



LOWER YUKON SCHOOL DISTRICT

P.O. Box 32089 • Mountain Village, Alaska 99632

Phone: (907) 591-2411 Fax: (907) 591-2449

www.lysd.org

George Smith
Chairman

Gene Stone
Chief School Administrator

4/24/23

Senate Education Committee

Senator Tobin, Chair

Dear Education Committee,

My name is Andrew Leavitt and I am the Chief Business Officer for the Lower Yukon School District. The Lower Yukon School District is located in Western Alaska along the Yukon Delta, and operates ten K-12 village schools, a 4-8th grade charter school in Hooper Bay, a K-3 Yupik immersion school in Hooper Bay, and the Kusilvak Career Academy in Anchorage. The Lower Yukon School District is organized as a Regional Education Attendance Area (REAA). As an REAA, we do not have taxing authority and are completely dependent on state and federal aid.

The Lower Yukon School District is seeking your support of SB 52. SB 52 will add \$1,000 to the base student allocation (BSA). For fiscal year 2017, the BSA was \$5,930. Seven years later in 2023, it remains the same. While the BSA stays flat, our costs are rising every year-

Type	FY17	FY23	Change	% Change
Electricity	\$ 1,600,000	\$ 2,100,000	\$ 500,000	31%
Heating oil	\$ 1,100,000	\$ 2,450,000	\$ 1,350,000	123%
Property Insurance	\$ 484,000	\$ 872,000	\$ 388,000	80%
General Liability Insurance	\$ 165,000	\$ 511,000	\$ 346,000	210%
School Nutrition Program Subsidy from General Fund	\$ 980,000	\$ 1,500,000	\$ 520,000	53%
Teacher Headcount	150	137	(13)	-9%
OASIS Count	1993	1923	(70)	-4%

CHILDREN FIRST

Alakanuk Emmonak Hooper Bay Kotlik Marshall Mt. Village Pilot Station Russian Mission Scammon Bay Sheldon Point

With rising costs and flat revenue, the only way for our school district to balance the budget is to eliminate positions. The Legislature has attempted to fill the funding gap by providing one-time funding each year, but this is a very poor method of doing business because there is no stability and no guarantee when looking at budgets for the upcoming year. School districts across the country generally start issuing teacher contracts in March, but in Alaska with our patchwork funding plan, we won't know if one-time funding will be approved until June. As a result of this delay, we are creating a self-inflicted disadvantage in hiring and retaining the most qualified teachers. It would help every school district in the state with financial planning and budgeting if the Legislature increased the BSA and moved away from one-time funding.

The Lower Yukon School District carefully manages its budget and spending, but unlike borough school districts with a tax base, we are unable to tax and bond. When the Lower Yukon School District has a major facilities issue, we have to pay for it upfront and complete the construction with our own money, and then ask the state for reimbursement via the annual CIP (construction) application. Not all applications are funded, and requests can take years to be reimbursed, if ever. The Lower Yukon School District recently completed an emergency fuel tank farm pad repair in Marshall for \$1.8 million, and we are working on an emergency fuel tank farm pad repair in Hooper Bay for \$5 million. As our fund balance depletes, it becomes less likely that the school district will take advance action to mitigate the problems before they get worse.

The Lower Yukon School District has been a benefactor of the federal COVID funding allocations, but this does not help the rising costs in the general fund. We cannot use COVID money for general salaries, electricity, heating oil, property insurance, liability insurance, etc. COVID funding is supplemental money that is to be used for a specific purpose. The Lower Yukon School District has an unspent COVID funding balance of \$12,632,000 as of 3/31/2023 (ESSER II and ESSER III). Most of this unspent balance is encumbered by a construction project that will take place over the summer to upgrade and install COVID air handlers in all of our school sites to improve indoor air quality.

While the BSA has not increased for the last seven years, the Legislature has increased the burden on school districts to implement new mandates with no additional funding. The Lower Yukon School District has been implementing the Alaska Reads Act that was passed during the previous legislative session. To meet the requirements of the Alaska Reads Act, the Lower Yukon School District will need to purchase new curriculum that will cost \$600,000. As this is a general, mandatory state education requirement, we are not able to use federal funding

sources, such as Title 1-A, that require supplemental purchases above and beyond the general requirements. The cost of implementing the Alaska Reads Act will put more pressure on the general fund in addition to the rising costs we see for everything else.

The Lower Yukon School District respectfully requests the advancement of SB 52. This will allow school districts to maintain the teacher headcount and address the rising costs in the general fund, as well as improve the budgeting process by moving away from the chaotic one-time funding allocation.