

Part **II** Opportunities for School Consolidation and Recommendations

A. Introduction.

Part II of this report addresses opportunities for school consolidation. Part IIB provides a largely abstract overview of the various options for school consolidation. Part IIC addresses opportunities for consolidation of specific schools, school functions, and school districts.

B. School Consolidation Options – a Largely Abstract Overview.

Senator Wilken's previously referenced letter of November 6, 2003, identifies three specific options for consolidation of schools. Those are (1) consolidation of particular schools, (2) consolidation of school functions, and (3) consolidation of school districts. Each of those options is addressed below.

1. Option One – Consolidation of Particular Schools.

Senator Wilken indicated in his November 6 letter that consolidation of particular schools could occur as a result of a number of situations. He listed three specific areas. Those were: (a) *indirect circumstances*, (b) formal boundary changes, and (c) cooperative arrangements between districts. Each of those is addressed below.

(a) Indirect Circumstances that Might Lead to Consolidation of Particular Schools.

Senator Wilken used the construction of a new road linking two nearby communities as a hypothetical example of indirect circumstances that might lead to consolidation of particular schools. Senator Wilken noted that, "Since it is difficult to anticipate such indirect circumstances, there is no need to address them in the report to the Legislature."

The Commission and Department recognize the difficulty and futility in attempting to address indirect circumstances that might lead to school consolidation. However, information is provided below regarding one specific instance where an indirect circumstance might bring about consolidation of particular schools. The issue is addressed here simply because the specific instance in question provides details on a broad range of effects that school consolidation might bring about.

A proposal has been developed to construct a 29-mile road connecting the Nelson Island settlements of Nightmute, Toksook Bay, and Tununak. The following is an excerpt from the *Nelson Island Subregional Transportation Plan* addressing the potential for school consolidation if the 29-mile road is constructed:²⁴

²⁴ Kuskokwim Architects and Engineers, Inc., *Nelson Island Subregional Transportation Plan* (January 2003 ("Plan")), Section 7.6, pp. 1 – 2.

The road system connecting the Nelson Island communities would be well received by the local school district (Lower Kuskokwim School District).² In the event that the communities were connected by a road system, the school district would have the opportunity to build a centralized high school with a more effective distribution of students and teachers. Presently the teachers must allocate themselves amongst the student age population, which is not evenly distributed. Consolidation of the schools would dramatically reduce operating costs for the communities, allow for more diverse curriculums [sic], and increase student comprehension and educational level.

Reduction of operating costs would be observed because a road connecting the villages would allow the students to travel to a central location to attend school. This would eliminate the need for three separate school locations. Operation of one, rather than three facilities would reduce the operation and maintenance costs by a minimum of 50%. . . .

At the present time, the three study communities have a student education level that ranks well below that of Alaska overall. The results for the years 1999 to 2001 rank the study communities on average of 75% in the lower quartile of the standardized California Achievement Test, Version 5 testing.³ This means that 75% of the students tested ranked at the bottom of the scale. The state of Alaska, in comparison, ranks less than 25% of the students in this particular level. Many factors are responsible for the educational level of a student. One of the most significant reasons is the student teacher age distribution. The community teachers are responsible for teaching many levels of students instead of focusing on a particular age and intellectual level. Another problem faced is the limited educational curriculums [sic] that can be offered. If a teacher observes that a particular student has the capability to pursue advanced studies, he or she does not have the luxury of spending extra time with a particular student in the hopes of advancing their educational level. If the communities were combined and a central high school were established, those gifted students could unite and participate in more advanced curriculums [sic] such as those offered in other parts of Alaska and the rest of the United States. There exists in all communities at least one exceptional student that within the particular community he or she would not be offered the opportunity to excel. There exist numerous factors that these students must face and overcome everyday. It would be in the best

interest of the children of the Nelson Island communities to do all that is possible to give the students the opportunity that would otherwise be denied them.²⁵

(b) Formal Boundary Changes that Might Lead to Consolidation of Particular Schools.

