

For the record, my name is Amy Lujan, Executive Director for the AK Association of School Business Officials, known as ALASBO.

In my testimony regarding SB96 today, I'd like to focus on Section 11 of the bill, which aims to drive districts toward using schools at greater capacity. Where schools operating below 80% capacity are located within 25 miles of each other, districts would lose foundation funding if they continue to operate these schools as they currently do. The reduction in funding would start next fiscal year, FY18. Please note that FY18 begins on July 1, 2017, four months from next weekend.

I'd like to know where the 80% and 25 mile figures came from. Also, I'd like to know if anyone thinks a decision to close and consolidate schools could be made in four months. In my experience, these public decision-making processes are quite painful.

Putting those issues aside, I took a look at how Section 11 of the bill would actually be implemented in the districts I'm most familiar with. In Nome, where I worked for seven years, there are two school facilities, both operating below the calculated 80% capacity. The two schools are about 4.5 miles apart.

If Nome School District were to move a group of students from one school building to the other, problem solved! As long as one of the two schools was no longer below the calculated 80% capacity, **the district would not lose foundation funding.**

But what would be achieved here?

- First, students would no longer be in the best environment to address their education needs
- Second, the facilities at the school receiving new students would probably have to be modified for the incoming students, at some expense to the district
- Finally, there would be NO COST SAVINGS at either the local or state level

So why would Nome School District even consider doing this? Well, they might do it to retain \$1.5 million per year in foundation funding by year 4 of implementation of this bill.

From a quick look at the fiscal note and school capacity listing, I believe that there are several school districts, in addition to Nome, where the above scenario would apply.

We can call this scenario a flaw in the bill, and such a flaw points to the need to take more time to more carefully review this bill. What are the objectives, and is the proposed mechanism the best way to achieve these objectives?

Thank you for your time.

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