

HB

72

Alaska State Legislature

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Representative Mike Chenault

District 34

Representative_Mike_Chenault@legis.state.ak.us

Sponsor Statement

HB 72

Title: "An Act relating to the district cost factors for state funding of public education; providing for an effective date by repealing the delayed effective date of sec. 6, ch. 41, SLA 2006; and providing for an effective date."

As a long time advocate for education and support of our schools, I have introduced this bill to add a sense of fairness to the distribution funds in Alaska. HB 72 also implements recommendations by the ISER Study and changes the district cost factors for funding for Alaska education to assist our school districts in meeting their needs.

I would appreciate your support of this bill.

Alaska State Legislature

SENATOR
GENE THERRIAULT
Chair

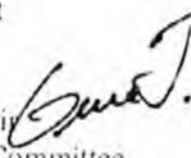


SESSION ADDRESS
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(907) 465-4797
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Legislative Budget and Audit Committee

DATE: February 23, 2005

TO: Legislative Budget and Audit
Committee Members

FROM: Senator Gene Therriault, Chair 
Legislative Budget & Audit Committee

RE: Alaska School District Cost Update by ISER

Attached for your review is the *School District Cost Study Update* recently completed by the Institute of Social and Economic Research (ISER), of the University of Alaska. Additional copies of this report, as well as the other reports cited in this memorandum, can be downloaded under the "publications" link at www.lba.legis.state.ak.us. A limited number of copies of the District Cost Update are also available in my office.

It is important to understand that the information contained in this report recommends modification to the distribution of K-12 funds, but does not suggest a level of funds that should be appropriated to the foundation formula.

BACKGROUND

The passage of Senate Bill 36, Ch. 38, SLA 1998 required the Department of Education and Early Development (DEED) to submit updated district cost factors to the Legislature by Jan. 15, 2001. Additionally, the DEED was required to monitor district cost factors and submit a report to the Legislature every other year beginning Jan. 2001.

The DEED attempted to use the existing cost factor methodology to update the cost factors, but the results were not supported by the underlying data. The McDowell Group reviewed the DEED's work and determined that the 1998 methodology was not usable. Subsequently, the DEED recommended to the Legislature that cost factors remain unchanged as adopted in AS 14.17.460 in 1998 and that a new cost model be developed.

INTERIM ADDRESS

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Funding was added to the FY 02 capital budget for the Legislative Budget and Audit Committee (LB&A) to contract for a new cost study, and the American Institutes for Research (AIR) was selected to develop new district cost factors. In January 2003 the AIR report was released and a joint hearing was held by the HESS Committees. With AIR principals in attendance at the hearing, Legislators and interested parties expressed concerns about the accuracy of the data and the appropriateness of the methodology used in the AIR report. Following the hearing, AIR continued to respond to the many questions and criticisms of their report, but offered no revisions

In the Fall of 2003, the LB&A contracted with ISER to perform a peer review of the AIR study to determine: 1) if the methodology used by AIR was generally acceptable, 2) if there was anything unique to Alaska that would make the methodology inappropriate, and 3) what alternative methodologies would they suggest. In their January 29, 2004 report, ISER concluded that while the general methodology used was appropriate, it did not adequately address the issue of teacher turnover. Further, they questioned the estimation of energy costs, and in some areas, felt the documentation did not support AIR's findings.

In July of 2004, the LB&A contracted with ISER to update and modify the AIR School District Cost Study by updating certain data, revising the teacher compensation component, using actual rather than estimated energy costs, reviewing the travel cost index, and determining if the budget categories accurately reflect full costs of providing educational services. A working group made up of the Directors of the Finance and Audit Divisions, staff to the Chair and Vice-Chair of the LB&A, and Eddy Jeans with the DEED reviewed the draft report and suggested a number of format changes that have been incorporated in to the final report that was received on February 4.

AIR VS. ISER'S OBJECTIVES FOR THE TEACHER COMPONENT

The new cost differential for each school district, as proposed by ISER, is displayed on page 18 of the report. Using Anchorage as the base, ISER proposes all other district cost differentials be adjusted upward. It appears that ISER's change in the methodology for the teacher compensation component is the most significant contributor to these increases.

In the original AIR report the stated objective was to use "econometric models of school personnel labor markets to provide a basis for simulations of the compensation levels that would be required if all districts employed comparable teachers, school administrators, and classified personnel." They defined comparable as levels of experience, education and other demographic characteristics. The ISER report states that its objective is "to estimate the amount of funds that a district needs, relative to Anchorage, to recruit and retain certificated personnel of equivalent quality to Anchorage."

Whether or not any additional funding provided by the increase in the geographic cost factors will actually result in all school districts having equivalent personnel was not part of either study. As we consider and debate the new recommended geographic cost factors we may also want to consider a reporting or measurement mechanism to determine how successful the school districts are at consistently recruiting and retaining qualified personnel. Further discussion of ISER's revisions to the teacher compensation index is contained on pages 5-8 of the report.

