOBS AND SCHOLARSHIPS.

WE STAND UNITED AGAINST SB 36 AND URGE THE ALASKA LEGISLATURE TO STAND WITH RURAL ALASKA AND DEFEAT THIS BILL.

Benjamin Funk Benjamin Funk Mentasta Lake, AK
Helen Barbara Dalke HELEN BARBARA DALKE. MENTASTA LAKE, AK
Ed Nelson - Mentasta Lodge - Gakona, AK
Leah Helwitt - Gakona AK
Billy Stapp Mile 96 Tok Cut-off TOK AK 99780
Betty Denny BOX 284 TOK AK 99780
Rich Witten Tok AK 99780
Bernice Joe
Carl L H POB 6018 - Mentasta Lake, AK 99780

STUDENTS AGAINST SB 36

WE, THE UNDERSIGNED STUDENTS OF
MENTASTA LAKE KATIE JOHN SCHOOL,
STRONGLY OBJECT TO SENATE BILL 36.

SB 36 DOESN'T PROMOTE EQUALITY OF
EDUCATION IN THE STATE OF ALASKA. IT IS
NOT POSSIBLE TO HAVE QUALITY EDUCATION
IN THE RURAL AREAS WHEN THE RURAL
SCHOOLS ARE LEFT WITHOUT ADEQUATE
FUNDING, STAFF, AND SUFFICIENT RESOURCES.

THIS BILL PLACES ALL RURAL STUDENTS ON
UNEQUAL FOOTING WITH URBAN/CITY
STUDENTS. WE DO NOT HAVE THE SAME
AVAILABLE TEXTS, STAFF, RESOURCES, OR
EVEN BUILDINGS AND ACTIVITIES. THE URBAN
AND CITY SCHOOLS HAVE SO MUCH MORE THAN
WE HAVE ALREADY. YOU ARE DISCRIMINATING
AGAINST US. WE URGE YOU TO DEFEAT SB 36.

SIGNATURE	PRINTED NAME	GRADE
<i>Drew Patrick</i>	DREW Patrick	10
<i>Angie David</i>	Angie David	8 th
<i>Jamie John</i>	Jamie John	9 th
<i>Misty John</i>	Misty John	5 th
<i>Maxine Chichalusion</i>	Maxine Chichalusion	5 th
<i>Rambo Chichalusion</i>	Rambo Chichalusion	7 th

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<u>Signature</u>	<u>print</u>	<u>village</u>
Erin Tibbits		
Erin Tibbits	Erin Tibbits	Mentasta
QJ Bee	Evelyn Bee	Christochina
Shawn Sanford	Shawn Sanford	Christochina
Nora David	Nora David	Mentasta
Chantelle M. Hobbs	Chantelle M. Hobbs	Christochina
Marilee Hamilton	Marilee Hamilton	Christochina
JOHANNA NICOLAS	JOHANNA NICOLAS	Mentasta

CORRECTION

THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services
Department of Education
State of Alaska

STUDENTS AGAINST SB 36

WE, THE UNDERSIGNED STUDENTS OF MENTASTA LAKE KATIE JOHN SCHOOL, STRONGLY OBJECT TO SENATE BILL 36.

SB 36 DOESN'T PROMOTE EQUALITY OF EDUCATION IN THE STATE OF ALASKA. IT IS NOT POSSIBLE TO HAVE QUALITY EDUCATION IN THE RURAL AREAS WHEN THE RURAL SCHOOLS ARE LEFT WITHOUT ADEQUATE FUNDING, STAFF, AND SUFFICIENT RESOURCES.

THIS BILL PLACES ALL RURAL STUDENTS ON UNEQUAL FOOTING WITH URBAN/CITY STUDENTS. WE DO NOT HAVE THE SAME AVAILABLE TEXTS, STAFF, RESOURCES, OR EVEN BUILDINGS AND ACTIVITIES. THE URBAN AND CITY SCHOOLS HAVE SO MUCH MORE THAN WE HAVE ALREADY. YOU ARE DISCRIMINATING AGAINST US. WE URGE YOU TO DEFEAT SB 36.

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<i>Misty John</i>	Misty John	5 th
<i>Maxine Chichalusion</i>	Maxine Chichalusion	5 th
<i>Rambo Chichalusion</i>	Rambo Chichalusion	7 th

David David Nicholas 5th

Nicholas

Autumn Nicholas Autumn Nicholas 7th

Daniel Jordan Daniel Jordan 10th

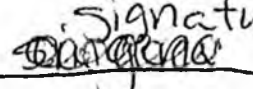
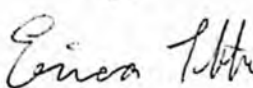
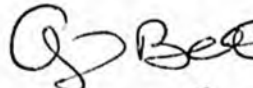
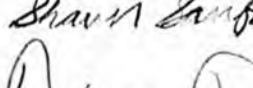
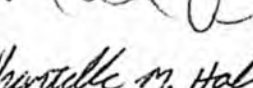
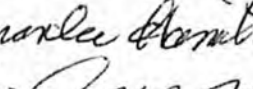
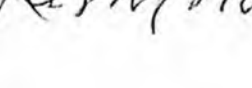

PETITION AGAINST
SENATE BILL 36

WE, THE UNDERSIGNED, STRONGLY OBJECT TO SENATE BILL 36. THIS BILL IS UNJUST AND PROMOTES ONE CLASS OF PEOPLE OVER ANOTHER. THESE REDUCTIONS TO OUR RURAL SCHOOLS WILL HARM OUR CHILDREN FOR GENERATIONS. IT IS NOT POSSIBLE TO PROVIDE QUALITY EDUCATION IN THE RURAL AREAS WITHOUT ADEQUATE AND APPROPRIATE FUNDING.

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WE STAND UNITED AGAINST SB 36 AND URGE THE ALASKA LEGISLATURE TO STAND WITH RURAL ALASKA AND DEFEAT THIS BILL.

