

AK LEGISLATURE SPECIAL COMMITTEE FILES SCOMM 153 32704

3a. How many qualified applicants do you typically have for hard-to-fill positions?

Number of Applicants for each position	Number of Districts
Less than one	5
1-1.5	15
1.6-3	15
3.1-6.9	9
7 or more	7

3b. What percent of these applicants have **more than** the minimum job qualifications?

% Applicants with >minimum qualifications	Number of Districts
1% or fewer	18
2%-20%	10
21%-49%	6
50%-74%	11
75%-100%	4

4a. How many qualified applicants do you typically have for other positions?

Number of Applicants for each position	Number of Districts
Five or fewer	13
6-10	15
11-15	11
16-25	10
26 or more	4

4b. What percent of these applicants have **more than** the minimum job qualifications?

% Applicants with >minimum qualifications	Number of Districts
1% or fewer	4
2%-20%	10
21%-49%	9
50%-74%	18
75%-100%	8

- 4c. Considering all the positions you fill during the course of a school year, what percent of new hires are your "first choice" candidates?

Percent of new hires who are First Choice Candidates	Number of Districts
24% or less	6
25%-49%	10
50%-74%	19
75%-100%	19

- 4d. What percent are **not** your first choice, but also not your last?

Percent of new hires who are Neither First nor Last Choice Candidates	Number of Districts
24% or less	19
25%-49%	18
50%-74%	11
75%-100%	4

- 5a. How does your district cover positions when a qualified applicant cannot be hired by the start of the school year?
(Multiple answers from each district)

Method	Number of Districts Citing Method
Long Term Substitute	54
Combining Classes	30
Using a teacher who is out of their field	12
Retired teachers	10
Teacher Aide	8
Emergency Certification	8
REPP Interns	4
Outsourcing	3
Administration	3

- 5b. Do you follow the same strategy for teaching positions that become vacant during the school year? (If not, what do you do?)

Same strategy	
Yes	46
No	8

- 6a. Over the course of a typical school year, how many teaching positions in your district become vacant for an extended period?

Number of Vacant Positions During Year	Number of Districts
Less than 1	20
1-4	24
5-8	5
More than 8	3

- 6b. What percent of these are your "hard to fill" positions?

Percent of Vacant-during-year positions that are hard to fill	Number of Districts
0%-5%	12
6%-24%	0
25%-75%	14
76%-94%	0
95%-100%	14

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A Review Of
Alaska School District Cost Study

Prepared for the Alaska Legislative Budget and Audit Committee

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SUMMARY OF CONCLUSIONS

The Alaska Legislature's Legislative Budget and Audit Committee asked the Institute of Social and Economic Research (ISER) at the University of Alaska Anchorage to review the *Alaska School District Cost Study*. The American Institutes for Research (AIR) prepared that study for the legislative committee.

The study was to provide a "geographic cost of education index" that the state could use to help equalize the purchasing power of educational dollars it allocates to school districts across Alaska. Costs of living can vary substantially in different areas of Alaska.

The study, in two volumes plus supplemental materials, was released in January 2003 and supplemented in February 2003. Also, in a response dated April 11, 2003, AIR answered a number of questions that had been raised about the study.

The committee asked ISER to focus specifically on the methodology AIR used and to address the following questions.

- (A) Is the methodology used by AIR generally acceptable? Methodology is to be interpreted to include both the theoretical basis underlying the choice of the index number used and the methodology used in estimating the various components of the index.
- (B) If the methodology is generally acceptable, is there anything unique to Alaska that makes the use of this methodology inappropriate in Alaska?
- (C) If the AIR methodology is generally acceptable for use in Alaska, but is deficient in some respects, can elements of the methodology be adapted so that use of the general AIR methodology is appropriate in Alaska?
- (D) Is an alternative general methodology necessary, and if so, what might it be?

Our conclusions are summarized below, and a more detailed analysis is provided in the accompanying report.

• The methodology reflected in the use of the Törnqvist Index Number is appropriate. However, we have a number of concerns about the way AIR estimated some of the specific components of the index.

The index has properties that, from a theoretical standpoint, should provide a more accurate measure of relative education costs than would the alternative—a fixed market basket index.