ADDITIONAL ATTACHMENTS *upon request*

Also attached are two schedules prepared by the DEED on 2/11. The first schedule depicts the impact of implementing the ISER recommended District Cost Factors with no additional state funding, which necessitates reducing the base student allocation (BSA) from \$4576 to \$4210. The second schedule shows what it would cost to keep the current BSA in place, thereby holding Anchorage "harmless" as the base.

attachments

School District	FY08 1/4 ISER Entitlement	FY08 full ISER Entitlement	Difference
Alaska Gateway	5,659,381	6,581,664	922,283
Aleutian Region	1,299,795	1,396,865	97,070
Aleutians East Borough	3,832,013	5,084,209	1,252,196
Anchorage	265,515,050	265,515,050	-
Annette Island	2,088,940	2,820,799	731,859
Bering Strait	22,189,532	28,499,291	6,309,759
Bristol Bay Borough	1,716,346	2,011,345	294,999
Chatham	2,665,376	3,434,628	769,252
Chugach	2,067,393	2,175,658	94,265
Copper River	6,737,186	7,301,447	564,261
Cordova	3,543,295	3,913,083	369,788
Craig	4,896,666	5,360,776	464,110
Delta/Greely	10,387,781	11,123,040	735,259
Denali Borough	4,002,110	4,036,860	34,750
Dillingham	4,944,089	5,253,441	309,352
Fairbanks N. Star Borough	86,568,886	88,948,252	2,379,366
Galena	17,624,069	17,694,757	70,688
Haines Borough	2,319,942	2,737,540	417,598
Hoonah	1,624,006	2,013,436	389,430
Hydaburg	870,787	1,111,555	240,768
Iditarod Area	4,971,215	5,863,398	892,183
Juneau Borough	27,555,198	31,263,760	3,708,562
Kake	1,058,362	1,378,345	319,983
Kashunamiut	3,208,071	3,754,039	545,968
Kenai Peninsula Borough	57,739,055	66,372,871	8,633,816
Ketchikan Gateway Borough	14,711,562	16,965,903	2,254,341
Klawock	1,369,953	1,679,467	309,514
Kodiak Island Borough	19,358,352	22,325,072	2,966,720
Kuspuk	5,789,889	6,849,070	1,059,181
Lake & Peninsula Borough	7,980,169	9,615,481	1,635,312
Lower Kuskokwim	49,288,301	54,174,433	4,886,132
Lower Yukon	23,220,202	29,572,374	6,352,172
Mat-Su Borough	97,054,596	101,857,738	4,803,142
Nenana	4,399,158	4,506,754	107,596
Nome	7,657,321	8,269,713	612,392
North Slope Borough	11,523,688	14,659,682	3,135,994
Northwest Arctic Borough	27,392,767	31,201,857	3,809,090
Pelican	413,335	434,907	21,572
Petersburg	4,665,092	5,599,409	934,317
Pribilof	1,593,709	1,888,492	294,783
Saint Mary's	2,506,923	2,867,970	361,047
Sitka Borough	9,633,588	11,259,025	1,625,437
Skagway	685,572	707,642	22,070
Southeast Island	3,350,413	3,864,917	514,504
Southwest Region	8,442,325	9,868,595	1,426,270
Tanana	787,959	901,976	114,017
Unalaska	3,136,124	3,674,645	538,521
Valdez	3,960,125	4,307,682	347,557
Wrangell	2,826,995	3,213,025	386,030
Yakutat	1,077,752	1,370,513	292,761
Yukon Flats	5,494,335	6,325,576	831,241
Yukon/Koyukuk	10,596,230	11,642,299	1,046,069
Yupit	5,723,285	6,633,159	909,874
Mt. Edgecumbe High School	2,776,946	3,240,193	463,247
Total	882,515,210	955,123,678	72,608,468



AMERICAN INSTITUTES FOR RESEARCH

Alaska School District Cost Study:

Volume I – Summary of Results

Submitted to:

Ms. Heather Brakes
Legislative Budget & Audit Committee
State Capitol, Room 121
Juneau, AK 99801-1182

Submitted by:

Dr. Jay Chambers
Dr. Lori Taylor
Joe Robinson
Phil Esra, Editor

With contributions by

Marc Schuldt, SBW Consulting, Inc.

January 2003

Executive Summary

The purpose of this study is to develop an improved methodology for measuring differences in the cost of school resources across geographic locations within Alaska. State policy makers in Alaska have long recognized the importance of adjusting state education aid for geographic cost differences and, for the past five years, have utilized a cost adjustment index derived from a study conducted by the McDowell Group (1998). The present study is intended to develop a geographic cost of education index (GCEI) that will replace the existing cost adjustment and provide a more sophisticated approach to measuring cost differences. The application of such geographic cost adjustments in state aid is intended to equalize the purchasing power of the educational dollar across local school districts.

