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March 30, 2016

Senate Finance Committee
State Senate
Alaska State Capitol
Juneau, AK 99801-1182

Honorable Senate Finance Committee Co-Chairs MacKinnon and Kelly,

I need your help. There are many matters under consideration in the legislature that will have a significant impact on educational programs in our state. Considering these matters in combination with the current economic climate, I urge you to use your influence and your vote in continuing to invest in Alaska's future, namely our children and the public education system, by opposing Senate Bills 207 and 209, respectively.

The Cordova School District (CSD) is well into our budget development process for the FY17 School Year. Like many districts, we have implemented strategies to balance the school budget while maintaining the essential elements of a quality education. Further, in response to the economic environment of the last few years, CSD has done its due diligence in forecasting both expenses and anticipated revenues in order to meet the changing needs of our students. While even deeper statewide cuts appear imminent in the coming years absent a solid state fiscal plan, the options being discussed at the legislative level for expense reduction will have a significant impact on our students and the delivery of our educational program. The current situation is worsened by the fact that school districts are limited in their ability to generate revenue to compensate for funding reductions, assumptions of redirected costs, and expense increases outside our control.

In particular, I am concerned that the proposed legislation (SB 207 and 209) will have significant impact on our future budgets as represented in the tables below.

Cordova School District				
TRS - Senate Bill 207				
FY17 Estimated Salaries Subject to TRS:				\$ 1,963,727
Currently Paying 12.56% Employer Contribution:				\$ 246,644
Current Employer Contribution Rate for TRS:				12.56%
FY	Increase	Total Contribution %	Additional Amount	Total TRS Contribution
FY17	7.56%	20.12%	\$ 148,458	\$ 395,102
FY18	8.56%	21.12%	\$ 171,457	\$ 418,101
FY19	9.56%	22.12%	\$ 195,242	\$ 441,886
FY20	10.56%	23.12%	\$ 219,812	\$ 466,456
Total Additional Amount			\$ 734,968	\$ 1,721,545

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Cordova School District				
PERS - Senate Bill 209				
FY17 Estimated Salaries Subject to PERS:				\$ 881,921
Currently Paying 22% Employer Contribution:				\$ 194,023
Current Employer Contribution Rate for PERS:				22%
FY	Increase	Total Contribution %	Additional Amount	Total TRS Contribution
FY17	2.50%	24.50%	\$ 22,048	\$ 216,071
FY18	3.50%	25.50%	\$ 31,485	\$ 225,507
FY19	4.50%	26.50%	\$ 40,480	\$ 234,503
Total Additional Amount			\$ 94,013	\$ 676,081

I understand and appreciate that the legislature is considering a number of ways to address Alaska's current economic situation; of equal importance is having the foresight to plan for a healthy future, as well. As part of your considerations, the following legislative actions would provide a sense of hope to local districts as we look toward the future:

- Developing a sound state fiscal plan that addresses costs and cultivates new revenue streams
- Implementing meaningful retirement frameworks that will maintain or reduce the unsustainable required contributions from local school districts
- Providing relief from burdensome state mandates that add to school district costs
- Adjusting the basic education foundation formulas to account for growing costs outside school districts' control
- Opposing efforts that will further erode a district's authority to maintain local control of programs and operations
- Investing in the one resource we know that does not ebb and flow with the times: Alaska's children

In closing, please consider that shifting or redirecting the State's basic education funding and associated employer costs will likely cause school districts to significantly reduce programs or increase the burden on local communities. I understand that it is important for the community to do its part by focusing on essential programs and looking for other revenue sources, which CSD is actively engaging.

Cordova School District has done our part historically by meeting high levels of academic performance and achievement, including graduation rates, both locally and at a state level. Please show your commitment to education by working diligently to see that the State meets its obligations to public education.

Thank you for your continued service and support of Alaska's children and communities.

Sincerely,

Alex Russin, Superintendent