



Anchorage School District

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25th Alaska State Legislature Joint Legislative Education Funding Task Force

Dear Education Funding Taskforce members:

Thank you for the time you are spending to explore education funding in Alaska. The Anchorage School Board has not had an opportunity to review and vote on this written testimony, but these comments are based on discussion by the board's Legislative Committee and the Anchorage School District administration. We believe these comments are consistent with legislative priorities adopted unanimously by the board over the past several years.

These comments focus on short term changes that can be made to the current funding formula to enhance fairness and equity. A larger review of education funding is also needed, but that process is one that should be given a much longer timeframe in which to work. In the short term, there are things that can be done to make important improvements.

First, we want to repeat what has been said by others: *Changes that help rural and remote school districts are also good for Anchorage.* Alaska students move between districts. We want students moving into Anchorage to have a strong educational foundation just as students moving from Anchorage to other districts should have a strong educational foundation.

Second, *the creation of a fair formula is a separate question from the total amount of state dollars needed to fund that formula.* Added costs to provide equitable funding to other districts should not come at the expense of Anchorage students. At the same time, we recognize that spending may increase at a faster rate in other parts of Alaska. We do support an increase to the BSA every year that costs increase, as a way to acknowledge that all districts, including Anchorage, have annual cost increases.

Third, *with the \$1 billion set aside for education funding last session, the Legislature is in a good position to adopt forward funding for education.* This Legislature could adopt two years of education funding during the 2008 session. Subsequent Legislatures would only need to adopt

funding for one year, but they would be doing so 12 months in advance of the time districts need to adopt their own budgets instead of several months after those budgets are required. It is true that future Legislatures would not be legally bound by what prior Legislatures enacted, but as a practical matter changes would only be made if there was a large, unforeseen drop in state revenue.

The Foundation Formula

The current funding formula is complex in its entirety, but each individual element is fairly simple. Each element is discussed below, along with our position concerning changes.

Average Daily Membership AS 14.17.410(b)(1)(A).

The ADM calculation is fairly simple and works reasonably well for Anchorage. We do not believe there is a need to make any changes in this portion of the formula.

District Cost Factor AS14.17.410(b)(1)(B).

The district cost factor has long been a difficult issue. While the ISER study is not perfect, it is clear that the current cost factors in AS 14.17.460 are inadequate for most, if not all, rural school districts. These inadequate adjustments have caused major hardships throughout the state, and it is imperative that something be done to fix this problem. We believe that cost factors need to be written permanently into statute or regulation so that districts have a basis for long range planning. At the same time, cost differentials will inevitably change over time, and there needs to be periodic review and adjustment of the cost factors so they fairly reflect the most current cost of providing education in all districts. These cost factors should be reviewed every two years because the constant change in the cost of providing educational services will affect each community differently.

It is worth noting that in FY 99, the Anchorage School District had 36.20% of the statewide ADM and received 29.76% of statewide education funding. In FY 08, the Anchorage School District is projected to have a slightly higher percentage of the statewide ADM – 37.51% -- but receive a slightly lower percentage of total funding – 29.47%. This is understandable given the partial implementation of

ISER. We have no objection to this, provided ASD's funding is not cut to help pay for increased payments to other districts.

Special Needs: Special Education, Vocational, Bilingual, Gifted Factor **AS 14.17.410(b)(1)(C).**

The special needs factor provides an additional 20% of funding to cover the costs of special education for all but intensive needs students, gifted and talented education, vocational education, and bilingual education services. At least in the larger urban districts, the cost of providing these services exceeds the 20% factor. We have very little control over the costs incurred, especially for federally mandated programs like special education and bilingual education. The result is that dollars for regular classroom education are diverted to pay for these programs.

We suggest that the 20% figure be left in the formula, but that vocational education be removed and funded through a separate, additional funding scheme. For at least the next ten years, additional workforce development efforts are needed throughout Alaska to meet the state's growing need for a trained workforce. DEED could develop criteria for how this money could be used, and districts whose programs met those criteria could receive this money. This would ensure that the money was in fact spent on vocational and career training. At the same time, it would leave in place adequate funding for bilingual, gifted, and special education for all but intensive needs students.

