

HB

738

KODIAK ISLAND BOROUGH SCHOOL DISTRICT
POST OFFICE BOX 886
KODIAK, ALASKA 99615
(TELEPHONE: (907) 486-3131)

HB?

January 11, 1977

The Honorable Merle G. Snider
Alaska State House of Representatives
Pouch "V" State Capitol Building
Juneau, Alaska 99811

RE: FOUNDATION FORMULA

Dear Representative Snider:

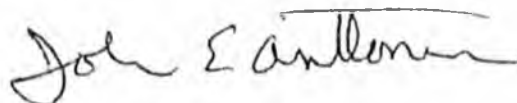
As discussed with you earlier, the School Board and Administration of this district would like to ask you to consider introduction of legislation which would result in a revised Area Differential for Kodiak under the School Foundation Program (Sec. 14.17.051).

After analyzing the CNER Study upon which the 1977 law was based, we conclude that the isolation factor for Kodiak should be 20% rather than 12%.

We are enclosing the draft of that analysis with supportive data. Please contact me if there is further information you need.

We appreciate your assistance and support.

Respectfully,



Dr. John E. Anttonen
Superintendent

/ls

enc.

P.O. BOX 886
KODIAK, ALASKA 99615
TELEPHONE: (907) 486-3131

MEMO TO: John Anttonen, Superintendent DATE: December 5, 1977

FROM: Marolyn Pedersen, Admin. Assistant

Marolyn

SUBJECT: Draft Analysis of Area Differentials

Attached is a Draft Analysis of the Area Differential picture for this District and the results of our review of the CNER Study upon which our present Differential is based.

The review of the Study reinforced what we have concluded from our earlier conversations, that this District receives an isolation factor based upon the City of Kodiak, not taking into account the complexity of operating a District which is spread out all over the Island with seven of our villages inaccessible except by air.

It also gets 5% less than those Districts who are connected by road and railroad by virtue of the fact that the ferry stops here. That has no beneficial effect upon our costs.

ANALYSIS
OF
THE
FOUNDATION PROGRAM - INSTRUCTIONAL UNIT ALLOTMENT
AREA DIFFERENTIAL

From 1975 through 1977 the Kodiak Island Borough School District received an Area Differential of 7.5%. Then mid-year in 1976-77 the District received an additional 5% for loss of ferry service for an unusual length of time which put our Area Differential at 12.5%.

Then, the 1977 Legislature passed into law a change for most of the School Districts in the State and Kodiak was adjusted to 12.0%.

The law, as passed, reflects closely the Governor's recommendations which he states in his letter to the Senate dated March 3, 1977 are "based on the School Finance Study initiated by last year's legislature."

The Study was contracted to the Center for Northern Educational Research, and a thorough review of that study and its conclusions produces some notes of interest.

In a letter dated February 9, 1977, E. Dean Coon, Assistant Director of CNER which accompanied the final Alaska Interregional Cost Differentials report, he cautions "Use of the composite index to adjust the Instructional unit allotments at this time should be undertaken with caution and viewed as a temporary expedient, rather than a solution to the problem of devising an index which reflects regional cost of education differences."

Our review of the Study and some current cost research causes us to suggest a legislative change in the amount of the Instructional Unit Allotment (Sec. 14.17.051) for the Kodiak Island Borough School District.

RATIONALE

1. There is included in the CNER Study Total Consumption Index, as there was in the former allotment, an additional 5% for schools whose headquarters are more than 5 miles from railroad, highway, or ferry connection to Anchorage, Fairbanks, or Ketchikan. Our connection to Anchorage by ferry has no beneficial impact on our "costs of education". None of our goods come to us via the ferry system. The only time we ever use the ferry is for an occasional athletic trip once or twice a year. Most of our goods arrive by surface transportation via Sealand from Seattle and the remainder by air freight from Anchorage.
2. Unlike any other Borough School District, Kodiak has seven rural school sites which are accessible only by air or an occasional boat or barge which we are able to charter. The Kodiak District is authorized to compute instructional units for each rural school as if it were a separate entity and this does equalize the costs of operating full programs for very small numbers of students. It does not, however, compensate for the isolation factor of this very significant portion of our school district.

The Total Consumption Index was based upon the isolation factors for the town of Kodiak. It did not consider the added program costs of mailing and shipping all goods from Kodiak on to the village sites, nor the travel costs for personnel, nor the extensive added maintenance and operation costs inherent in these rural schools.