<u>signature</u>	<u>print</u>	<u>village</u>
		
	Erica Tibbits	Mentasta
	Evelyn Beale	Christochina
	Shawn Sanford	Christochina
	Nora David	Mentasta
	Chantelle M. Hobbs	Christochina
	Marilee Hamilton	Christochina
	JOHANNA/Nicola	Mentasta

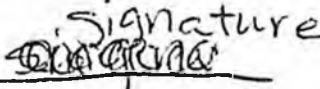
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<u>Signature</u>	<u>print</u>	<u>village</u>
	Virginia Jom	Mentasta
Karl Manta	KARL MARTIN	— — —
Beatrice Patrick	BEATRICE PATRICK	MENTASTA
Steve Patrick	Steven P Patrick Jr	mentasta
Tommy Evans	Tommy C EVANS	MENTASTA
Lee Nicolai	LEE Nicolai	MENTASTA
Donna Galbreath	Donna Galbreath	Faulkents / Mentast
Sandy K. Jom	SANDY Jom	mentastee

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Kathryn Martin

Kathryn Martin

P.O. Box 6001

Mentasta, AK.
99780

Rachele David

Rachele David

PO Box 6004

Mentasta, Ak.
99780

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signature
~~signature~~

print

village

Katherine K. Sanford
Joan Herrmann
Kristi Hughes
John Schaefer
Edmond D. Job
Yvonne John

Katherine K. Sanford
Joan Herrmann
KRISTI HUGHES
JOHN SANFORD
BEN F. JOHNSON
EDMOND D. JOB
YVONNE JOHN

Chistochina
Valdez
Gakona
Gulkana
Mentasta
TETLIN AK
TETLIN AK

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<u>Signature</u>	<u>Print Name</u>	<u>Village</u>
Fred John Jr	Fred John Jr	Mentasta Lake
Robert John Jr.	Robert John Jr.	Mentasta Lake
Linda Barlip	Linda Barlip	Mentasta Lake
Suraiya John	Suraiya John	Mentasta Lake
Cecil Gail Sanford	Cecil Gail Sanford	Mentasta Lake
Jennette John	Jennette John	Mentasta Lake
Ray G. Dale	RAY G. DALE	MENTASTA LAKE

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Dale P. John
Dale P. John

574-50-7509
Box 6061

"I Vote ~~for~~ Against"
Mentasta Lake, AK 99780

Jessie A. Whitmore
Jessie A. Whitmore

574-72-0912
Box 6061

"Against"
Mentasta Lake, AK 99780

Robert M. John
Robert M. John

574-48-6908

"I Vote Against"
Mentasta Lake, AK 99780

Katie John
Katie John

574-16-1748

"Mentasta"
"against"

Karmona K. David
Karmona K. David

574-32-3197
Box 6074

"against"
Mentasta, AK 99780

Mark Moren
Mark Moren

472-74-6629
Box #546

(Against)
Tuk, AK 99780

Rosemarie Rice
Rosemarie Rice

P.O. Box 6006

Mentasta Lake, AK 99780

Mark Pope
Mark Pope

Po Box 610

TOK AK

PETITION AGAINST
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Signature
David Townsend

print
David Townsend

village
Mentasta

David Townsend

David Townsend

Mentasta
Lake, Ak

April 6, 1998

Alaska State legislature

Juneau, Alaska

Dear Legislators;

Please do not support Senate bill
36. This bill is not fair. We want a
good education - just like the
kid in the city. I want to
be a FBI Agent.

Good bye

Calvin John

April 6, 1998

Alaska State Legislature
Juneau, Alaska,

Dear Legislator;

Please do not support Senate Bill
36. This bill is not fair. We want
a good education - just like the kids
in the city. I want to be a F.B.I Agent.

Sincerely,

William Chickalusion

April 1, 1998

Alaska State Legislature
Juneau, Alaska

Dear Legislator,

Please do not Support Senate

Bill 36 This bill is not fair We

want a good education - just like the kids

kids in the city I want to be a

Dentist.

Sincerely,

Angel Joseph

April 1, 1998

Alaska State Legislature
Juneau, Alaska

Dear Legislator;

Please do not support senate Bill 36.
This bill is not fair. We want a good
education—just like the kids at the
city. I want to be a Scientist.

Sincerely,
Andrea David



March 27, 1998

The Honorable Con Bunde
Chair
Health, Education and Social Services Committee
House of Representatives
Alaska State Legislature
State Capitol, Room #104
Juneau, Alaska 99801

Dear Representative Bunde:

At Senator Randy Phillips' request, we are responding to Department of Education testimony during your committee's hearing on education funding. We were asked to address two issues.

Using the Anchorage Consumer Price Index (CPI) to Adjust District Cost Factors

Our response is that DOE testimony was accurate; the CPI would be useful if the legislature wished to inflation proof *all* districts' cost factors. The CPI is a measure of price inflation for household goods and services from year to year in Anchorage. The CPI does not measure differences in costs among different locations in Alaska, nor does it necessarily reflect changes in school costs. That is why it could be used only to make approximate adjustments for inflation for all education spending, but not to make any specific district-to-district changes. If the legislature chooses, as a matter of policy, to adjust school funding for inflation, a more appropriate use of the CPI would be to adjust the amount of Basic Need per student.

Updating District Cost Factors

Updates are not as simple as plugging in new cost numbers and calculating new DCFs. That was the basis for our statement that DOE can't apply the methodology we used. This doesn't mean new DCFs can't be calculated.


DCFs can be updated by repeating the *research process* for the building blocks that lead to the DCFs. The building blocks are instructional, administrative and non-personal services costs plus enrollment by school. This process takes three steps. First, DOE would have to repeat the analysis with updated instructional, administrative and non-personal services costs and arrive at per student costs for all three. Second, these costs would then be compared to costs in all other districts so their *relative* values are determined. Third, the weighted expenditures of each district would be calculated and then combined to have a single DCF represent the weighted outcome of the three expenditure categories on a per student basis.

As you may recall, the study draft had a factor for each of the three cost categories. Then we combined administration and nonpersonal services in a supplemental summary to the report, reducing the number of factors to two. In the final report, for simplicity, we combined them into one factor, the DCF. None of these combinations changed the results in any way. They just simplified the numbers.

DOE would need to repeat both the research process and the calculating methodology, not just the methodology. By a regular process of updating ongoing data bases and improving accounting definitions, the research process can be an integral part of district reporting to DOE.

We hope these comments answer your questions. Please feel free to call with any further questions regarding the *Alaska School Operating Cost Study*.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Teal', with a large, sweeping flourish extending to the right.

