



The Honorable Senator Joe Thomas
The Honorable Senator Kevin Meyer
Co-Chairs of Education Committee
State Capitol Building
Juneau, Alaska

March 28, 2012

Dear Senator Thomas and Senator Meyer,

During AASB's Spring Legislative Fly-in, local school board members testified eloquently about what their districts require in state support to continue providing a quality education to Alaska's public school students. I am writing this letter to summarize what many of them told the House Finance Committee and individual legislators this week.

The elected leaders who are most familiar with the operations of our 510 public schools statewide believe that they can best address the following budgetary challenges at home if the Legislature and Governor agree on a plan for K-12 education funding:

Personnel

School board members testified that salaries and benefits for their employees make up the largest part of their budgets, ranging from 76 percent in Wrangell to 87 percent in Fairbanks and Anchorage. Even with a modest increase (\$125) to the Base Student Allocation, the seven largest districts are projecting the need to reduce their staffs by more than 200 positions next fall. Districts have negotiated in good faith with their employees and settled contracts at or below increases in the CPI. Just as in the private sector, school districts and employees are agreeing to share the cost of future increases in health insurance.

Energy

Alaskans statewide are experiencing the shock of fuel cost spikes, and school districts are no different. The smaller and more rural districts are suffering the biggest impacts, with Wrangell budgeting for a fuel bill that is 21 percent higher in the fall and Bristol Bay School District expecting a 12.8 percent increase in fuel costs. Mat-Su and Fairbanks are predicting costs will go up at least 7 percent in each district.

Transportation

A related budgetary concern for the largest school districts is the cost of transporting students from home to school and back. In particular, Mat-Su and Anchorage are devoting increasingly larger shares of their general fund budgets to transportation costs. A fix to the transportation formula envisioned in Senate Bill 182 would help many of our larger districts on the road system to devote instructional dollars to the classroom, instead of the bus system.

Health Insurance

Kodiak testified that its budget for health insurance has ballooned 110 percent since FY 2009. Anchorage is anticipating a 17.3 percent increase next year alone in premium payments on behalf of employees. Cordova and Wrangell employees now have a co-pay of approximately \$200 a month each for health benefits.

These very real cost increases underscore the need for the Legislature and Governor to agree to a K-12 funding plan for FY 13 and beyond. We recognize these are reoccurring costs that require reoccurring revenue. An increase in the Base Student Allocation would be the most appropriate way to address them.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl Rose".

Carl Rose
Executive Director

CC: The Honorable Senator Davis
The Honorable Senator French
The Honorable Senator Stevens