Intensive Services, Correspondence **AS 14.17.410(b)(1)(D).**

This element adjusts the ADM for intensive services students and correspondence school students.

Each intensive services student is counted as 5 students under the ADM formula. In Anchorage, the average cost of services for these students is over \$71,600 per student -- a multiplier of slightly over 13. This figure does not include students whose program requires specialized equipment.

While some students' services cost less than \$71,600, there are also those with much greater costs. Because these students fall under the federal mandate for special education, local districts have no choice in the services provided, and have little or no choice over the cost of

those services. Equally troubling is that these students often enter a district after the count period. For a small district, services costing \$71,600 for a single unfunded student can cause severe hardship. Services for a student requiring a \$558,000 plan could be devastating to a district's budget. Again, any money over the state funding of \$26,900 per student comes out of the general education budget.

We believe that the multiplier needs to be increased to 13 times the BSA. Districts should be permitted to apply to a separate fund to cover exceptionally high cost intensive needs students and to provide an opportunity to request additional funding for intensive needs students in addition to those who move into the district after the count date. Exceptionally high cost programs tend to be those requiring 1-1 or 2-1 adults to be present to deliver the child's program throughout the school day. In addition are students whose programs require high-cost equipment for physical, health and communication needs of the student. DEED would need to adopt regulations for how applications for this money would be reviewed. (See Attachment)

The correspondence school factor treats each student as 80% of a full-time student. The formula presumes reduced costs for correspondence students. This presumption may or may not be correct, and even if correct, the cost may be more or less than the 80% level. In addition, there are two charter schools in Anchorage that offer a mixture of correspondence and classroom opportunities. These schools are funded the same as other correspondence schools despite the need to hire teachers and provide physical classroom space. We do not have a proposal for this element of the formula, but we believe it is something that should be reviewed as part of the long term study. (See Attachment)

Minimum Local Contribution

AS 14.17.410(b)(2).

This section defines the minimum local contribution. This amount is subtracted from the state funding for city and borough school districts. It is based on the total state assessed value of real and personal property in the school district. The state funding formula uses the state assessed property value to calculate the community's required local contribution towards the education of its students. Unfortunately, this is not always an accurate measure of a community's ability to pay. An increase in property values will not always translate into an increase in the ability to pay higher taxes.

New development will usually bring additional taxpayers and an additional ability to pay more in taxes. However, higher real and personal property values that come from general inflation do not translate into a greater ability to pay. If existing property increases in value by 5% without a corresponding increase in wages, the community does not have a greater ability to pay for its schools simply because of the increased property values.

As long as assessed valuation is used as the method for calculating local contribution, we believe the current calculation method should remain unchanged. Currently state funding is reduced by 4 mills of the 1999 assessed value and 2 mills for any increased value since that date. This system benefits most districts since most districts have seen increased assessed values over the last 8 years. Since the change to 2 mills, the Anchorage local tax contribution has increased \$66.6 million or 64.89%. It is important to note that in FY 99 the state provided 66.30% of Anchorage's general fund budget while local taxpayers provided 30.20%. In FY 08, the state's share will decline to 60.69% while the local tax payers will cover 36.46%. Local taxpayers are understandably concerned that they are expected to pay an increasing percentage of the cost of education which, under Alaska's constitution is a state responsibility.

For the handful of districts that have had stagnate or declining values, it is appropriate to fashion some other form of relief without increasing the burden on local taxpayers in Anchorage and other municipalities and boroughs throughout the state. It would be appropriate to reevaluate the local contribution concept in its entirety when there is an in depth, long range review of the total education funding scheme. Until then, there should be no change in how the local contribution is calculated.

Maximum Local Contribution

AS 14.17.410(c).