David Teal
Project Manager

cc: Senator Randy Phillips

February 27, 1998

Mr. Jerry Burnett
Project Manager
Legislative Budget & Audit Committee

RE: Alaska School Operating Cost Study
RFP Number LBA972

The February 12 supplement to the *Alaska School Operating Cost Study* explained how to apply the methods and results presented in the January 31 draft report. This letter responds to a request by the Legislative Budget & Audit Committee to further simplify the application of study results by computing District Cost Factors (DCF) that could be applied in the same way that Area Cost Differentials (ACD) are applied under current law.

We computed DCFs by blending adjustment factors for the two components—school level costs and district level costs—described in the February 12 supplement. These blended adjustment factors were incorporated into the Senate Finance Committee Substitute for SB36. A listing of computational steps to obtain the DCFs is followed by a discussion of issues related to the adjustment process.

Computational Steps to Obtain the DCFs that Appear in CSSB36

Note: Readers should have Table 1 available for reference when reviewing these steps.

1. Use FY96 District Financial Reports to categorize expenditures as "School Level" or "District Level." These categories correspond to the school-level and district-level portions of Basic Need as described in the February 12 supplement to the draft report. There were three expenditure categories in the January 31 report—Instructional, Administrative and Nonpersonal Services. The supplement combined administrative and nonpersonal services expenditures to form a single "district level" category in order to simplify the process. Combining the administrative and nonpersonal services categories does not change the results. The "instructional," or

Table 1
Computation of District Cost Factors Incorporating the Impacts of Size and Location

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
School District	FY96 School Level Expenditures	FY98 District Level Expenditures	FY98 School Level Expenditures	FY96 District Level Expenditures	Impact of School Level Revisions	Weighted Impact of School- & District-Level Revisions	Current Basic Need	Revised Basic Need	Revised Basic Need per Student	Unadjusted Multiplier	District Cost Factor
Total	625,185,619	273,597,853	69.56%	32.44%			898,783,472	898,783,472	6.206		
Alaska Gateway	3,383,257	2,342,663	59.09%	40.91%	-16%	-9%	6,731,552	6,103,027	7,308	1.178	1.291
Aleutian Region	241,551	338,020	41.68%	58.32%	-35%	-15%	474,515	405,049	9,827	1.583	1.736
Aleutians East	2,725,185	2,615,474	51.03%	48.97%	-19%	-9%	5,108,951	4,624,058	8,053	1.298	1.423
Anchorage	204,656,237	60,739,979	77.11%	22.89%	4%	3%	271,953,111	279,476,903	5,659	0.912	1.060
Annette Island	2,507,088	1,337,956	65.20%	34.80%	8%	5%	3,220,033	3,387,325	5,725	0.922	1.011
Bering Strait	12,061,325	9,913,158	54.89%	45.11%	-16%	-9%	23,726,628	21,591,195	8,629	1.350	1.525
Bristol Bay	1,907,214	1,278,083	59.88%	40.12%	4%	2%	3,145,074	3,214,217	7,141	1.151	1.262
Chenaug	2,425,834	1,385,276	63.65%	36.35%	-18%	-11%	4,156,902	3,685,745	6,338	1.021	1.120
Chugach	819,936	853,209	49.01%	50.99%	-20%	-10%	2,079,775	1,876,885	7,325	1.180	1.294
Copper River	3,521,745	2,088,799	62.77%	37.23%	-6%	-4%	8,880,990	6,626,665	6,654	1.072	1.176
Cordova	2,545,301	1,234,314	67.33%	32.67%	7%	5%	3,957,490	4,135,558	6,202	0.999	1.096
Craig City	2,068,793	1,165,729	63.96%	36.04%	8%	5%	3,099,438	3,259,481	5,717	0.921	1.010
Delta/Grady	4,625,322	2,210,285	67.67%	32.33%	20%	14%	6,980,607	7,929,092	6,259	1.009	1.108
Denali	2,247,675	1,376,955	62.01%	37.99%	-13%	-8%	4,331,405	3,971,471	7,428	1.157	1.313
Dillingham	3,288,484	1,519,182	68.39%	31.61%	7%	5%	4,565,113	4,777,214	7,099	1.144	1.254
Fairbanks	73,318,095	25,762,163	74.00%	26.00%	4%	3%	99,068,384	101,694,035	5,879	0.947	1.039
Galena	1,144,490	1,398,926	45.00%	55.00%	-5%	-2%	1,826,667	1,785,477	7,629	1.229	1.348
Haines	2,109,541	1,061,674	66.52%	33.48%	17%	11%	3,331,733	3,701,288	5,703	0.919	1.008
Hoonah	1,683,254	1,225,858	57.86%	42.14%	8%	5%	2,295,203	2,399,735	5,971	0.992	1.055
Hydaburg	825,092	753,638	45.34%	54.66%	-8%	-3%	1,221,097	1,178,938	6,138	0.989	1.085
Iditarod	3,311,560	2,770,056	54.45%	45.55%	-18%	-10%	7,223,438	6,532,208	8,322	1.341	1.470
Juneau	27,774,576	8,268,552	77.06%	22.94%	1%	1%	32,900,276	33,239,081	5,687	0.916	1.005
Kake	1,105,720	952,283	53.73%	46.27%	3%	2%	1,658,473	1,713,680	5,801	0.935	1.025
Kashunamiut	1,254,897	1,275,822	49.59%	50.41%	-7%	-3%	2,600,706	2,513,258	7,863	1.267	1.389
Kenai	50,069,738	21,664,370	69.80%	30.20%	1%	1%	69,911,021	70,610,868	5,680	0.915	1.004
Ketchikan	11,964,891	4,657,616	71.98%	28.02%	11%	8%	17,242,789	18,818,316	5,545	0.893	1.000
Klawock	1,388,809	949,928	59.38%	40.62%	5%	3%	1,869,066	1,926,635	5,758	0.920	1.017
Kodiak	13,870,675	6,270,695	68.87%	31.13%	2%	1%	21,867,564	22,099,463	6,168	0.997	1.093
Kuspuk	3,842,341	2,176,038	63.84%	36.16%	-16%	-10%	7,289,140	6,539,274	8,113	1.307	1.434
Lake & Peninsula	4,088,046	4,117,755	49.62%	50.38%	-26%	-13%	9,434,303	8,191,150	8,820	1.421	1.558
Lower Kuskokwim	25,266,105	16,103,400	61.07%	38.93%	-10%	-6%	41,520,248	39,071,916	8,436	1.359	1.491
Lower Yukon	11,090,504	7,825,500	59.26%	40.74%	-12%	-7%	20,653,909	19,161,117	8,136	1.311	1.418
Matanuska	60,149,439	16,739,432	78.23%	21.77%	-1%	-1%	77,521,539	77,091,359	5,714	0.921	1.010
Nenana	968,741	698,770	58.04%	41.96%	-11%	-6%	1,763,429	1,653,517	7,190	1.158	1.270
Nome	3,794,923	2,369,417	61.56%	38.44%	7%	4%	6,495,287	6,754,896	7,464	1.203	1.319
North Slope	21,098,634	17,888,565	54.12%	45.88%	-6%	-3%	20,909,312	20,226,090	6,514	1.372	1.504
Northwest Arctic	10,356,348	10,363,407	49.98%	50.02%	-11%	-5%	23,682,198	22,409,884	8,768	1.413	1.549
Pelican	380,820	299,649	55.96%	44.04%	-30%	-17%	592,732	494,443	7,301	1.176	1.290
Petersburg	3,425,293	1,616,758	67.93%	32.07%	11%	8%	4,970,166	5,347,069	5,521	0.890	1.000
Phidol	1,539,483	1,081,003	58.75%	41.25%	-17%	-10%	2,850,264	2,970,572	8,028	1.294	1.419
Sitka	8,606,580	2,544,389	77.18%	22.82%	15%	11%	11,269,223	12,537,815	5,539	0.892	1.000
Skagway	747,741	671,033	52.70%	47.30%	-14%	-8%	1,358,595	1,254,749	6,469	1.042	1.143
Southeast Island	2,549,919	1,632,824	60.96%	39.04%	-16%	-9%	5,011,616	4,534,283	6,361	1.025	1.124
Southwest	4,919,667	3,750,921	56.69%	43.31%	-15%	-9%	8,514,514	7,778,260	8,054	1.298	1.423
St. Mary's	649,891	816,306	51.33%	48.67%	-6%	-3%	1,666,849	1,614,686	7,649	1.232	1.351
Tanana	637,915	923,540	40.85%	59.15%	-19%	-8%	1,350,931	1,244,102	8,464	1.364	1.498
Unalaska	2,052,786	1,331,089	60.66%	39.34%	7%	5%	3,293,769	3,442,400	7,047	1.135	1.245
Valdez	5,287,028	2,108,415	71.51%	28.49%	8%	6%	6,439,614	6,804,262	6,200	0.999	1.095
Wrangell	2,849,203	1,125,919	71.68%	28.32%	14%	10%	3,775,921	4,164,320	5,502	0.886	1.000
Yakutat	1,131,519	819,036	58.01%	41.99%	10%	6%	1,751,470	1,855,438	5,920	0.954	1.046
Yukon Flats	3,631,140	2,969,949	55.01%	44.99%	-23%	-13%	8,018,875	7,007,807	9,441	1.521	1.658
Yukon Koyukuk	4,739,539	3,986,450	54.32%	45.68%	-20%	-11%	9,845,205	8,788,317	8,502	1.370	1.502
Yupik	2,739,526	2,621,026	51.11%	48.89%	-6%	-3%	5,345,064	5,168,860	8,313	1.339	1.469