Senator Wilken indicated in his November 6 letter that consolidation of particular schools might also occur through annexation or other formal boundary changes. One example where consolidation of particular schools could theoretically occur through a boundary change exists with regard to the southeast Alaska schools at Mosquito Lake and Klukwan.

Unlike the Nelson Island schools discussed above, the schools at Mosquito Lake and Klukwan are already linked by road. The two schools are roughly 8 miles apart. It is not the lack of transportation facilities that has impeded consolidation of those two schools, but rather a matter of school district jurisdictional boundaries.

The Commission and Department recognize that issues surrounding the prospect for consolidation of the Klukwan School and the Mosquito Lake School are complex. The head teacher at the Klukwan School expressed the view that, "Our legislators need to understand that there is more to consider than mere dollars when addressing our Alaskan children's education needs."²⁶

²⁵ In the *Plan*, footnotes 2 and 3 read as follows:

² Mr. Damon Thomas, Lower Kuskokwim School District 5434800

Ms. Beverly Williams, Director Academic Program, Lower Kuskokwim School District 5434800

³ www.eed.state.ak.us/DOE_Rolodex/schools?ReportcardDetails.cfm

²⁶ Personal communication (11/24/03), Cheryl Stickler, Head Teacher, Klukwan School.



Klukwan School operated by the Chatham REAA.

The Klukwan School is operated by the Chatham REAA, which has its central office in Angoon. Angoon is approximately 150 air miles south of Klukwan.²⁷ The Mosquito Lake School is operated by the Haines Borough, which is headquartered in nearby Haines.

That peculiar jurisdictional arrangement exists because the 892.2-acre (1.4 square mile) area encompassing Klukwan is excluded from the 2,357 square-mile Haines Borough.²⁸

The current school at Klukwan was constructed in 1985. It has the capacity to accommodate approximately 50 students. However, at one point in the 1980s the Klukwan School served about 55 students. To serve that number of students, storage rooms and offices were converted to classrooms.

Forty students are presently enrolled at the Klukwan School. Enrollment in the Klukwan School has increased significantly in recent years. In 1999, only 12 students attended school at Klukwan. At that time, the total population of Klukwan was 136. Three years later, enrollment at the Klukwan School

had increased to 41 (a 241.7 percent increase). The significant enrollment increase occurred despite the fact that the total population of Klukwan declined by 25 (a loss of 18.4 percent) during the same period.

It is noteworthy that most of the students that attend the Klukwan School live in the Haines Borough. Specifically, 29 of the 40 students currently enrolled in the Klukwan School (72.5 percent) reside within the Haines Borough.

²⁷ There is no road connecting Angoon and Klukwan. To travel to Klukwan from Angoon, it is necessary to fly to Haines or travel to Haines by ferry, then drive to Klukwan.

²⁸ Klukwan has been an enclave surrounded by the Haines Borough since the Haines Borough incorporated in 1968. Although former statutory borough boundaries standards (former AS 07.10.030(2)) required the exclusion of "all areas such as military reservations, glacier, icecaps, and uninhabited and unused lands unless such areas are necessary or desirable for integrated local government," current law (3 AAC 110.040(d)) creates a rebuttable presumption that a proposed borough with enclaves fails to meet applicable borough incorporation standards. Today, the Haines Borough is the only borough government in Alaska with enclaves. Appendix J provides a summary of the incorporation of the Haines Borough and the exclusion of Klukwan therefrom. It also allows the reader to understand that forming borough governments under the "local option" process may necessitate concessions that might not be required under the legislative review method.