3. The Study used comparative data collected in 1975-76. One result is that we receive the same 12% area differential as Fairbanks does.

The Study used extensive per pupil cost data over the past several years. Because our local appropriation is proportionately low, the net result is a double penalty: (1) this factor gave a negative bias to the analysis, and (2) also affects our tuition rate which was also a component of any per pupil cost data.

The footnotes to the Total Consumption Index indicate that "not enough price information was available to compute an index for Election District 12 (referring to the 1965 election district which was half of the Aleutian Peninsula and the Chain). A portion of our Island lies in the same Election District as part of the Aleutian Peninsula. King Cove and Unalaska receive a 50% differential. Dillingham, Southwest Region, Lake Peninsula and Bristol Bay receive 155%.

CONCLUSION

There is sufficient data to support a reexamination of the Area Differential received by the Kodiak Island Borough School District as its Unit Allotment.

The Total Consumption Index, while a better measure of interregional cost differences than that which existed before, it does not correctly reflect the factors this District encounters as costs for delivery of educational services throughout the District.

NOTES

Attachments to this paper include:

1. A listing of all school districts and the Area Differentials received as of July 1, 1977.
2. TABLE I taken from the CNER Study which shows the old Area Differentials by (old) Election District and the proposed Total Consumption Index.
3. December, 1977 cost comparisons between the City of Kodiak and five other Alaskan communities as well as the July, 1977 Market Basket survey for several Alaskan communities.

INSTRUCTIONAL UNIT ALLOTMENT

Gateway Borough School District	100%
City & Borough of Juneau School District	100%
Anchorage School District	100%
Annette Island School District	104%
Southeast School District	104%
Petersburg City School District	104%
Wrangell City School District	104%
Sitka Borough School District	104%
Matanuska-Susitna Borough School District	104%
Craig City School District	108%
Hydaburg City School District	108%
Klawock City School District	108%
Kake City School District	108%
Chatham School District	108%
Skagway City School District	108%
Kenai Peninsula Borough School District	108%
Pelican City School District	112%
Kodiak Island Borough School District	112%
Hoonah City School District	112%
North Star Borough School District	112%
Copper River School District	115%
Cordova City School District	115%
Valdez City School District	115%
Haines Borough School District	115%
Nenana City School District	120%
Delta School District	120%
Alaska Gateway School District	120%
Upper Railbelt Regional School District	120%
Yakutat City School District	120%
Chugach School District	120%
Adak Regional School District	140%
Pribilof Islands School District	150%
Aleutian Chain School District	150%
King Cove School District	150%
Unalaska City School District	150%

Yukon Flats School District	155%
Dillingham City School District	155%
Bristol Bay Borough School District	155%
Southwest Regional School District	155%
Lake Peninsula School District	155%
Lower Kuskokwim School District	155%
Galena City School District	155%
Kuspuk School District	155%
Yukon-Koyukuk School District	155%
Northwest Arctic School District	155%
Selawik City School District	155%
Nome City School District	155%
Bering Straits School District	155%
Iditarod Area School District	155%
North Slope Borough School District	155%
Lower Yukon School District	155%
St. Mary's City School District	155%

TABLE 1: A COMPARISON OF THE ALASKA DEPARTMENT OF EDUCATION'S
INSTRUCTIONAL UNIT ALLOTMENT TO A COMPOSITE TOTAL
CONSUMPTION INDEX BY ELECTION DISTRICT
(Anchorage = 100)

Notes to Table 1

1. This index reflects consumption of food, housing, transportation, clothing, medical and personal care. It was derived in 2.5 percent increments from the average Composite Total Consumption Index for schools shown in Table 2. If adopted, the numbers would be used in the same way as the current Foundation Program regional indices: that is, for schools whose headquarters are more than 5 miles from railroad, highway, or ferry connection to Anchorage, Fairbanks, or Ketchikan, the index is multiplied by an additional 5 percent factor to determine the final allotment. The index should not be regarded as more accurate than ± 5 percent.
2. Juneau shows prices approximately 5 percent below those of Ketchikan, to the south. This is caused by lower food prices in July, 1976, which may be a statistical aberration. The index for Juneau is probably closer to 100.0.
3. Yakutat has a significantly higher cost-of-living than the rest of Election District 5, probably due to its greater isolation. It was therefore reported separately.
4. Seward is part of the Kenai-Cook Inlet Borough Schools, but has a slightly higher cost of living, comparable to Kodiak.
5. Not enough price information was available to compute an index for Election District 12. However, except for transportation, costs are similar to or below those for Dillingham. The number in brackets is that for Dillingham.
6. Election District 15 shows a wide variation in costs. McGrath is unusually high, while Nenana and Tanana are much lower. The number chosen reflects our best guess of the probable District average.
7. Nenana and the Upper Railbelt REAA are located on the Parks Highway, and have probable costs of living slightly higher than Fairbanks but much lower than Election District 15 as a whole.
8. The Nome-Kotzebue area seems to be characterized by costs of living somewhat below some of the rural areas to the south and east. A good case could be made for increasing the allotment for Northwest Arctic, since the costs were computed for the regional center.
8. Index reflects costs of living at the regions' main towns, which may bias the index downward for the District as a whole.