This section defines the maximum amount of local contribution. In the past, some legislators have expressed the view that all school districts should be paying the maximum amount allowed under this provision. This is a policy issue that should be addressed as part of the long term study. Should the local contribution be a decision by the local community within an acceptable range set by the legislature, or should all communities be required to pay their local maximum? Whatever policy decision is made, local districts should not be chastised if their communities decide to fund their schools at a

level within any discretion granted to them by the Legislature. It is also worth mentioning that every district in the state does contribute to the cost of education. Some do it through local taxes, some through the federal impact aid retained by the state, and some, like Anchorage, through both local taxes and federal impact aid. If federal impact aid retained by the state is included as part of the local contribution, Anchorage is actually contributing more than the state cap on local contribution.

Quality Schools Grants

AS 14.17.480.

Quality school funding grants are set in statute as a component of education funding. In Anchorage this money has been put to good use, targeting important academic achievement goals and allowing each school to put programs in place that are appropriate for their particular students' needs. Individual districts have been required to apply for this money and demonstrate that it is being used to improve student achievement.

Adequate funding has been integral to our success and is critical for our continued success.

School Improvement Grants

Funding received from the School Improvement Grants has been integral to our ability to provide and improve our education services. If the School Improvement Grant funding program is not continued at the same level as in FY 2007-2008, the Base Student Allocation will need to be increased \$120 to provide the equivalent amount of the current School Improvement Grant funds.

Transportation

AS 14.09.010.

Transportation funding is an essential part of the state's education funding system. In 2003, the Legislature decided that this amount should be arbitrarily set at an amount equivalent to the cost of providing transportation at that time. This change did not anticipate the rapid increase in fuel and tire costs after 2003. In addition, it coincidentally caught Anchorage at its peak enrollment – a time when Anchorage was most efficient in providing per-student transportation. As enrollment drops, that per-student efficiency will also drop. Finally, this provision provides no adjustment of the high cost of transporting special needs students, a federal mandate

beyond the control of local districts. If transportation funding is insufficient to cover the cost of transporting students, then again classroom dollars for regular education are diverted.

Charter Schools

AS 14.03.260.

Charter school funding should be looked at as part of the long term study. Charter schools can be very successful alternatives to traditional schools, but only if districts can find a building to house their students. Many rural districts receive grants to pay for the entire cost of a public school building. Other districts are eligible for 60% or 70% debt reimbursement to help pay for the facility cost. The most recent advice provided by Anchorage bond counsel is that charter school facilities cannot be bonded, so there is no existing provision in state law to help pay for these facilities. A portion of any lease payment goes towards paying for the landlord's capital investment. It may be appropriate to consider some sort of leased facility payment for charter schools as well as to cover other facilities that are leased from the private sector rather than publicly financed.

Debt Reimbursement

AS 14.11.100.

The debt reimbursement program is another vital part of education funding. This essential partnership is favored by voters and taxpayers and has allowed Anchorage to address important capital improvement needs. This program is working well and should be continued as it is.

School Innovation Fund

Acknowledging the need for innovation to continue moving our educational system forward toward meeting the needs of 21st century students, some of those testifying as well as some on the committee have mentioned the idea of a "school innovation fund" to which districts could apply for supplemental funding for projects if they met certain criteria (such as meeting the 70/30 requirement or having an approved waiver, meeting the various NCLB reporting requirements, etc.).

Such a fund could indeed be very helpful to districts and could assist them in meeting a wide range of student needs. An application process wherein districts would establish the need for the project based on data and set measurable goals could be followed by an end-

of-year evaluation showing progress toward achieving those goals which would provide the state specific accountability for use of those funds.

The world of education has become data rich and has revealed specific areas of need. That data now enables districts to target the needs of specific students and of specific groups of students, whether that group is the lower socio-economic group, the English language learners, the special education students, the gifted students, etc. Students at all levels of achievement deserve to be challenged, and a school innovation fund would allow for the targeting of funds to do just that.

A wide range of projects should be allowed, so long as the need is supported by data and the goals can be measurable. We would like to see opportunities to apply for summer school or other extended school year funding, additional professional development days for teachers outside the school year to avoid taking teachers out of their instructional day for training, and special projects targeting specific NCLB subgroups just to name a few possibilities.

Thank you again for the time you have spent reviewing the education funding scheme. We remain committed to providing whatever assistance we can as you work through these issues.