Table 5

| Reasons Given That Haines Borough Students Are Attracted to the Klukwan School | Cited by Haines | Cited by Klukwan |
|---|-----------------|------------------|
| Klukwan class size is smaller and students receive individualized instruction | J | J |
| Tlingit language/culture program offered at Klukwan | J | J |
| Some students do not find success in larger school settings but thrive in a system that is small enough to meet their needs | | J |
| Klukwan relies on traditional values and mores, students have an opportunity to work in an environment that reinforces respect for elders, peers, and the environment | | J |
| Problems with bullying, harassment at Haines Elementary, especially at the 6-8 grade level | J | |
| Dissatisfaction with individual teachers | J | |
| Availability of free transportation – most parents would not transport their students to Klukwan at their own expense | J | |

Representatives of the Klukwan School and the Haines Borough School District cited a number of circumstances often given as reasons that the Klukwan School attracts students from Haines.²⁹ Those are listed in Table 5.

While enrollment at the Klukwan School increased significantly from 1999 to 2002, enrollment at the Mosquito Lake School declined from 17 to 11 students (a loss of 35.3 percent) during the same period. The school at Mosquito Lake was built in 1982. It was designed to accommodate up to 30 students. Given its small and declining enrollment, the Mosquito Lake School has often faced the prospect of closure during the past four years.

Historically, some students living in Klukwan, particularly those in high school, have elected to attend schools operated by the Haines Borough. According to Haines Borough School District officials, there are currently three students from Klukwan attending Haines Borough schools at the high school level. Klukwan students are attracted to the Haines Borough schools because of the variety of extracurricular activities offered.

Financial challenges in the Haines Borough School District are not limited to the Mosquito Lake School. Enrollment in all schools operated by the Haines Borough, including the Mosquito Lake School, declined from 425 students in 1999 to 331 in 2002 (a loss of 22.1 percent). A portion of the enrollment decline was likely attributable to a 4.6 percent drop in population during the same period. However, in relative terms, the enrollment decline was far greater (4.8 times) than the general population drop.

In February 2003, the Haines School Board voted to layoff six teachers and one principal to cope with declining financial resources. School Board members vowed to work to overcome the difficulties, in part, by halting the loss of students to the Klukwan School as reflected in the following article published in the February 13, 2003, edition of the *Chilkat Valley News*:

²⁹ Personal communication (11/24/03), Cheryl Stickler and Haines Borough School Principal Charlie Jones.

Six teachers and a principal will lose their jobs under a staffing plan approved by the Haines Borough School Board Tuesday. . . .

But it could have been worse. After three hours' discussion and an hour consulting with their lawyer, the board restored the job of [a] physical education and math teacher . . . shaving the district's fund balance by \$63,000 to do so. . . .

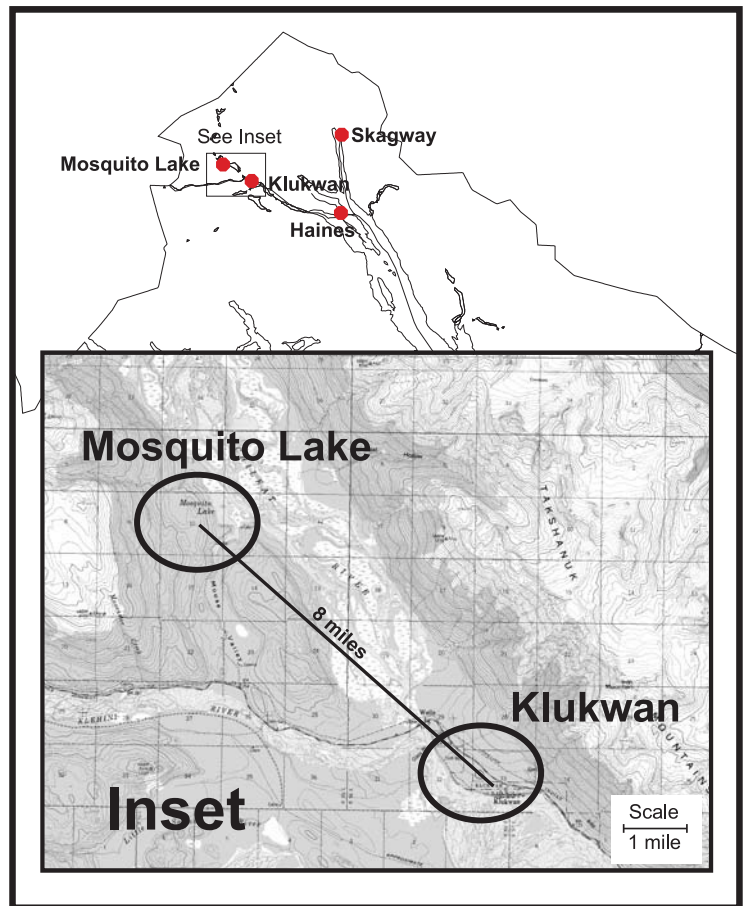
Members said they hope to restore further jobs by boosting enrollment, finding grants and convincing the Legislature to boost education funding. . . .

