



OFFICE OF THE SUPERINTENDENT

Dr. Deena M. Paramo

Mission: Mat-Su Borough School District prepares students for success

February 19, 2013

The Honorable Lynn Gattis
Alaska House of Representatives

RE: Support for House Bill 120, An Act Adjusting Pupil Transportation

Dear Representative Gattis,

I am writing on behalf of the Matanuska-Susitna Borough School District's support for House Bill 120, an act adjusting pupil transportation funding. Last session, Senate Bill 182 addressed pupil transportation funding for fiscal years 2013-2015. However, the year-to-year increases established within this measure were based upon a standardized increase of 1.5% for both fiscal years 2014 and 2015. To our knowledge, there are no current transportation contracts within the State of Alaska that are limited to only a 1.5% increase in their cost escalation language.

In actuality, the vast majority of contracts around the State refer to the annual percent increase in the Anchorage Consumer Price Index for All Urban Consumers (Anchorage CPI-U) as determined by the United States Department of Labor, Bureau of Labor Statistics. As the table below outlines, the average Anchorage CPI-U increase from 2007-2011 is 2.6%, with an estimated increase of 2.5% for 2012. The percentage difference between the amount of money MSBSD is slated to receive through SB 182, and the annual cost escalation depicted below creates a funding shortfall with regard to transportation.

Table with 6 columns: Year (2007-2012), Annual Percent Change. Values: 2.9%, 4.5%, 1.1%, 1.0%, 3.6%, 2.5% (estimated). Includes a bracketed average of 2.6% for years 2007-2011.

This funding shortfall reduces the amount of instructional dollars that can be spent in the classroom. Using current language from SB 182, MSBSD is preparing to subsidize transportation operations from its General Fund by approximately \$1.5 Million in Fiscal Year 2014. This, in turn, will impact MSBSD's ability to fund instructional programs and pay for teachers. In fact, a \$1.5 Million shortfall is the equivalent of 15 teaching positions that would need to be reduced from our general operating budget. While House Bill 120 will not erase the shortfall in its entirety, it will serve to reduce the deficit by approximately \$500,000.

On behalf of the Mat-Su Borough School District, I thank you for scheduling HB 120, and for your overall commitment to education. Please contact me if you have any questions or would like additional information.

Sincerely,
[Signature]
Dr. Deena M. Paramo

1 http://www.bls.gov/ro9/cpianch.htm