The costs of four major categories of school inputs are analyzed as part of this study:

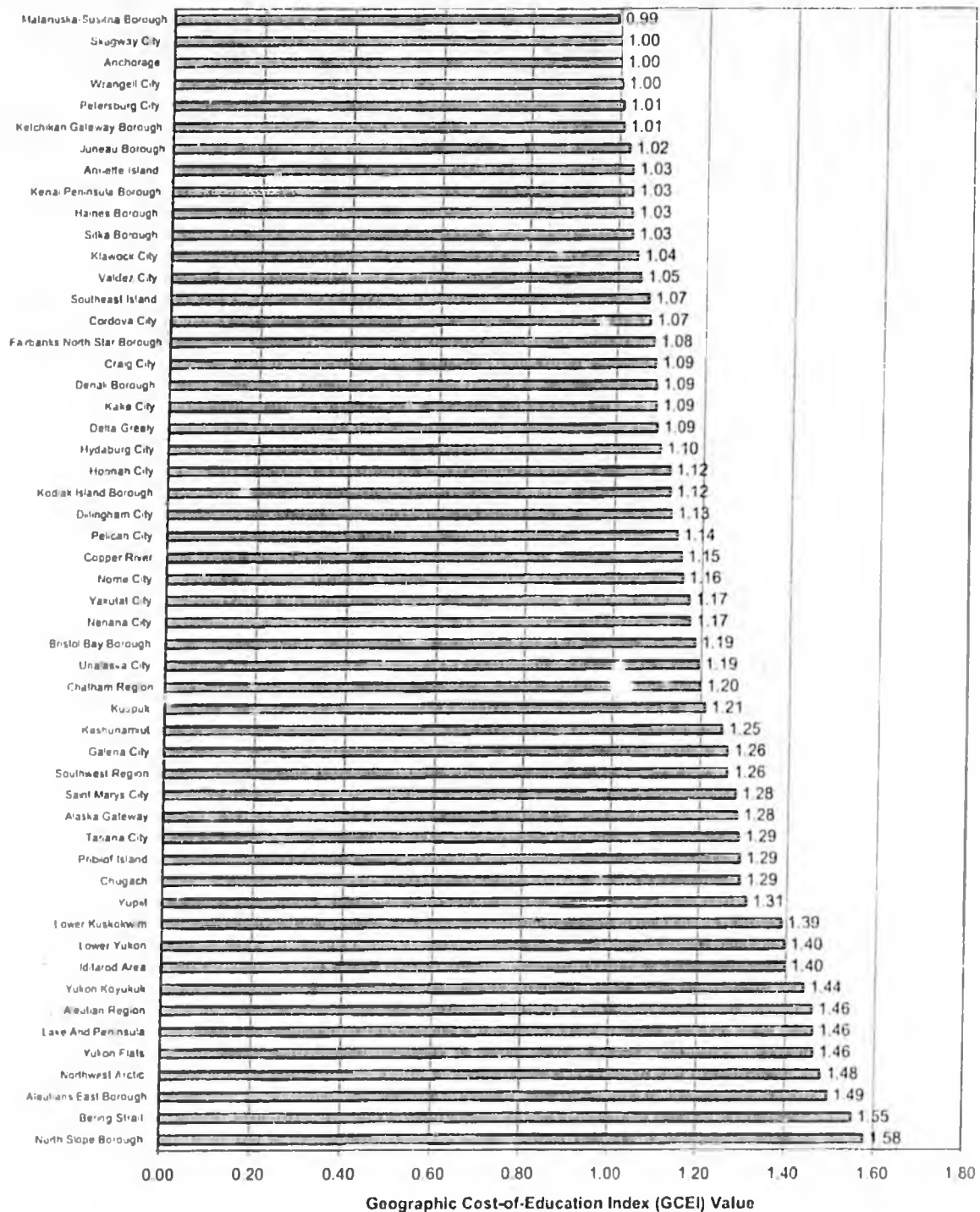
- personnel services
- energy services
- supplies, materials, and small capital items
- travel

The AIR research team collaborated closely with a group of eight school business officers representing a diverse sample of districts from across Alaska. These eight school business officers formed a Technical Working Group (subsequently referred to as the TWG) that provided feedback on components of the methodology for this analysis, assistance in the design of data collection instruments, and support in data collection efforts.

Overall Variations in Costs

Based on the study's analysis, the purchasing power of the educational dollar varies tremendously in the State of Alaska. The highest-cost district needs to spend about 1.6 times what the lowest cost district spends in order to provide comparable educational services. Using Anchorage School District as the benchmark (i.e., with a GCEI of 1.00), the analysis of costs reveals that the North Slope Borough School District exhibits the highest cost of education, with an index value of 1.58 (see exhibit). This means that this district needs to spend about 58 percent more than the Anchorage School District to provide comparable educational services to the students it serves. On the other end of the spectrum is the Matanuska-Susitna Borough School District, with an index value of 0.99. This means that this district needs to spend about 1 percent less than the Anchorage School District to provide comparable educational services.