Board members reiterated their distaste of the layoffs and vowed to work hard to attack the budget shortfall in other ways.

Lobbying the Legislature, stemming loss of students to Klukwan, privatizing some janitorial work, and enhancing Mosquito Lake School as a magnet site are among the options being studied.

The Principal at the Haines Borough schools noted that the loss of students from Haines to Klukwan has adversely affected the finances of the Haines Borough School District. Specifically, he noted that the Haines Borough School District could have avoided the recent layoffs if the twenty-nine Haines Borough students enrolled at the Klukwan School would have attended school in the Haines district.³⁰

The Haines Borough School District Principal indicated that the administration and School Board have been working on solutions to address the matter. Those include: (1) staff development to address the bullying/harassment issue (resulting in establishment of a "zero tolerance" approach to the problem); (2) establishment of a "crossover program" using the Borough's special education teacher to assist those students who are having difficulties; (3) investigating and working to solve any teacher/methods difficulties that are identified; and (4) investigating the possibility of alternative programs and financing/grants to start them.



Location of Mosquito Lake and Klukwan schools.

If the Haines Borough annexed Klukwan, the Haines Borough would be responsible for the delivery of educational services to the community. The Borough would have the opportunity to consolidate the schools at Klukwan and Mosquito Lake. Consolidating the two schools would result in a student population that would exceed the design capacity at the Mosquito Lake School and would be at or just above the historical capacity of the Klukwan School.

³⁰ Personal communication (11/24/03), Charlie Jones, Principal, Haines Borough School District.

(c) Cooperative Arrangements between Districts that Might Lead to Consolidation of Particular Schools.

Senator Wilken noted a third circumstance in his November 6 letter under which particular schools might be consolidated. That circumstance is related to AS 14.14.110(a), which provides as follows:

When necessary to provide more efficient or more economical educational services, a district may cooperate or the [Department of Education and Early Development] may require a district to cooperate with other districts, state-operated schools, or the Bureau of Indian Affairs in providing educational or administrative services.

The preceding example of the prospect for consolidation of schools at Klukwan and Mosquito Lake also serves as an example where particular schools might be consolidated through cooperation between districts or through the imposition by the Department of a requirement to cooperate.

2. Option Two – Consolidation of School Functions.

Senator Wilken wrote in his letter of November 6, 2003, that:

A second option for ‘school consolidation’ involves the prospect for combining particular education-related duties and activities. Examples of such might include consolidation of professional services such as district management, accounting functions, grant writing, or fulfillment of reporting requirements for all districts in a particular region. Another example might be the opportunity for bulk purchases such as supplies or fuel for districts in a large region. While the . . . Commission might have contributions to make concerning this option, the Department . . . should take the lead with respect to the prospect of consolidation of school functions.

3. Option Three – Consolidation of Specific School Districts.

Senator Wilken wrote as follows with regard to this option for school consolidation:

In reviewing this option, emphasis should be placed on the prospect for consolidation of school districts with fewer than 250 students. As noted earlier, the review should be based on resident students, not correspondence students.