Notes to Columns:

- (1) and (2): from 1996 School District Financial Reports.
- (5): from Table 2.1, *Alaska School Operating Cost Study*.
- (6): Because no district-level expenditure limits are imposed, the weighted impact is column (3) times column (5).
- (7): Current Basic Need is determined by applying the existing size formula and ACDs to student counts in each district.
- (8): Revised Basic Need is column (6) times column (7).
- (9): Per student Basic Need is determined by dividing column (8) by the size-adjusted student count in each district.

"school level" category remained separate. FY96 school-level and district-level expenditures are shown in columns 1 and 2 of Table 1.

2. **Determine the proportion of each district's spending in each of the two categories.** This step simply describes school-level and district-level expenditures in percentage terms. (See columns 3 and 4 of Table 1.)
3. **Determine weighted changes in Basic Need for each district.** Applying the existing size formula and ACDs in existing legislation to each district's student population produces a level of Basic Need that serves as a basis for comparison. This step uses the "Combined Impact of Count and Size Revisions" numbers from Table 2.1 in the January 31 report to determine weighted changes from "current" Basic Need.¹ The weighted changes are obtained by
 - 1) multiplying the proportion of school level costs for each district by the impact of revised counting method and size factors as shown in column 5 of Table 1,
 - 2) multiplying the proportion of district level costs by the impact of any adjustments to district level costs,² then
 - 3) summing the two parts to obtain a total impact (shown in column 6).
4. **Determine revised Basic Need (column 8) by adjusting "current" Basic Need (column 7) per the number (column 6) determined in the prior step.** Current Basic Need is the amount obtained by applying existing size factors and ACDs to the schools in the database. Revised Basic Need is obtained by increasing or reducing current Basic Need as indicated by the weighted change in column 6.
5. **Determine the per-student Basic Need for each district (column 9) by dividing Revised Basic Need (column 8) by the adjusted student count for each district.** The adjusted student counts are obtained by applying the

¹ "Count revisions" refer to the method of counting students. Current law counts students in "Funding Communities" which are identical to single schools in some cases but which are groups of schools, rather than single schools, in other cases. The proposed size formula produces separate student counts for each school. "Size revisions" refer to the specific factors used to adjust the actual student count to compensate for higher per-student operating costs in smaller schools. Each of these impacts was computed in the January 31 report, as was the combined impact of the two changes to the existing "size conversion" formula.

² The January 31 report limited expenditures in some districts (as described in the report). Those limitations were omitted from the process of determining District Cost Factors per instructions from the Senators preparing legislation. The impact of omitting the expenditure limitations is that districts with relatively high per-student expenditures have higher DCFs than they would have if the limitations were applied. The expenditure limitations are also omitted from the DCFs described in this letter. Our understanding is that expenditure limitations may be addressed by other means.

size formula (Table II of the February 12 supplement) to the student counts for each school in each district.