AIR defined four major sub-components (or cost categories) of the index that account for almost all expenditures for current operations: personnel services, consisting of costs for administrators, teachers, and classified personnel; energy services; cost of goods—supplies, materials, and small capital items—and costs of travel.

• AIR's estimation of the teacher compensation component of the index raises several concerns—primarily that the methodology does not adequately address the issue of teacher turnover rates.

Teacher compensation is a major element in the index, and failure to account for teacher turnover probably imposes a downward bias on the teacher cost component of the index. We also note and discuss more technical aspects of model specification in the body of this report.

• AIR's estimation of energy requirements and related costs is flawed, in our judgment. What the documentation of the AIR report describes is not how the index is actually calculated.

Furthermore, the difference between actual energy costs and what the index indicates energy costs should be differs substantially for many school districts. In many cases, the magnitude of discrepancies between the actual and the estimated costs appears to be far too great to be addressed by adjusting the thermostat at night or other usage adjustments.

• AIR used just two items (paper and windows) as a basis for estimating the cost of goods component of the index. For most indexes, this would be an unusually small sample of items.

The decision to use two items was a judgment call. A better basis for determining a representative sample (and budget proportions) might be to do a detailed analysis of a small number of representative schools and districts. Alternative pricing methods might also be considered.

• We find discrepancies between what the AIR documentation states and the actual computation of components of the travel index.

In some instances, these discrepancies would bias the index downward—that is, reduce the ratio of travel costs between Anchorage and the district in question. While this is a relatively small element of the index, we do not think that it is correct.

• AIR's definition and measurement of budget categories may or may not be adequate. There is simply no way to tell from the study reports.

The basic issue is whether or not the measured shares accurately reflect expenditures. AIR excluded revenue funds from expenditures—and that exclusion may be valid, but it raises questions.

A REVIEW OF THE ALASKA SCHOOL DISTRICT COST STUDY

The Institute of Social and Economic Research (ISER) at the University of Alaska Anchorage has been asked by the Alaska Legislature's Legislative Budget and Audit Committee to review the study conducted by American Institutes for Research (AIR) entitled *Alaska School District Cost Study*, composed of two volumes plus supplemental materials. The study was released in January of 2003, with supplemental materials being provided in February of 2003. AIR also provided responses to a number of questions that were raised regarding the study in a response dated April 11, 2003. The study's broad purpose was to construct a "geographic cost of education index" (GCEI) that could be used to assist in equalizing the purchasing power of educational dollars allocated to school districts across Alaska.

ISER has been asked to review the published study, supporting materials, and data sets underlying the estimation of the index. ISER has not been asked to assess the accuracy of data compiled by AIR. After review of the materials ISER has been asked to respond to the following questions.

- (A) Is the methodology used by AIR generally acceptable? Methodology is to be interpreted to include both the theoretical basis underlying the choice of the index number used and the methodology utilized in estimating the various components of the index.
- (B) If the methodology is generally acceptable, is there anything unique to Alaska that makes the use of this methodology inappropriate in Alaska?
- (C) If the methodology utilized by AIR is generally acceptable for use in Alaska, but is deficient in some respects, can elements of the methodology be adapted so that use of the general AIR methodology is appropriate in Alaska?
- (D) Is an alternative general methodology necessary, and if so, what might it be?

This report is divided into several sections. The first considers the theoretical basis for selecting the index number concept utilized by AIR. The second section reviews methodology used by AIR to estimate (calculate) the index. Each of the four major categories of the index (personnel services; energy services; supplies, materials, and small capital items; and travel) is analyzed. Based on the findings of these two sections the specified questions are addressed.

REVIEW OF THE THEORETICAL BASIS FOR SELECTION OF THE TÖRNQVIST INDEX.

From a theoretical basis, the choice of an index number depends on what is to be measured. In essence, the AIR contract statement of work asked AIR to derive measures of geographic cost differentials that are to be used in the calculation of K-12 school funding (similar to those currently found in AS 14.17.450). The stated objective for these measures is to "equalize the spending power of education funding in school districts throughout Alaska". It is also important to note that AIR was specifically instructed to not consider quality of education and school size factor adjustments.