In its routine reporting activities, the Department . . . has, of course, already identified districts with fewer than 250 students. In addition to this list of districts, the Department . . . should determine whether consideration should be given to the prospect of consolidating any school district with 250 or more students. If so, the department should advise the . . . Commission.

The . . . Commission should address opportunities for consolidation of school districts with fewer than 250 students and any other districts identified by the Department Consideration should be given to the prospect of consolidation of school districts through borough incorporation; borough or REAA annexation; borough or REAA merger; borough consolidation; borough, city, or REAA dissolution; city reclassification¹ or any other means that may be appropriate. Consideration should also be given by your two agencies to possible legislative actions that would accomplish school consolidation.³¹

The options noted above are generally described below.

(a) Borough Incorporation.

Borough incorporation involves the creation of a regional municipal government. With regard to the effect of borough incorporation in terms of school consolidation, as was noted earlier, AS 29.35.160

³¹ In Senator Wilken’s letter, footnote 1 read:

¹The terms ‘REAA’ and ‘regional educational attendance area’ used in this letter include districts formed under AS 14.08.031 and ‘federal transfer REAAs’ formed under Chapter 66 SLA 1985.

provides that, “each borough constitutes a borough school district and establishes, maintains, and operates a system of public schools on an areawide basis.” In other words, each borough government constitutes a single school district that operates all schools within the boundaries of the borough. Within two years of incorporation, the new borough must integrate all city school districts and REAA school districts within its boundaries. (AS 29.05.130 – 29.05.140.)

A region may be incorporated as a borough government if it meets the standards established in law (Article X of the Constitution of the State of Alaska, AS 29.05.031, AS 29.05.100, 3 AAC 110.045 – 3 AAC 110.065, and 3 AAC 110.900 – 3 AAC 110.980).

Alaska’s Constitution calls for boroughs to embrace large, natural regions. To incorporate as a borough, a region must have an adequate economy, population, transportation, and communication facilities to support the proposed borough government. Moreover, the population of the region must be socially, culturally, and economically interrelated and integrated in a regional context. The proposed boundaries must embody the characteristics required of borough governments. Also, the borough incorporation proposal must serve the best interests of the state.

Alaska’s Constitution encourages the creation of borough governments in areas that meet the standards noted above. There are two general methods for the establishment of boroughs. One is through the local option method under AS 29.05.060 – 29.05.150. That method involves a borough incorporation petition initiated at the local level. Under the local option method, approval of both the Commission and local voters is required for the establishment of a borough.

The second method is the legislative review method under Article X, Section 12 of the Alaska Constitution. Under the legislative review method, a petition may be initiated by the State Legislature; the Commissioner of the Alaska Department of

Community and Economic Development; the staff to the Commission or a person designated by the Commission subject to 3 AAC 110.410(d); a political subdivision of the state; a regional educational attendance area; a coastal resource service area; or voters. Following review of the petition, the Commission may submit to the Legislature a recommendation for incorporation of the region. In accordance with Article X, Section 12 of the Constitution, if the Legislature does not reject the recommendation, it takes effect.

Because of substantial disincentives to form boroughs, the local option method has been generally ineffective.³² During 44 years of statehood, boroughs have been formed under the local option method in which only 4 percent of Alaskans live. In contrast, boroughs, in which 83 percent of Alaskans live, were formed under the legislative process over the course of a few months.

(b) Borough Annexation.

Borough annexation involves the expansion of the corporate boundaries of a borough government. Annexation results in the extension of borough services, regulation, voting privileges, and taxing authority to the annexed area.

Borough annexation may result in school consolidation by bringing additional city, REAA, FTREAA, or even borough school districts into a single areawide borough school district.

³² For details, see *The Need for Reform of State Laws Concerning Borough Incorporation and Annexation*, Local Boundary Commission, January 2001 (hereafter “Reform Report”) and *Unorganized Areas of Alaska that Meet Borough Incorporation Standards*, Local Boundary Commission, February 2003 (hereafter “2003 Unorganized Borough Report”).