6. Determine "multipliers" (column 10) by dividing each district's per-student Basic Need (column 9) by the statewide average per-student Basic Need (\$6,206, as shown in column 9). Four Southeast communities—Sitka, Ketchikan, Wrangell and Petersburg—had multipliers slightly lower than the multiplier for Anchorage. Multipliers for these communities were set equal to the Anchorage multiplier so that Anchorage could be used as a base in the normalization process described in the following step.
7. Normalize the multipliers to obtain District Cost Factors (column 11). Normalization refers to the process of dividing each district's multiplier by the smallest of the district multipliers so that the smallest District Cost Factor equals 1.000. The process does not change the results; it simply makes the DCFs easier to interpret because no DCF is less than 1.000.

As an example, 59% of Alaska Gateway's expenditures in FY96 were in the school-level category while 41% were in the district-level category (columns 3 and 4). The January 31 report showed that a *school-based* student count (as opposed to the existing *funding community-based* count) and the revised school size adjustment formula would reduce the district's adjusted student count (compared to the count obtained by applying the existing formula) by 16%. A 16% reduction applied to 59% of expenditures is equivalent to a 9% reduction of total expenditures (column 6). This 9% reduction applied to current Basic Need (column 7) gives a revised Basic Need level of \$6.1 million, or \$7,308 per adjusted student count (columns 8 and 9). This per-student Basic Need is 18% above the statewide average of \$6,206 (column 10). Dividing the 1.178 Alaska Gateway multiplier by the Anchorage multiplier (.912) produces a District Cost Factor of 1.291, as shown in column 11.

District Cost Factors are intended to be applied as follows:

1. Apply the size adjustment formula (Table II in the February 12 supplement) to each school to obtain size-adjusted student counts.
2. Sum the size-adjusted student counts within each district.
3. Multiply the district student counts by the appropriate District Cost Factor to obtain "size and location" adjusted student counts.
4. Multiply these adjusted student counts by the per-student value for Basic Need specified in statute to obtain total Basic Need for each district.

Conceptual Issues

The district-level ACDs shown in Table V of the supplement are generally larger than District Cost Factors because ACDs apply only to district level costs (that is, district administration and nonpersonal services expenditures) but not to school level costs. Use of the ACDs presented in the supplement would require separation of state aid into two components and would produce two different adjustments of student counts (ADM). DCFs produce a single adjusted student count and eliminate the requirement to separate state aid into two components. Conversion from district-level ACDs discussed in the supplement to DCFs clearly simplifies the adjustment process, and does so without changing the Basic Need levels described in the February 12 supplement.

Although the DCFs may be applied in the same manner as existing ACDs, they are fundamentally different in principle. ACDs in existing law are based only on unit price differences (e.g., the cost of fuel in dollars per gallon) while DCFs are much more comprehensive and reflect *per-student* differences in district operating costs.

The DCFs reflect not only relative prices of goods in districts, but also the number of students, dispersion of schools, costs of travel and other factors that affect district operating costs. Because the DCF reflects factors other than prices of goods, neighboring districts will not necessarily have similar DCFs. As described in the January 31 report, existing ACDs appear to have undercompensated several rural districts for administrative and nonpersonal services costs.

Haines and Skagway can be used to illustrate the difference in concepts. The two school districts are close (geographically) and have roughly equivalent access via highway, air and water. They can be expected to have roughly equivalent prices and, therefore, similar ACDs. However, Skagway has fewer students over which to spread district operating costs. This means, for example, that if Skagway spends \$200,000 annually on salaries for district administration while Haines spends \$400,000, the per-student cost of administration in Skagway is roughly 1.7 times the per-student cost in Haines ($\$200,000/131\text{students} = \$1,530$, which is 1.7 times $\$400,000/430\text{students} = \930). When higher per-student administrative costs are combined with other district costs, the result is a higher DCF in Skagway than in Haines.

Another issue is that the computation of Basic Need under the latest version of SB36 differs from the computation in the study. The study was strictly limited to the impacts of size and location on school operating costs. Any policy changes that affect the computation of Basic Need are beyond the scope of the study. Differences in computation of Basic Need include the way in which students in correspondence studies, categorical aid (special needs) programs, and in schools of fewer than 10 students are counted. These changes do not invalidate

the size formula presented in the study, but they do result in different student counts and levels of Basic Need than those computed in the supplement.

Because DCFs are influenced by the adjusted student counts in districts, the changes may raise questions concerning the validity of DCFs presented in this letter (and used in SB36). The DCFs are based on computations that did not anticipate changes in the computation of Basic Need. While it is certain that the DCFs would differ if recomputed with these changes incorporated, it is not clear that the DCFs *should* be recomputed. Our study recommended a transition period during which districts could adjust to revised funding levels. It also recommended recomputation of adjustment factors for district-level costs once funding had stabilized and improved data became available. We believe that DCFs based on current expenditure relationships are appropriate during a transition period.

In any event, our contractual responsibility to compute size and location adjustment factors does not include revising those factors in response to legislatively proposed policy changes. As discussed with the project manager during the course of the study, the Legislative Budget & Audit Committee's preferred method of presentation was separation of adjustment factors, providing the factors could be combined if requested. The February 12 supplement combined district-level adjustments; this letter presents the factors in a form in which no further combination is possible.



David Teal
Senior Analyst/Project Manager

March 27, 1998

The Honorable Randy Phillips
Chairman, Legislative Budget & Audit Committee
State Capitol
Juneau, AK 99801

Dear Senator Phillips:

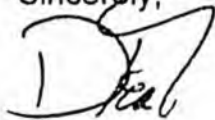
Enclosed are brief responses to the questions and comments we received on the *Alaska School Operating Cost Study* prepared for the Legislative Budget & Audit Committee (March 1998). The questions are generally thoughtful and raise issues we wrestled with during the course of the study.

As with any issue approaching the complexity of school funding, there are differences of opinion regarding data analysis and the conclusions that can be drawn from that analysis. Our rules of analysis were simple: be objective, fair and reasonable.

Although many of the comments challenge the research decisions made, none of the questions or comments gave sufficient cause to change our approach, principles or results.

Although individual responses are generally brief, I hope you find them sufficiently detailed to help you respond to similar questions as you discuss the issue with others.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Teal". The signature is stylized and cursive.