A GCEI for Alaska School Districts



NOTES TO EXHIBIT: The districts listed on the vertical axis in this diagram are sorted in ascending order according to the value of the geographic cost-of-education index (GCEI), with the lowest on top.

Organizing the school districts by region reveals that the highest-cost districts in Alaska are located in the Far North (with average GCEIs of 1.38) and the Southwest (with average GCEIs of 1.31). The lowest-cost districts in the state are located in the Southeast (with an average GCEI of 1.07).

Differences between the values of the AIR GCEI and the current Alaska cost index for education may reflect a combination of methodology differences and changes in the costs of educational services since the last cost index was calculated. The largest differences are most likely attributable to methodological differences underlying the two studies' calculations.¹ The range, standard deviation, and mean values of the GCEI and the current Alaska cost index are quite similar. The AIR GCEI ranges from a low of 0.99 to a high of 1.58, while the range of the current Alaska cost adjustment is from 1.00 to 1.74. The standard deviation of the AIR GCEI is 0.17, and the standard deviation of the current adjustment is 0.21. Moreover, the correlation between the AIR GCEI and the Alaska cost index is 0.91, suggesting that the general patterns of variation in costs are quite similar between the AIR GCEI and the current Alaska cost index. More than 70 percent (38) of the districts exhibit a GCEI with less than a 0.10 difference from the current Alaska cost index. Forty-four percent (24) of the school districts in Alaska exhibit less than a 0.05 difference from the current Alaska cost index.

Personnel Cost Differences

Looking at the four major component indices reveals what one would expect. School personnel costs play a major role in explaining the variations in the overall costs of education across local school districts. The school personnel category accounts for a major portion of school district budgets, ranging in Alaska from 45 to 90 percent of total expenditures, with a median of 78 percent. AIR used econometric models of the school personnel labor market to provide a basis for simulations of the compensation levels that would be required if all districts employed *comparable* teachers, school administrators, and classified personnel. The key is comparability: what are the costs in different parts of the State of Alaska for school personnel with *comparable* levels of experience, education, and other demographic characteristics?

Using Anchorage as the basis for calculation of the index values (i.e., setting the Anchorage index to a value of 1.00), personnel costs range from a low of 0.93 in Southeast Island School District to a high of 1.28 in North Slope Borough School District. In other words, the highest-cost district pays, on average, about 28 percent more than Anchorage for comparable personnel, while the lowest-cost district pays about 7

¹ The actual values of the two indices are presented for purposes of comparison in Exhibit I-6 In Appendix I of the report entitled "Alaska School District Cost Study: Volume II-The Technical Report."

percent less than Anchorage for comparable school personnel. Comparing these two districts to each other, North Slope pays 38 percent more than Southeast Island for comparable personnel.

Energy Cost Differences

A second component index, energy cost, is influenced by several factors. Alaska's significant climate variation across districts affects the consumption of fuels and energy required to provide heat to classrooms and school buildings. In addition, the degree of remoteness of each district affects the prices of these fuel and energy sources.

The study's approach to calculating energy costs relies on an engineering computer simulation model. This model requires the development of prototype buildings to permit estimation of the energy requirements to provide heating, cooling, and power for all aspects of school and district operations. Each prototype is associated with a specific climate parameter expressed in terms of heating degree-days. The estimated energy consumption levels necessary for the prototype buildings in different climatic zones are then combined with information on the unit energy prices at each school site throughout Alaska to estimate the cost of energy services.

The results of this analysis show a range of index value for the cost of energy services per square foot from 0.74 in the Juneau School District to 9.31 in the North Slope School District. Typically, the school districts with the highest index values are located within the very cold climate zone, largely represented by the Far North region. High costs in less cold districts can be attributed to the relative costs of energy sources faced by these districts.

Costs of Supplies, Materials, and Small Capital Items

The third component index, supplies, material, and capital equipment, is most influenced by geographic differences in shipping costs. The base prices of supplies purchased by districts in different parts of the state may vary to some extent because of volume purchasing, but this difference is small compared to the difference associated with the cost of transporting these items from the major centers of commerce to the remote areas of the state. The costs range from a low of 1.00 in Anchorage School District to a high of 6.81 in Pelican City School District.

In general, larger districts (i.e., districts with higher enrollment figures) tend to exhibit lower costs of goods. Larger districts are able to purchase items in bulk more easily than smaller districts. Another factor contributing to the lower index values for districts with greater enrollments is their proximity to the suppliers of these goods. These districts operate in or near Alaska's major centers of commerce. Transportation costs are

lower, and competition among suppliers in these centers of commerce drives down prices.