Annexation is a constitutionally-established means of fulfilling the purpose of Article X, Section 1 of Alaska's Constitution, which is "to provide for maximum local self-government with a minimum of local government units, and to prevent duplication of tax-levying jurisdictions."

Alaska's Constitution (Article X, Section 12) and State statutes provide that corporate boundaries of boroughs (and cities) may be adjusted. Borough annexation allows a regional government to accommodate growth and adapt to changing jurisdictional needs and conditions.

Just as the Constitution encourages the formation of boroughs, the Constitution also promotes the expansion of existing organized boroughs within the constraints of constitutional, statutory, and regulatory standards.

The same two general methods described earlier for borough incorporation also exist for borough annexation. Again, those are the local option method and the legislative review method.

(c) City Reclassification.

City reclassification means to change the classification of a city. Currently, there are three classifications of city governments in Alaska: home-rule, first-class, and second-class.

Reclassification of any of the five home-rule cities in the unorganized borough or the thirteen first-class cities in the unorganized borough as second-class cities would result in school consolidation. As noted earlier, any home-rule or first-class city in the unorganized borough must operate a city school district, while the law expressly prohibits a second-class city in the unorganized borough from operating a school district. Thus, if a home-rule or first-class city in the unorganized borough reclassifies as a second-class city, the city school district is dissolved and responsibilities for education will be transferred to the REAA in which the city is located.

The same two general methods for city reclassification exist as described for borough incorporation and annexation. Again, those are the local option method and the legislative review method. A city may be reclassified if it meets the standards established in law (AS 29.04.040, AS 29.05.011, AS 29.05.021, AS 29.05.100, 3 AAC 110.340 – 3 AAC 110.370, and 3 AAC 110.090 – 3 AAC 110.150).

(d) City Dissolution.

City dissolution means the termination of the existence of a city government. As was the case with reclassification, dissolution of any of the five home-rule cities in the unorganized borough or thirteen first-class cities in the unorganized borough would result in school consolidation.

A city government may be dissolved if it meets the standards established in law (AS 29.06.470, AS 29.06.500, 3 AAC 110.280 – 3 AAC 110.300, and 3 AAC 110.900 – 3 AAC 110.980).

(e) Municipal Merger.

Merger means the dissolution of a municipality (city or borough) and its absorption by another existing municipality. Merger results in the rights, powers, duties, assets, and liabilities of the dissolved municipality (municipalities) being taken over by the municipality remaining in existence.

School districts may be combined under this process if two or more municipalities with education powers merge. Merger may occur through the local option process or the legislative review process described earlier.

(f) Municipal Consolidation.

Consolidation means the dissolution of two or more municipalities and incorporation of the area within the dissolved municipalities into a single new municipality. Consolidation results in the rights, powers, duties, assets, and liabilities of the dissolved municipalities being taken over by the new consolidated municipality.

School districts may be combined under this process if two or more municipalities with education powers consolidate. Consolidation may occur through the local option process or the legislative review process described earlier.

(g) REAA Boundary Changes.

There are no express provisions in law for REAA boundary changes, except that AS 14.08.031(a) provides that a community may vote “to merge with another community contiguous to it but within the boundaries or sub-boundaries of another regional corporation.”³³ Nonetheless, as noted earlier, the 1985 Legislature detached two areas from existing REAAs and established them as separate FTREAs.

Further, on July 1, 1997, the former Department of Community and Regional Affairs ordered the extension of the jurisdiction of the Aleutian Region REAA over the area formerly occupied by the Adak REAA. That order stated as follows:

Whereas, AS 14.08.031 requires the Department of Community and Regional Affairs, in consultation with the Department of Education and local communities, to divide the unorganized borough into educational service areas using the boundaries or sub-boundaries of the regional corporations established under the Alaska Native Claims Settlement Act; and

Whereas, the Adak [REAA] has been without pupils since 1994 as a result of the closure of the Adak Naval Air Station; and

³³ In its entirety, AS 14.08.031(a) states:

The Department of Community and Economic Development in consultation with the Department of Education and Early Development and local communities shall divide the unorganized borough into educational service areas using the boundaries or sub-boundaries of the regional corporations established under the Alaska Native Claims Settlement Act, unless by referendum a community votes to merge with another community contiguous to it but within the boundaries or sub-boundaries of another regional corporation.