David Teal
Project Manager

Enclosure

Questions and Comments
Regarding the
Alaska School Operating Cost Study
Prepared by the McDowell Group

Introduction

The McDowell Group and the Legislative Budget and Audit Committee have received a number of questions about the *Alaska School Operating Cost Study* by parties interested in the school funding issue. The McDowell Group has prepared a list of these questions and our answers for parties interested in further clarification of points in the study. First, we include a brief summary of the study scope, historical perspective, findings and recommendations so that readers can see the questions and answers in context.

Study Scope

It is important for readers to understand that the study's focus was a technical research one – to identify the impact of school size and geographic location on the cost of operating schools in Alaska. The study identifies the *relative* cost among districts of operating schools. These relative differences are quantified in a school size factor (to compensate for efficiency differences between large and small schools) and Area Cost Differentials (to compensate for differences in costs due to geographic location and other factors).

The study scope did not include – and was not intended to include – major school funding policy issues that can, and do, have allocation impacts in excess of those of technical adjustments for size and location. Some major funding and allocation issues not included in the study are special programs (bilingual/bicultural, vocational education and special education), federal impact aid, local contributions, pupil transportation, capital costs and deferred maintenance.

Many of these important policy and allocation questions are addressed in legislation currently under consideration. The McDowell Group has no opinion on these policy issues that are beyond the scope of the study. The legislation does include the technical data for both the school size factor formula and the Area Cost Differentials (termed District Cost Factors, DCFs, in the legislation) as reported in study findings.

Historical Perspective

Prior to the *Alaska School Operating Cost Study*, cost allocations were based largely on household cost of living (*Alaska Geographic Differential Study*, 1985, and *Alaska School District Profiles and Differential Study*, 1988 both by the McDowell Group) and were not directly relevant to the cost of operating schools. However, in the absence of other research, data from these studies was used.

Study Findings

Clearly, some changes in relative costs were expected between two studies thirteen years apart and measuring two different things. The \$16 million (out of \$800 million, or 2% of the total) of changes among districts identified in the *Alaska School Operating Cost Study* were not surprising considering the historical basis for current funding allocations. Allocation shifts in addition to this amount would be due to legislative measures unrelated to the study.

The study found that administration and nonpersonal services costs were often higher on a per student basis in remote districts than the current system of allocation recognizes. The study recommends ACDs to compensate for these costs. By contrast, instructional cost variations among districts were very moderate and not consistent with other costs. The study takes this into account by including no instructional ACD. Instead, instructional staffing requirements are met through the school size factor that heavily compensates those districts with small schools lacking economies of scale.

Study Recommendations

The study recommended:

- that a transition period to insure no district receives less than its current allocation;
- that basic need be calculated at the fundamental cost unit of school, rather than funding community (most of the \$16 million of change among districts is a result of this recommendation);
- that the study's school size factor formula and ACD's be used to update the method of allocation;
- that future updates develop data in the three major cost categories of instruction, administration and non-personal services; and,
- that improvements be made in the definition and quality of non-instructional data bases.

Questions and Answers

Questions/comments are in bold type. Page numbers refer to the March, 1998 final report.

...to state that rural districts are not having to pay a higher wage than Anchorage due to the fact that our average is equal (+5%) to Anchorage's is absolutely incorrect.

In actual practice, some remote districts pay more and some pay less than Anchorage. Likewise, some urban districts pay more and some pay less than Anchorage. Remoteness alone did not appear to determine the actual cost of teachers. Factors such as local district compensation policy, housing availability and lifestyle play roles in teacher salaries and teacher recruitment and retention.

Please see discussions on pages 81-84 and 105-106. Points made include:

- Teacher salary *schedules* are frequently higher in rural areas than in Anchorage.
- *Average pay*, not the salary schedule itself, determines instructional costs.
- Higher schedules in some areas are generally offset by greater longevity in other areas, so that *average* salaries are similar throughout the state.
- Using average salaries to adjust funding levels would not affect Anchorage but would reduce aid to some rural districts and increase aid to several other rural districts.

Isn't the proposal an expenditure index rather than a cost index and aren't expenditures a function of revenue available under the current formula?

No. The District Cost Factors are based on district level expenditures so are essentially an expenditure index, but the majority of the proposal is based on instructional costs, which is not an expenditure index. Instructional costs are instead based on an adequate level of instructional staffing regardless of current funding levels in any district. If the entire proposal were an expenditure index, there would be no change from the existing formula.

The only school level data referenced in the report is the quantity of school building level certified staff. Is this a measure of consumption and local programming choice or of cost? What other school building level data was analyzed?

The level of certified staff reflects both choice and cost. Classified staff was also analyzed (see pages 66-67 and Table 2.4, page 68), but data are available only at the district level. In general, only the quantity of staff is measurable at the school level. Teacher salaries, operating and maintenance costs, administrative costs and most other costs are paid at the district level.

Does the statement "for the first time size factors have an empirical, statistically defensible basis" mean the resource cost model study had no empirical, statistically defensible basis? Were the resource cost model results reviewed?

No. The cost model results were not reviewed.

How does the unique profile of a given student population in a specific school affect cost or consumption? This report appears to ignore the single most important factor, which is individual student need.

The unique needs of a specific student population are addressed by categorical funding for bilingual, vocational and special education. As stated in footnote 23, page 67, staffing for those programs should not be expected to follow the pattern for regular education. As stated on page 28, the study was not intended to be a comprehensive review of all the philosophical and equity issues the legislature might address in considering revisions to the foundation formula. Our assumption was that categorical funding would be distributed in a manner similar to the existing allocation.

What is the basis for providing the same "front loading" or "floor" to very small schools and large schools alike?

See page 72. "Front loading" prevents discontinuities (or steps) in the size conversion formula. It is equivalent to moving along the size curve rather than going directly from the origin to a point on the curve. If front loading did not occur, some schools would have lower adjusted student counts than other schools with fewer students. As implied by the question, front loading "overcompensates" schools with more than about 75 students. This could be corrected by reducing the size adjustment factors for larger schools, thus reducing the slope of the curve developed in figures 2.4 through 2.8 (pages 73-77).

The "floor" that applies to schools of fewer than 20 students is a separate issue. It does not directly affect schools larger than 20 students, but it does allocate additional aid to schools of fewer than 20 students.