The objective of equalizing spending power is open to several interpretations. The first is that a unit of equalized spending power enables each district to purchase a unit of education output of homogeneous (uniform) quality. A second interpretation is that the receiving district is able to purchase a unit of education output, but not necessarily of a quality comparable to some other district. A third interpretation is that each district is able to purchase a "unit," or some specified set of educational inputs. A final interpretation is that the recipient is able to purchase a collection of inputs that enables it to provide an equivalent unit of educational service (which may or may not equate to a unit of output).

In other words, does equivalence relate to purchase (cost) of output or inputs? These are two fundamentally different issues. In view of the contract language it appears that the Legislative Budget and Audit Committee wanted equivalence with respect to inputs. This interpretation is also reflected in the methodology AIR used.

Once the focus is on inputs, an additional question arises. By equivalence, is it meant that each district is provided with funding that enables it to purchase a specific set (market basket) of inputs, or that the district can purchase some set of inputs that enables it to provide an equivalent unit of educational service? This is the question that is central to AIR's discussion of the fixed market basket versus the so-called superlative index.

To see the significance of these distinctions, consider the nature of the problem that is faced. For the sake of simplicity, assume that there are two school districts. Each district has a "production function" that links a set of inputs (like teachers, staff, physical facilities, or others) to the "production" of education, measured as "output." The production of education entails the costs of purchasing the inputs represented in the production function. The relationship between the total cost of producing the output and the quantity of output is referred to as the total cost function. We can also think of the average total cost function, or cost per unit of output, as the function that reflects total cost of output divided by the amount of output. Suppose further that each district faces a different production function, that the input mix in each district is different, that the "outputs" of the districts differ qualitatively, and that the districts face different relative

prices for their inputs. This is the basic situation in Alaska and the task that the measurement of regional cost differentials must address.

Given these conditions we would expect to observe a number of differences among districts regarding the "production" or delivery of educational services. We would certainly expect the "average cost" of a unit of service to differ among districts, reflecting regional differences in the absolute cost of education inputs. We would also expect districts to organize "production" to reflect differences in relative prices between regions. This is the so-called "substitution effect." Inputs with relatively lower prices will be substituted for higher priced inputs, to the extent that substitution is possible. Thus, the proportion of a district's total budget spent on a particular type of input (e.g., administration, teachers with special certification or subject area expertise) will vary across districts in response to different relative prices.

Data reflecting budget shares spent on the major components of education inputs for Alaska districts do in fact reflect the substitution phenomenon and per student costs clearly vary across districts. It should be noted that variation in per student costs reflect both economic conditions (scale economies and regional differences in costs of inputs) and past policies regarding the level of state funding support to the districts. However, differences in input proportions (i.e., relative budget shares) are expected to primarily reflect economic factors.

These observations suggest that an index number used to measure differences in regional costs should be able to incorporate the consequences of the substitution effect. A fixed weight market basket index (where each district purchases the same set of inputs with the same relative quantities) does not do this.

AIR, Inc. has elected to use an index called the Törnqvist index. This is a geometric mean relative price index weighted (in this application) by the average of the budget shares of the two districts being compared (Anchorage and another district). We have reviewed a number of references in the literature regarding this index, including several of those cited in the AIR study. The Törnqvist index is used in a variety of contexts and the U.S. Department of Labor (Bureau of Labor Statistics) is utilizing it. The index does, in fact, appropriately adjust for the substitution effect.

REVIEW OF AIR'S ESTIMATION OF THE INDEX

The next part of this analysis reviews AIR's application of the index and the measurement of index components. The AIR materials that are part of the review include Volume I – Summary of Results, Volume II – The Technical Report, including appendices, and the index update ACCESS model and supporting documentation (Alaska School District Cost Study: Updating the Geographic Cost of Education Index Using Access). AIR has also provided several data sets that were used in their analysis. These have greatly facilitated our review. Where possible, we have reviewed the ACCESS model and attempted to replicate specific segments of the index number calculations.