Whereas, the Adak REAA was terminated on September 30, 1996 by order of the Alaska Superior Court; and

Whereas, upon consultation with the Commissioner of the Alaska Department of Education, I have determined that it is appropriate to include Adak within the boundaries of the Aleutian Region REAA; and

Whereas, a duly noticed public hearing was conducted by the Department of Community and Regional Affairs on June 30, 1997, and all objections expressed therein have been considered:

ORDER

I, Mike Irwin, hereby order that the jurisdiction of the Aleutian Region REAA is extended to include the area formerly occupied by the Adak REAA.

The action taken by the former Department of Community and Regional Affairs could be alternatively described as an REAA annexation or merger.

C. Opportunities for Consolidation of Specific Schools, School Functions, and School Districts.

1. Opportunities for Consolidation of Specific Schools.

(a) Opportunities for Consolidation of Specific Schools through Boundary Changes.

In his letter of November 6, Senator Wilken called upon the Department of Education and Early Development to “advise the . . . Commission of particular schools in Alaska that might lend themselves to consolidation through boundary changes.” The Senator stated that once the information is available, the “ . . . Commission should then address the prospects for accomplishing consolidation of those schools through boundary changes.”

The Department of Education and Early Development declined to advise the Local Boundary Commission of specific schools that might benefit from consolidation through boundary changes. Instead, the Department took the position that its role in this study effort would be limited to providing financial analysis of consolidation proposals only after the Commission or others have identified specific opportunities for school consolidation.

(b) Opportunities for Consolidation of Specific Schools through Voluntary or Directed Cooperation.

In his letter of November 6, Senator Wilken called upon the Department to identify opportunities for consolidation of particular schools through AS 14.14.110(a) which states, “When necessary to provide more efficient or more economical educational services, a district may cooperate or the [Department] may require a district to cooperate with other districts, state-operated schools, or the Bureau of Indian Affairs in providing educational or administrative services.” Of course, if the Commission has views on the topic, those views should also be considered.

The Department did not identify specific opportunities for consolidation of particular schools through AS 14.14.110(a)(2).

2. Opportunities for Consolidation of Specific School Functions.

In his letter of November 6, Senator Wilken called upon the Department to take the lead with respect to addressing the prospect for consolidation of school functions. He offered examples such as district management, accounting functions, grant writing, or fulfillment of reporting requirements for all districts in a particular region. Other examples offered by the Senator included the opportunity for bulk purchases such as supplies or fuel for districts in a large region.

The Department did not name any particular school functions such as district management or fulfillment of reporting requirements that might be consolidated among districts.

3. Opportunities for Consolidation of Specific School Districts.

This portion of the report addresses opportunities for consolidation of specific school districts. The legislative directive calls on the Commission and Department to place “emphasis on school districts with fewer than 250 students, through borough incorporation, borough annexation, and other boundary changes.” This portion of the report begins with a review of how borough incorporation and annexation would bring about consolidation of schools.

(a) Borough Incorporation.

Alaska’s first statutes regarding borough government, enacted under the Borough Act of 1961, established a single unorganized borough comprised of all of Alaska not within organized boroughs.³⁴ Since there were no organized boroughs at that time, the entire state was initially configured as a single unorganized borough.

Alaska is a huge state with tremendous diversity in terms of social, cultural, economic, transportation, geographic, and other relevant characteristics. Thus, creating a single residual unorganized borough disregarded the constitutional requirement that each borough must embrace an area of common interests.

³⁴ Ch. 146, SLA 1961.