Travel Costs

The fourth component index is the cost of travel. Because of the remote locations of some schools and communities in Alaska, travel costs can have a significant impact on the expenditures necessary to operate schools in the state. The majority of the low-cost districts in this index are city school districts and districts located near Anchorage or in another relatively accessible area of the state. These districts tend to have very low costs associated with travel between the district office and the school(s) in the district. For those districts located near Anchorage, travel costs to Anchorage for statewide training tends to be a relatively low-cost item. Districts located close to a center of commerce enjoy low costs for maintenance service travel, resulting in lower cost index values in this travel input index.

Summary of Recommendations

AIR makes a number of recommendations regarding implementation of the GCEI:

- Adoption of the new GCEI presented in this report.
- Improvements and expansion of the personnel databases currently collected by ADEED.
- Adoption of new data collections on non-personnel items including energy fuels; supplies, materials, and capital items; and travel costs.
- Updating the GCEI every 3 to 5 years.
- Using a professional economist for the analysis of personnel costs.
- Phasing in the new index over time to avoid disrupting district budgets.

HESS Committee, HB 72

3-22-07

I am Dr. Peter Larson. I have worked in the Kenai Peninsula borough School district since 1969 serving as a teacher, director of external programs, director of secondary education, co-director of gifted and talented education, principal and assistant superintendent of instruction. I retired from the Kenai School District in 1990. Then I worked overseas in international schools for six years. For 32 years I have lived and worked in the Kenai School District.

locally or by the state
I am concerned about adequate funding for schools in this state. Since 1986, there has been a decline in funding every year. Teachers and administrators must accomplish the same mission each year with fewer programs, fewer staff members and less resources. They are being held to an impossible standard, given the decline in financial support. As funds have decreased cookie and bake sales, garage sales, ticket raffles, parent volunteers, fees for students, and home schooling have increased. Under the present educational circumstances the KPBSD does not attract the top level teachers and administrators that it did when I was a member of the district. When I was on staff we were on the cutting edge of educational programs presenting our programs, statewide and nationally. Now, as a substitute, in this school system, I note that few, if any, members of our staff are conducting innovative programs, because they are being forced to teach to a test imposed by No Child Left Behind. Having recently worked in international schools in Jakarta, Indonesia, Singapore and Kuantan, Malaysia, and teaching highly motivated students who are our students' competitors, you need to know that we are losing the competitive edge. A pupil teacher ratio in these schools is 15:1, and these schools ensure that they present well developed and successful educational programs. We can do the same. At one time we did so. In fact, when I entered the international schools I expected that I would be impressed by the quality and kind of education, but found that the international schools, in general, were behind the Kenai School District in the quality and challenge it presented to its students. That competitive edge is no longer ours.

Given the decline of funds there can only be one outcome; deleterious effects on the states economy and ability to hold a competitive edge for hiring and attracting businesses into the state.

I urge you to accomplish three things:

First, correct the funding formula to reflect the diversity of educational venues on the peninsula and support House Bill 72. For many years the cost differential formula has not been equitable. The programs in remote villages are not accessible by road, which increase the per pupil costs. The present funding formula does not reflect this.

Second, increase funding to all schools in Alaska. Both vocational and academic programs have been cut. These cuts jeopardize children's opportunity to work toward a vocational field or interim jobs to support them while working toward a college degree.

Third, ~~please~~ forward fund education in this state. With all the resources in Alaska this can be done. Each year that we pink slip qualified teachers we lose them. This practice for the past many years has had a negative effect on teacher retention and has led to increased costs to recruit.

So, please, please, correct the funding formula, increase funding of Alaskan schools and forward fund education.

In closing, I believe that each of you support education. However, unwillingness to make the hard decisions necessary to adequately fund our states educational programs has led our public school system to the brink of disaster. It is only due to the professionalism, dedication to excellence and hard work that the public schools have survived. Much of this work is accomplished after schools and on weekends. Educators are burning out by our inattention and lack of adequate funding.

Please fix these problems.

Peter Larson
1018 Barnett Place, Homer 99603

by our educators



Alaska State Legislature

Please enter into the record my testimony to the House HBSS
COMMITTEE NAME
 committee on HB 72, dated 3/22/07
BILL / SUBJECT TODAY'S DATE

I have been a parent of Kenai Peninsula Borough School District students for 14 years. The state has consistently shortchanged our district, as shown by numerous studies like the 2005 DSR study. Any further delay in even partial mitigation of this ongoing harm to our students is unacceptable. Thank you to the sponsors of this Bill for trying to hold the state accountable in a certain timeframe. Not all harm can be compensated fiscally, your delay in this matter has already triggered a "brain drain" from the state of the families that care most about education, a loss to our state you will never recover.