The study team considers dispersion of schools to be an important determinant of administrative and nonpersonal services costs, but concluded that dispersion has a negligible effect on instruction costs. How can this be true? Does it cost the same to provide sophomore chemistry to 90 students in one building as it does to provide the same course to 90 sophomores dispersed over 56,000 square miles in ten different schools within a district?

Dispersion is compensated for in the size factor formula where ninety dispersed students receive significantly more funding than ninety students in one building. Dispersion is further compensated for in the ACD by compensating for any administration and non-personal services costs related to serving dispersed students.

Instructional staff are typically associated with a particular school, so that the distance to other schools in the district does not have a great impact on the number of teachers required in a particular school. The cost of providing a class to 90 students in one school is *not* assumed to be the same as to 90 students in ten schools. Each student in a school with 90 sophomores is likely to be counted as about 1.2 adjusted students while each student in a school with 9 sophomores is likely to be counted as about 1.5 students. (See Appendix B for school sizes of 360 students—90 sophomores in a 9-12 school—and 120 students—9 sophomores in a k-12 school).

The small school gets 25 percent more funding (the change from 1.2 to 1.5) than the larger school to offer chemistry—or any other class. That is, the *size formula* compensates for higher costs in small schools, regardless of whether the school is 20 miles or 200 miles from another school.

Is the application of the size formula to isolated, dispersed individual schools disadvantageous since they cannot take advantage of the economies of scale that exist for schools located close to each other where they can take advantage of shared resources, facilities, and staff?

No, see the immediately preceding question/response for a discussion of compensation for diseconomies of small size. In addition, shared resources generally fall under district-level costs rather than instructional-level costs. The *District Factors* compensate districts for costs associated with location and dispersion.

The study does not take into account the large number of top-end-of-the-salary-scale teachers who have retired from the larger urban districts in the past two years.

Correct, see page 106. Recommended instructional cost allocation is based on adequate staffing rather than dollars, keeping the influence of existing funding levels out of the picture and insuring staffing equity among districts. Average salaries depend on longevity, which varies from year to year. Variable factors should not be built into multipliers because fixed multipliers do not respond to changes. This issue is the basis for reviewing staffing numbers rather than staffing costs to determine size factors, and for recommending that location and other cost factors be modified more frequently than in the past.

Why can't rural districts find experienced teachers to hire? The study contends that salary schedules do not need to be higher in rural areas. With only \$1,000 unit value increase since 1986, rural districts are losing the ability to compete for quality educators.

See the first question/response on this list. We contend that urban longevity offsets higher rural salary schedules, not that *schedules* do not need to be higher in rural areas. The unit value applies to all districts so does not affect the ability of one district to compete with

others for quality educators. This does not deny that some districts may have recruitment and retention problems for a variety of reasons.

Anecdotal evidence may suggest that some teachers prefer to teach in larger communities, but cannot necessarily obtain jobs in those communities without experience. Smaller, more remote districts offer teachers an opportunity to gain the experience required to obtain a job in urban districts. In addition, a young teacher may relish the adventure of life in rural Alaska, but as he/she ages, there may be a desire for a lifestyle shift. The shift from rural to urban work preference is similar to a preference for retirement to the Sunbelt. While not everyone shares the preference, there is a measurable trend. On the other hand, many small district teachers prefer these locations and choose long careers serving students in Alaska's smaller communities.

The ability of rural districts to compete for teachers depends to some degree on salary schedules in urban areas. If urban areas adopt tiered schedules for new hires and limit the amount of out-of-district experience used to determine placement on the schedule (as is happening in some cases), rural districts will find it easier to attract and retain teachers.

The study does not recognize the significant level of indirect funding for children in urban areas which is not available to rural students. Examples include museums, libraries, performances and other enriching activities/facilities.

Again, the study is confined to the cost of operating schools based on size and location and was not intended to measure community quality of life. These activities and opportunities undoubtedly enhance the quality of education, but providing money to rural school districts will not provide the children with urban amenities. The study does not attempt to measure the quality of educational services or equalize quality. It measures only the instructional staff and district costs required to provide a basic education.

By relying on only one year of data, the study may be skewed and not be reflective of the average costs of providing education over the long term.

We used the most recent data available. There is no reason to believe that 1996 data favors any particular district or districts. We recommend frequent recalculation of adjustment factors so that allocations do reflect the costs of providing education.

Because the adjustment factors for location were determined by actual spending, it put REAAs at a disadvantage when compared to districts that may have provided funding beyond the state cap. The REAAs have no way to provide for additional funding the way borough and city districts do. The study locks this inequity into any future formula.

The Area Cost Differential adjustment factors were based on total expenditures by the districts. City districts can get "extra" funds from local governments, but whether people in one area contribute to education does not affect the computation or equity of Basic Need or state aid allocations because extra funds are not included in the funding formula. It is the lack of organized local government, not the study, that "locks in" the situation.

From alternate perspectives, use of total expenditures locks cities into continued contributions, or organization of an REAA would allow access to additional funds. The study doesn't change the current situation and doesn't appear to cause inequities associated with excess local contributions.

The study analyzes expenses and not the actual cost of providing education. Those less-than-frugal districts are rewarded for their past expenditures. Those who were prudent are penalized.

This is not the case with the majority of the cost of operating schools – instructional costs. Our study recommends appropriate staffing levels for instruction so districts that districts that pay more are not rewarded at the expense of districts that are more frugal.

The study suggested expenditure limits to “cut off the peaks” and “fill in the valleys” of district expenditures (see Chapters 3 and 4). However, we believe the inconsistent definition of available data is insufficient to apply the limits (and they were not applied to the Area Cost Differentials in the final report). The lack of limits *does* perpetuate “what is” rather than recommend what “should be” for non-instructional costs.

While there is some truth in the comment, the real issue is that districts spend whatever money is available. This means that revenue is the controlling factor in district expenditures. It also means that size and location adjustments, which provide more revenue per student to small and high-cost districts, are critical to this discussion. The point is then to determine whether size and location adjustments equalize Basic Need. We found that current factors did not accomplish this goal and recommended new factors.

Is there incentive for districts to build schools of less-than-efficient size in order to increase student counts? What will the long-term cost of this incentive be?