Tim Steele
President, Anchorage School Board



Jeff Friedman
Chair of the Legislative Committee,
Anchorage School Board



Carol Comeau
Superintendent
Anchorage School District

Attachment

Anchorage School District Cost for Students Claimed for Intensive Funding

Lowest cost for 258 students claimed for intensive funding with 1.0 FTE Teacher and 3.0 FTE Teacher Assistant for 8 students, no specialized nursing services, and no specialized assistive technology. Services are typically in a special class or special school. Additional cost for students of ASSDHH include interpreter services.

Position	Salary and Benefit Cost	Salary calculation	Cost per Student
1.0 S. E. Teacher	77,818	77818/8	9,727
3.0 Spec. Service TA's	55,903	3(55903)/8	20,964
Principal	110,677	110,677/300	368
Speech Therapist	59 per hr	59(1 hr)(36 wks)	2,124
Occupational Therapist	55 per hr	55(1 hr)(36 wks)	1,980
Physical Therapist	60 per hr	60(1 hr)(36 wks)	2,160
Extended School Year			3,808
Transportation			5,818
TOTAL			46,949
TOTAL ASSDHH	10,367	Interpreter	57,316

Median cost for 387 students claimed for intensive funding with 1.0 FTE Teacher for 8 students and 1.0 Teacher Assistant dedicated to address individual student's need, no specialized nursing services, no dedicated assistive technology. Services may be in a special class or in a general class with resource support.

Position	Salary and Benefit Cost	Salary calculation	Cost per Student
1.0 S. E. Teacher	77,818	77818/8	9,727
1.0 Spec. Service TA	55,903	1(55,903)	55,903
Principal	110,677	110,677/300	368
Speech Therapist	59 per hr	59(1 hr)(36 wks)	2,124
Occupational Therapist	55 per hr	55(1 hr)(36 wks)	1,980
Physical Therapist	60 per hr	60(1 hr)(36 wks)	2,160
Extended School Year			3,808
Transportation			5,818
TOTAL			81,888

Attachment

High cost for 17 students claimed for intensive funding with 1.0 FTE Teacher for 4 students (based on time to program/monitor required technology) and 1.0 Teacher Assistant dedicated to address individual student's program AT Specialist support, and AT equipment costs.

Position	Salary and Benefit Cost	Salary calculation	Cost per Student
1.0 S. E. Teacher	77,818	77818/4	19,454
1.0 Spec. Service TA	55,903	1(55,903)	55,903
Principal	110,677	110,677/300	368
Speech Therapist	59 per hr	59(1 hr)(36 wks)	2,124
Occupational Therapist	55 per hr	55(1 hr)(36 wks)	1,980
Physical Therapist	60 per hr	60(1 hr)(36 wks)	2,160
AT Specialist	60 per hr	60(1 hr)(36 wks)	2,160
Extended School Year			3,808
Transportation			5,818
AT Equipment			10,000
TOTAL			103,775

High cost for 17 students claimed for intensive funding with 1.0 Health Treatment Nurse, 1.0 FTE Teacher for 8 students, 3.0 FTE Teacher Assistant for 8 students, and dedicated to address individual student's need, no dedicated assistive technology. Services may be in a special class or in a general class with resource support.

Position	Salary and Benefit Cost	Salary calculation	Cost per Student
1.0 S. E. Teacher	77,818	77818/8	9,727
1.0 Health Treatment Nurse	71,903	1(71903)	71,903
3.0 Spec. Service TA's	55,903	3(55903)/8	20,964
Principal	110,677	110,677/300	368
Speech Therapist	59 per hr	59(1 hr)(36 wks)	2,124
Occupational Therapist	55 per hr	55(1 hr)(36 wks)	1,980
Physical Therapist	60 per hr	60(1 hr)(36 wks)	2,160
Extended School Year			3,808
Transportation			5,818
TOTAL			118,852

The cost of an individual student's program is dependent upon the number of staff positions required to deliver and support the student's program. The highest cost for a single student's program exceeds \$558,328.