Signed: Virginia Espenshade, Virginia Espenshade
TESTIFIER (Signed, PRINTED NAME)
Self
REPRESENTING
P.O. Box 1752 Homer
ADDRESS
235-1823
PHONE NO.



Alaska State Legislature

Please enter into the record my testimony to the House HBSS
COMMITTEE NAME
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Signed: Virginia Espenohade, Virginia Espenohade
TESTIFYER (Signed, PRINTED NAME)

Self
REPRESENTING

P.O. Box 1752 Homer
ADDRESS

735 1823
PHONE NO.

QUARTER Implementation of ISER

District	Adopted		Cost
	in 1998	1/4 ISER	Difference
Alaska Gateway	1.291	1.367	307,733
Aleutian Region	1.736	1.737	39,014
Aleutians East Borough	1.423	1.585	417,488
Anchorage	1.000	1.000	-
Annette Island	1.011	1.093	244,223
Bering Strait	1.525	1.643	2,101,795
Bristol Bay Borough	1.262	1.316	98,369
Chatham	1.120	1.234	256,419
Chugach	1.294	1.345	49,373
Copper River	1.176	1.211	188,103
Cordova	1.096	1.131	123,838
Craig	1.010	1.059	154,704
Delta/Greely	1.106	1.140	245,733
Denali Borough	1.313	1.318	11,763
Dillingham	1.254	1.277	103,118
Fairbanks N. Star Borough	1.039	1.047	801,739
Galena	1.348	1.359	23,689
Haines Borough	1.008	1.056	139,216
Hoonah	1.055	1.141	129,828
Hydaburg	1.085	1.190	83,314
Iditarod Area	1.470	1.564	235,118
Juneau Borough	1.005	1.040	1,236,170
Kake	1.025	1.134	106,841
Kashunamiut	1.389	1.447	182,438
Kenai Peninsula Borough	1.004	1.046	2,883,677
Ketchikan Gateway Borough	1.000	1.043	754,415
Klawock	1.017	1.088	103,011
Kodiak Island Borough	1.093	1.142	988,872
Kuspuk	1.434	1.509	353,060
Lake & Peninsula Borough	1.558	1.667	545,050
Lower Kuskokwim	1.491	1.534	1,628,675
Lower Yukon	1.438	1.544	2,119,062
Mat-Su Borough	1.010	1.025	1,600,993
Nenana	1.270	1.287	35,938
Nome	1.319	1.352	204,671
North Slope Borough	1.504	1.576	1,046,500
Northwest Arctic Borough	1.549	1.618	1,272,755
Pelican	1.290	1.337	12,032
Petersburg	1.000	1.061	311,458
Pribilof	1.419	1.487	98,207
Saint Mary's	1.351	1.419	120,170
Sitka Borough	1.000	1.049	542,729
Skagway	1.143	1.151	7,448
Southeast Island	1.124	1.194	135,947
Southwest Region	1.423	1.489	476,629
Tanana	1.496	1.569	38,096
Unalaska	1.245	1.294	179,578
Valdez	1.095	1.114	116,338
Wrangell	1.000	1.040	128,910
Yakutat	1.046	1.138	104,952
Yukon Flats	1.668	1.780	358,402
Yukon/Koyukuk	1.502	1.585	348,366
Yupit	1.469	1.533	304,118
Mt. Edgecumbe High School	1.000	1.049	154,704
TOTAL			24,304,789

BSA at \$5380 and using the FY08 Foundation Projection

HALF Implementation of ISER

District	Adopted		Cost
	In 1998	1/2 ISER	Difference
Alaska Gateway	1.291	1.443	615,522
Aleutian Region	1.736	1.838	64,308
Aleutians East Borough	1.423	1.707	834,869
Anchorage	1.000	1.000	-
Annette Island	1.011	1.175	488,392
Bering Strait	1.525	1.762	4,203,537
Bristol Bay Borough	1.262	1.370	196,738
Chatham	1.120	1.348	512,836
Chugach	1.294	1.395	84,706
Cooper River	1.176	1.246	376,208
Cordova	1.096	1.165	247,730
Craig	1.010	1.108	309,354
Delta/Greely	1.106	1.174	491,359
Denali Borough	1.313	1.323	23,527
Dillingham	1.254	1.300	206,234
Fairbanks N. Star Borough	1.039	1.055	1,603,476
Galena	1.348	1.370	47,485
Haines Borough	1.008	1.104	278,433
Hoonah	1.055	1.227	259,656
Hydaburg	1.085	1.295	157,668
Iditarod Area	1.470	1.658	524,136
Juneau Borough	1.005	1.075	2,472,339
Kake	1.025	1.242	213,682
Kashunamiut	1.389	1.504	364,985
Kenai Peninsula Borough	1.004	1.088	5,767,408
Ketchikan Gateway Borough	1.000	1.085	1,508,776
Klawock	1.017	1.160	206,020
Kodiak Island Borough	1.093	1.191	1,977,742
Kuspuk	1.434	1.584	706,120
Lake & Peninsula Borough	1.558	1.776	1,090,155
Lower Kuskokwim	1.491	1.577	3,257,403
Lower Yukon	1.438	1.650	4,238,180
Mat-Su Borough	1.010	1.040	3,202,095
Nenana	1.270	1.304	71,767
Nome	1.319	1.385	409,287
North Slope Borough	1.504	1.648	2,093,000
Northwest Arctic Borough	1.549	1.686	2,545,617
Pelican	1.290	1.384	19,256
Petersburg	1.000	1.122	622,914
Pribilof	1.419	1.555	196,521
Saint Mary's	1.351	1.488	240,446
Sitka Borough	1.000	1.098	1,085,458
Skagway	1.143	1.159	14,894
Southeast Island	1.124	1.264	329,206
Southwest Region	1.423	1.554	353,257
Tanana	1.436	1.341	76,192
Unalaska	1.245	1.343	359,049
Valdez	1.095	1.133	232,676
Wrangell	1.000	1.080	257,929
Yakutat	1.046	1.229	209,957
Yukon Flats	1.668	1.892	604,061
Yukon/Koyukuk	1.502	1.669	696,678
Yupit	1.469	1.596	508,183
Mt. Edgecumbe High School	1.000	1.098	309,406
TOTAL			48,466,833