Not really. Small schools cost more so any additional funding is eaten up by higher costs. See page 58. There are controls in place that should prevent *building* schools that are smaller than necessary, but there is some concern about artificial separation of schools. For example, a grade 7-12 school could be split into junior and senior high schools with little additional expense to the community (no new building) but potential to generate higher adjusted student counts. As noted in footnote 20 (page 58) school-based counting offers improvements over funding communities only if the Department of Education establishes and enforces consistent and equitable rules for defining schools. If the Department can do this well, there would be no long-term cost.

Large portions of school district budgets were omitted from the cost comparison. The cost differentials will need to be revised in the near future.

Not true. No costs were omitted in our work. The alleged “omitted cost” reference is to staff salaries. Our approach was to equalize the number of staff per student, then adjust for differences in pay as required. We concluded that no salary adjustment was required. Holding salaries constant is far different than omitting them from the analysis. A review of Technical Appendix F will show that all costs were considered in the analysis, including professional services and purchased services.

We believe the cost differentials could be improved substantially. In fact, we felt the issue was important enough to include a recommendation for improved data and improved computation of the differentials (see executive summary, page 33).

A fundamental principle of cost indexes has been violated by failing to hold teacher quality (or quality of educational services) constant. The authors should have defined a standard staffing pattern and then priced this pattern at each district’s pay scale.

Not true. In fact, the opposite is the case. Our instructional cost component is based on equal staffing levels. Each district's pay scale is a separate issue. Our recommendation of no salary differential means higher spending districts aren't taking from more frugal districts.

We cannot define or measure either teacher quality or quality of educational services. Pay scales reflect longevity rather than quality. Our approach was to examine school operating costs, including actual pay of staff, and to compensate districts for actual costs rather than costs based on a hypothetical pattern of longevity. The pattern of actual staffing is that longevity is greater in urban areas than in rural areas, but not by much. Applying a hypothetical staffing pattern that overstates average costs in some districts would overstate Basic Need in those districts.

Limits on district expenditures are arbitrary.

There are no limits in the final report. See page 33 and Chapters 3 and 4. Current data does not allow a high level of confidence in the expenditure limits. The expenditure limits were removed from the supplementary analysis and from the District Cost Factors shown in Table VII (page 18).

Instructional cost differences are unnecessarily arbitrary. The authors should have compared their estimates to those found in the existing literature.

The legislature may wish to base its appropriation for education on studies of optimum class size and other measures of educational need. The study reviewed actual class sizes in Alaska schools but did not compare them to class sizes in other states. The intent of this study was to derive revised *allocation* factors, not to determine an appropriate *level* of basic need.

The discussion of class size appears to be wholly arbitrary. Cite the current class size formula in current law. Do class sizes generally reflect the formula?

Our instructional staffing recommendations are based on statistical analysis of staffing patterns in nearly 500 Alaska schools, and supported by a team of school experts. We do not consider this arbitrary.

See page 50. The citation provided in the text is AS 14.17.041. Class sizes generally reflect the formula cited. Revised class size factors reflect all schools, as shown in Appendices A and B and discussed in Chapter 2. The particular size categories are not critical as long as the formula produces a smooth curve (see discussion on pages 69-78).

Has the consultant visited schools to determine if districts with low ability to provide local funding are overfunded?

No site visits were conducted as part of this study. Factors cited in a statement accompanying the question—local income, property values, student progress/test scores and local authority to tax—were not considered because the report is limited to discussion of basic need. Basic need is determined by student counts and by adjustments for size and cost differentials. The report examined resources per student and found that districts with more than one school lumped into single funding communities were relatively underfunded. This finding does not imply that any district is overfunded in an absolute sense, and implies a shift of money from some districts to others only if the recommended "hold harmless" provisions are not adopted (see pages 36-40).

Does recommending the school as a basis for funding indicate a belief that dispersed schools can share staff and resources as efficiently as schools in proximity?

No. The instructional component reflects only staff associated with instruction. Costs of travel and other factors that make dispersed schools more expensive to operate are reflected in higher district operating costs, which are reflected in significantly higher cost differentials in many districts.

Is it the consultant's belief that 500-student elementary, middle and high schools should operate on equal amounts of money as a single 1,500-student k-12 school?

No, see page 59. Because districts are not required to spend money in the school that generates funding, an average funding level can be spread among schools as the district wishes. As long as the mix of students in various grade levels is similar in all districts, the grade level of a particular school does not bias the level of funding a district receives.

The methodology funds all schools of a given size at the same level (before size and cost adjustments). Although the example of a 1,500 student k-12 school (or even a 500 student k-12 school) is not realistic, the points made by the comment are important. One point is that a group of students broken into several schools will generate more funding than a combined school. Size factors are intended (in part) to offset costs of school administration, but they may favor smaller schools to the point that districts have incentive to artificially divide *existing* schools. As noted in the report (page 58), the Department of Education will need to define schools and monitor that definition.

The second point is that elementary and high schools typically differ in both class size and in teacher preparation time. The current formula specifies a unit (or class) size of 17 students in elementary schools and 13 in middle and high schools, but only when the student count is greater than 525. This split applies to few rural schools and has little, if any, impact on district funding when it does apply. Our brief review showed that the increased cost of more prep time in higher grades appears to be offset by larger class size in those grades. The topic is interesting, but was not addressed in detail because it involves multi-age classes and other local choices. Investigation of local instructional methods would have taken substantially more time than was available for research.

Is it the consultant's position that a 500-student k-12 rural school has the same costs as a 500-student urban 7-8 school?

No. Although the school is the basic unit of funding, a broader view is required to see the real picture of district funding. A k-12 school of 500 students has 38.5 students per grade, while the urban district in the example has 250 students per grade (6.5 times the rural size). The size formula produces an adjusted size of 564 students for the rural district and 3,489 students for the urban district (assuming three elementary schools of 583 students and a high school of 1,000 students, for a total of 3,250 students, 250 in each of 13 grades). The size adjustment gives an urban adjusted student count 6.2 times the rural adjusted count. The change from 6.2 to 6.5 is 5 percent, so the rural district receives 5 percent more money per student than the urban district.

A per-student calculation shows the difference with the rural school receiving more. If each adjusted student generates \$5,000, the urban district gets $\$5,000 \times 3,489$ students, or \$17.45 million, or \$5,369 per actual student. The rural district gets $\$5,000 \times 564$ students, or \$2.82 million, or \$5,640 per actual student. This is 5 percent more than the urban district. District level costs would further favor the rural district.