TABLE 1: A COMPARISON OF THE ALASKA DEPARTMENT OF EDUCATION'S
INSTRUCTIONAL UNIT ALLOTMENT TO A COMPOSITE TOTAL
CONSUMPTION INDEX BY ELECTION DISTRICT
(Anchorage = 100)

Election District (Districts or REAA Affected)	Current Instructional Unit Allotment (Without isolation factor or minimum percentage)	A Total Consumption Index Adjusted to Election Districts
(Craig, Hydaburg, Ketchikan, Klawock, Chatham, Annette Island)	100.00	100.0
(Kake, Petersburg, Wrangell)	103.75	105.0
(Sitka)	103.75	105.0
(Juneau, Southeast Islands) ²	100.00	95.0
(Haines, Hoonah, Pelican, Skagway)	107.50	107.5
(Yakutat) ³	107.50	115.0
(Cordova, Valdez, Copper River, Chugach)	115.00	112.0
(Matanuska-Susitna)	103.75	102.5
(Anchorage)	100.00	100.0
(Seward) ⁴	107.50	(112.5)
(Kenai)	107.50	110.0
(Kodiak)	107.50	112.5
(King Cove, Unalaska, Aleutian Chain, Pribilof Islands, Adak) ⁵	126.25	(152.5)
(Bristol Bay, Dillingham, Southwest Region, Lake and Peninsula)	126.25	(152.5)
(Lower Kuskokwim)	130.00	160.0
(Galena, Kuspuk, Iditarod Area, Yukon- Koyukuk) ⁶	133.75	160.0
(Nenana, Upper Railbelt) ⁷	133.75	115.0
(Fairbanks, Delta/Greely, Alaska Gateway)	111.25	112.5
(Yukon Flats)	133.75	137.5
(Nome, Northwest Arctic) ⁸	133.75	155.0
(North Slope) ⁹	133.75	160.0
(Bering Straits) ⁹	126.25	155.0
(Lower Yukon)	130.00	160.0

THE COST OF FOOD IN ALASKA — JUNE 1977

(Average retail prices of 45 items in 13 Alaska cities — compiled by the
Economics Department, Alaska Agricultural Experiment Station and the U.S. Department of Agriculture)