BSA at \$5380 and using the FY08 Foundation Projection

THREE-QUARTER Implementation of ISER

District	Adopted		Cost
	in 1998	3/4 ISER	Difference
Alaska Gateway	1.291	1.443	923,256
Aleutian Region	1.736	1.838	97,231
Aleutians East Borough	1.423	1.707	1,252,304
Anchorage	1.000	1.000	-
Annette Island	1.011	1.175	732,561
Bering Strait	1.525	1.762	6,305,333
Bristol Bay Borough	1.262	1.370	294,999
Chatham	1.120	1.348	769,254
Chugach	1.294	1.395	114,388
Copper River	1.176	1.246	564,259
Cordova	1.096	1.165	371,514
Craig	1.010	1.108	464,056
Delta/Greely	1.106	1.174	737,039
Denali Borough	1.313	1.323	35,344
Dillingham	1.254	1.300	309,352
Fairbanks N. Star Borough	1.039	1.055	2,405,213
Galena	1.348	1.370	71,227
Haines Borough	1.008	1.104	417,597
Hoonah	1.055	1.227	389,484
Hydaburg	1.085	1.295	240,982
Iditarod Area	1.470	1.658	825,773
Juneau Borough	1.005	1.075	3,708,563
Kenai	1.025	1.242	320,523
Kashunamiut	1.389	1.504	547,532
Kenai Peninsula Borough	1.004	1.088	8,651,083
Ketchikan Gateway Borough	1.000	1.085	2,263,190
Klawock	1.017	1.160	309,138
Kodiak Island Borough	1.093	1.191	2,966,667
Kuspuk	1.434	1.584	1,059,181
Lake & Peninsula Borough	1.558	1.776	1,635,312
Lower Kuskokwim	1.491	1.577	4,886,078
Lower Yukon	1.438	1.650	6,357,189
Mat-Su Borough	1.010	1.040	4,803,142
Nenana	1.270	1.304	107,651
Nome	1.319	1.385	613,958
North Slope Borough	1.504	1.648	3,139,609
Northwest Arctic Borough	1.549	1.686	3,818,372
Pelican	1.290	1.384	26,458
Petersburg	1.000	1.122	934,317
Pribilof	1.419	1.555	294,728
Saint Mary's	1.351	1.488	360,614
Sitka Borough	1.000	1.098	1,628,134
Skagway	1.143	1.159	22,340
Southeast Island	1.124	1.264	515,152
Southwest Region	1.423	1.554	1,429,386
Tanana	1.496	1.641	114,288
Unalaska	1.245	1.343	538,575
Valdez	1.095	1.133	349,013
Wrangell	1.000	1.080	386,839
Yakutat	1.046	1.229	294,586
Yukon Flats	1.668	1.892	831,241
Yukon/Koyukuk	1.502	1.669	1,045,043
Yupit	1.469	1.596	912,302
Mt. Edgecumbe High School	1.000	1.098	464,002
TOTAL			72,655,872

BSA at \$5380 and using the FY08 Foundation Projection.

FULL implementation of ISER

District	Adopted		Cost
	In 1938	ISER	Difference
Alaska Gateway	1.291	1.594	1,231,043
Aleutian Region	1.736	1.939	136,299
Aleutians East Borough	1.423	1.991	1,669,684
Anchorage	1.000	1.000	-
Annette Island	1.011	1.338	976,783
Bering Strait	1.525	1.998	8,407,075
Bristol Bay Borough	1.262	1.478	393,368
Chatham	1.120	1.576	1,025,671
Chugach	1.294	1.496	144,071
Copper River	1.176	1.316	752,364
Cordova	1.098	1.234	495,407
Craig	1.010	1.206	618,814
Delta/Greely	1.106	1.241	982,773
Denali Borough	1.313	1.332	47,107
Dillingham	1.254	1.346	412,470
Fairbanks N. Star Borough	1.039	1.070	3,206,951
Galena	1.348	1.391	94,970
Haines Borough	1.008	1.200	556,814
Hoonah	1.055	1.399	519,258
Hydaburg	1.085	1.504	324,298
Iditarod Area	1.470	1.846	1,127,301
Juneau Borough	1.005	1.145	4,944,732
Kake	1.025	1.459	427,364
Kashunamiut	1.389	1.619	730,025
Kenai Peninsula Borough	1.004	1.171	11,534,814
Ketchikan Gateway Borough	1.000	1.170	3,017,605
Klawock	1.017	1.302	412,147
Kodiak Island Borough	1.093	1.289	3,955,592
Kuspuk	1.434	1.734	1,412,241
Lake & Peninsula Borough	1.558	1.994	2,180,362
Lower Kuskokwim	1.491	1.663	6,514,807
Lower Yukon	1.438	1.861	8,476,253
Mat-Su Borough	1.010	1.070	6,404,135
Nenana	1.270	1.338	143,534
Nome	1.319	1.450	818,628
North Slope Borough	1.504	1.791	4,186,109
Northwest Arctic Borough	1.549	1.823	5,091,130
Pelican	1.290	1.477	33,659
Petersburg	1.000	1.244	1,245,775
Pribilof	1.419	1.691	392,990
Saint Mary's	1.351	1.624	480,784
Sitka Borough	1.000	1.195	2,170,918
Skagway	1.143	1.174	29,787
Southeast Island	1.124	1.403	701,206
Southwest Region	1.423	1.685	1,906,514
Tanana	1.496	1.786	152,383
Unalaska	1.245	1.441	718,099
Valdez	1.095	1.170	465,405
Wrangell	1.000	1.159	515,804
Yakutat	1.046	1.412	398,306
Yukon Flats	1.668	2.116	1,189,643
Yukon/Koyukuk	1.502	1.835	1,393,409
Yupit	1.469	1.723	1,216,421
Mt Edgecumbe High School	1.000	1.195	618,706
TOTAL			97,001,858

BSA at \$5380 and using the FY08 Foundation Projection.

March 22, 2007

Testimony from Susan Sciabbarrasi, Superintendent, Wrangell Public Schools

In 1998, Senate Bill 36 required the updating and monitoring of District Cost Factors. In July 2004 the Legislative Budget and Audit Committee contracted with ISER to update and modify the AIR District Cost Study. Funding two studies and one review from the capital budget indicates the importance placed on having the results from this final study. As we know, outcomes do not always benefit everyone, however, if the study met the guidelines and criteria that had been directed by the legislators, then, it seems not only prudent but also necessary to implement the results.

According to the ISER study, Wrangell's District Cost Factor would increase from 1.0 to 1.159. **Wrangell currently has the same District Cost Factor as Anchorage at 1.0.** As you are aware, Anchorage's 1.0 Cost Factor was designed as the basis of comparison for all other districts. It is obvious that it costs more to operate a school district on a small Island in Southeast Alaska, with less than a population of 2,000 inhabitants, than to do business in Anchorage where there is International Commerce, discount stores, and multiple means of transportation in and out of the city. In addition, Anchorage is the site for many professional educational conferences as well as most of the state extra-curricular activities that costs our district up to \$1,000 per person. Even this year, fuel prices in Wrangell have been up to \$1.00 per gallon more than in Anchorage. Never the less, the cost factor remains the same. Most importantly, Juneau is considered our closest 'Center of Commerce' and their current Cost Factor of 1.005 is higher than Wrangell's 1.0. That does not make logical sense for Juneau to be our major Center of Commerce yet has a higher cost factor. The new Cost Study remedies that by having Juneau at a slightly lower 1.145 compared to Wrangell's 1.159 District Cost Factor.

The objective of this study was to "determine district funding needs relative to Anchorage". It has nothing to do with the Base Student Allocation, which is determined by the financial needs of the state as a whole. The District Cost Factor is the instrument that takes into account the differences between the districts not the overall Base Student Need. While the Base Student Allocation determines adequacy, the District Cost Factor addresses equity. They are two different factors addressing two very different needs within our state.

In conclusion, results from the ISER study provided the information that was requested by the legislators and funded from the capital budget. We have those results in this study. Why request and fund a study in which you would not implement? Therefore, I am in support of fully implementing the District Cost Factors as presented in HB 72 through the ISER study to be effective July 1, 2007. Thank you for your time and consideration.

Susan Sciabbarrasi