Food Item	Unit	8%												
		0% Ketchikan	4% Petersburg	4% Sitka	0% Juneau	8% Seward	12% Kodiak	Local Nulatoona	15% Yakutat	0% Anchorage	4% Palmer	12% Fairbanks	55% Bethel	55% Nome
Flour	10 lb.	2.53	2.53	2.16	2.04	2.82	2.47	2.56	2.74	2.15	2.45	2.62	3.71	3.75
Ice	28 oz.	1.66	1.61	.89	1.80	2.02	1.98	1.91	.97	1.79	1.87	1.89	2.71	2.28
Corn Flakes	18 oz.	.99	.98	.94	.98	1.07	1.03	.99	1.09	.91	.98	1.09	1.43	1.47
Bread, white	1 1/2 lb.	.76	.79	.86	.72	1.20	.84	1.20	1.04	.96	.96	.91	1.49	1.47
Round steak	1 lb.	2.02	2.39	2.13	2.50	2.14	1.94	2.11	2.61	1.49	2.05	2.61	3.44	2.96
Chuck roast	1 lb.	1.32	1.22	1.62	1.24	2.16	1.33	1.12	1.64	1.09	1.73	1.12	2.41	2.43
Hamburger	1 lb.	1.14	1.08	1.01	1.00	1.29	1.09	1.14	1.38	1.06	1.06	1.21	1.76	1.75
Pork chops	1 lb.	1.98	2.08	2.33	2.02	2.15	2.07	2.41	2.19	2.43	2.23	2.70	2.83	3.01
Bacon	1 lb.	1.66	1.54	1.96	1.89	2.09	1.91	1.79	1.74	1.94	1.99	1.95	3.16	2.82
Wieners	1 lb.	1.14	1.08	1.31	1.39	1.69	1.54	1.42	1.79	1.35	1.67	1.57	2.78	1.82
Frying chicken	1 lb.	.98	1.05	.98	1.10	1.35	1.09	.99	.97	1.63	.94	1.46	1.89	1.58
Tuna fish	6 1/2 oz.	.90	.80	.83	.78	.83	.83	.78	.89	.75	.83	.83	1.01	.94
Milk, fresh	1/2 gal.	1.31	1.42	1.27	1.30	1.77	1.40	1.77	1.76	1.42	1.44	1.90	2.72	2.88
Ice cream	1/2 gal.	1.66	1.93	1.76	1.81	1.92	2.13	1.94	1.99	1.68	1.68	1.86	3.02	3.04
Butter	1 lb.	1.35	1.42	1.39	1.50	1.79	1.69	1.46	1.72	1.40	1.66	1.44	2.05	2.13
Milk, evaporated	14 1/2 oz.	.43	.43	.44	.60	.51	.1	.44	.54	.42	.42	.42	.59	.64
Milk, powdered	12 oz.	4.08	3.92	4.13	4.02	4.61	.0	4.34	4.49	4.12	4.51	4.32	4.70	3.47
Eggs, fresh	1 doz.	.75	.81	.79	.86	.97	.77	.94	1.17	.84	.97	.80	1.26	1.36
Orange juice, frozen	12 oz.	.92	.88	.81	.88	.96	1.01	1.02	1.37	.84	.84	.95	1.48	1.22
Apples	1 lb.	.59	.54	.61	.57	.59	.79	.71	.62	.64	.51	.60	.89	.99
Honey	1 lb.	.39	.36	.42	.44	.41	.65	.54	.59	.42	.48	.79	.82	.94
Oranges	1 lb.	.92	.84	.86	.80	.89	.45	.48	.70	.88	.42	.58	.72	.78
Potatoes	1 lb.	.18	.20	.17	.18	.21	.29	.29	.30	.29	.19	.27	.47	.38
Onions	1 lb.	.31	.26	.29	.27	.49	.39	.48	.42	.41	.46	.29	.49	.41
Carrots	1 lb.	.36	.43	.41	.49	.41	.59	.53	.44	.49	.51	.47	.74	.87
Lettuce	1 lb.	.36	.38	.35	.45	.59	.69	.62	.67	.39	.57	.67	1.04	.89
Cabbage	1 lb.	.27	.28	.27	.41	.39	.45	.51	.51	.33	.36	.37	.75	.62
Tomatoes, fresh	1 lb.	.76	.62	.69	.83	.82	1.05	1.04	.94	.87	.82	.87	1.12	1.45
Grapefruit juice	46 oz.	.94	.91	.99	.99	1.09	1.04	1.07	1.26	.95	1.03	1.03	1.51	1.56
Tomato juice	46 oz.	.80	.91	.91	.94	1.02	.98	.97	1.18	.83	.94	.90	1.29	1.32
Pears	No. 2 1/2 can	.81	.76	.72	.78	.81	.85	.81	.84	.79	.79	.89	1.18	1.19
Peaches	No. 2 1/2 can	.81	.84	.73	.82	.83	.99	.85	.85	.89	.79	.81	1.16	1.17
Fruit cocktail	303 can	.58	.60	.70	.60	.68	.62	.61	.64	.58	.56	.56	.83	.88
Corn	303 can	.47	.41	.47	.44	.43	.54	.46	.55	.48	.41	.47	.79	.71
Tomatoes, canned	303 can	.62	.62	.83	.53	.79	.60	.53	.60	.58	.92	.89	.88	.83
Baby foods	4 1/2 oz.	.22	.25	.23	.23	.29	.26	.23	.26	.21	.29	.23	.37	.35
Coffee	3 lb.	13.10	11.83	12.84	11.60	14.24	14.49	13.20	14.67	12.51	13.42	13.22	18.81	14.25
Salt or cooking oil	48 oz.	2.55	3.23	2.36	2.15	2.89	2.80	2.62	3.16	2.41	2.37	2.34	3.38	3.26
Margarine	1 lb.	.63	.65	.74	.64	.74	.69	.73	.84	.61	.73	.69	1.41	.90
Mayonnaise	1 qt.	1.71	1.76	1.57	1.72	1.91	1.77	1.70	2.12	1.58	1.67	1.79	2.63	2.24
Cola drink	6 pack	1.66	1.67	1.60	1.61	1.96	1.89	1.93	2.07	1.64	1.76	1.44	2.74	2.79
Beans, dried	2 lb.	.80	.95	.92	.94	.97	1.01	.78	1.52	.97	.96	1.04	1.74	1.62
Sugar	10 lb.	2.08	2.75	2.11	2.62	3.32	2.82	2.87	3.60	2.83	2.69	2.81	4.71	3.69
Potato soup	10 1/2 oz.	.30	.29	.26	.27	.31	.27	.29	.35	.27	.26	.39	.41	.41
Cream of mushroom soup	10 1/2 oz.	.32	.32	.29	.30	.34	.30	.31	.39	.31	.32	.39	.58	.50
NEW TOTAL		60.52	59.76	69.94	60.04	70.45	66.14	65.50	72.60	60.17	64.26	63.65	92.12	91.17
% of SEATTLE		120	119	123	123	146	133	132	147	122	130	124	197	193

Facts

CLIMATE
Alaska's climatic zones are maritime, transition, continental and arctic.

Maritime includes Southeastern, the Aleutian Chain and the immediate coastal areas of the Gulf Coast. Temperatures are comparatively mild, and precipitation — mostly rain — is heavy, from 50 to 200 inches annually along the coast and up to 400 inches on the mountain slopes.

Transition from maritime to continental lies between the Coast Mountains and the Alaska Range and includes Anchorage and the Matanuska Valley, as well as the Bering Sea Coast, which is too severe to be maritime but is milder than the Interior or Arctic. Winter temperatures are higher than the maritime climate, winter temperatures lower and precipitation less.

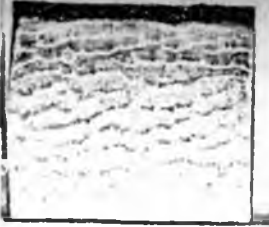
Continental covers the majority of the body of Alaska except the coastal fringes and Arctic Slope. It has extreme high and low temperatures and light precipitation.

Arctic, north of the Brooks Range, has cold winters, cool summers and desertlike precipitation. The arctic ice pack usually descends on the shore in early October and retreats in mid-July to late August.

Comparative Costs - State of Alaska

Survey

ITEM	KODIAK 12%	FAIRBANKS 12%	CORDOVA 15%	VALDE
<u>SEWERAGE</u>	<u>REA</u>	<u>MUS</u>		
1st 50	.16	1st 100	.075	1st 75
2nd 50	.12	next 300	.060	next 125
next 100	.10	next 600	.045	next 200
over 200	.07	over 1,000	.040	next 400
+ fuel surcharge (a % of total usage)		minimum charge 4.75		over 600
		<u>GVEA</u>		+ .0197 sur
		1st 100	.1000	
		next 1400	.0537	
		over 1500	.0471	
<u>WATER</u>	10.00		5.00	12.00
<u>SEWER</u>	(increase to 15.00 in '75) 5.00	included in property assess.		9.00
<u>GARBAGE</u>	3.50	" " " "		8.00
		however, landlords charge apt tenant \$8.00/mo		
<u>FUEL OIL</u>				
delivered	#1 54.4	#1 63.9	#1 57.0	#1
	#2 53.9	#2 61.9	#2 56.0	#2
<u>APPT LEVEL</u>				
2 bedroom	\$350 to \$400	\$335 to \$550	\$300 to \$435 furnished	\$600 F
<u>TELEPHONE</u>				
1 party	13.35	10.35	5.75	
3 party	17.7	6.50	4.75	
<u>TV RENT</u>	17.7	no charge	21.84	
<u>BASKET</u>				
minor	.809	.82	.77	
market	.849	.86	.825	
total	.859	.88	.825	
<u>WATER</u>	15.00	14.00	\$10-\$14	
<u>WATER</u>	22.75 to \$2.00	\$26.75 to \$52.00	\$41	minor



6.00	7.00	5.00	Summer 50.00	9.00	n/a	58
10.00	18.00	14.00		18.00	n/a	12.00 "20" 10.00 "20"
90.88	97.26	61.20		87.00	114.20	