AIR has identified four major categories of the index (personnel services; energy services; supplies, materials, and small capital items; and travel). These categories (as defined by AIR) account for almost all expenditures in the operating budget. Before reviewing individual components of the index a brief description of the index is given.

As stated above, the index is a geometric mean of price relatives, weighted by the average of the budget shares of the two districts being compared. A "price relative" is simply the price of an item in a specified district, divided by the price of the same item in the base (or reference) district, which is Anchorage. Thus, the basic steps in estimating the index involve estimating the "price" of each item included in the index for each of the 53 districts, and calculating the share of each district's budget that is spent on the category represented by the respective items.

The focus of the review is on the estimation of the various prices incorporated in the index, but we will also comment on the budget share question. A discussion of individual components of the index follows.

PERSONNEL SERVICES

The review of personnel services is drawn primarily from V.I, pages 7 – 9, V.II, pages 10 – 22, and Appendixes C – E.

The personnel services component of the index accounts for the largest share of budget expenditures, and is made up of three sub-categories (administrators, teachers, and classified employees). AIR uses hedonic wage models to estimate compensation (i.e., the price) in each of the three personnel components. Each of the estimating equations utilizes four sub-groups of independent variables to "explain" compensation: characteristics or attributes of the employee, characteristics of the school, regional amenities, and regional economic characteristics. The primary economic variable is the so-called comparable wage index. The index is discussed in Volume II, pages III-11 to III-16. This is an index that is intended to measure the relative comparable average wage level of twenty-seven Alaska labor market areas. The index is represented as measuring the relative cost of living in each of the 27 areas. This index is then used as one of the economic variables in the regression equations that estimate compensation.

The use of hedonic wage models is an established, and accepted, methodology. However, we have concerns regarding the present application. The first concern relates to the estimation and interpretation of the comparative wage index, and impacts on all three of the compensation model regressions. The second area of concern relates to the specification and estimation of the individual regressions.

As indicated above, the comparative wage index is presented as a measure of cost of living differences across the 27 labor market regions of Alaska, and as a measure of the comparative average cost of labor across regions. Data used to compute the index were provided by the Alaska Department of Labor and reflect average quarterly earnings by occupational classification code for each of the 27 labor market areas.

There are a number of assumptions that underlie this model that may or may not be met in the present application. AIR controls for variation in the occupational mix of employment, but as AIR points out, the available data do not ensure that the comparability of labor in different labor market areas is consistent. AIR notes that working conditions or regional amenities may influence comparability and wage rates, but that these factors are not separated out in the construction of the index. Other factors that may influence the index could include regional differences in the level of employment (e.g., hours worked per year), the rate of unemployment, or the labor force participation rate of a particular region. Differences in personal tastes and preferences may also be significant.

It is expected that average earnings or average hourly wages are also sensitive to the type of employer (i.e., industry), whether the employer is part of the private or public sector, and whether the mix of union and non-union employment for a given occupation is constant across areas. For large labor market areas there would be some tendency for these factors to average out, but for many of the Alaska labor market areas this is probably not the case. It should also be noted that the comparable wage index, if it is to measure the cost of living, is supposed to be based on wages by place of residence. As an index of the cost of employment, it should reflect wages by place of work. If significant commuting between labor market areas occurs, or if data are not correctly reported with respect to location, then potentially serious measurement error may occur.

More broadly, the comparative wage index is a measure of the cost of living only if fairly stringent assumptions are met. In addition to assumptions of comparability discussed above, comparability requires similar tastes and preferences among individuals, costless labor mobility, markets in equilibrium, and the absence of significant market power on the part of employers or employees. The index will not represent an accurate measure of the cost of living if there are other significant sources of income (including, for example, self employment, transfer payments, or subsistence).

Finally, the values of the index presented by AIR (Appendix C, page 74) contradict what most economists familiar with the Alaska economy would expect. The North Slope Borough has a value of 1.33 relative to Anchorage. One labor market area (Aleutians East) is equal to Anchorage, and all other labor market areas in the state (24) are lower than Anchorage. This clearly contradicts the food and energy market basket data compiled by the University of Alaska Cooperative Extension Service for several communities around the state. Alaska Department of Labor data for Alaska regional wages (based on survey data on hourly wages, as opposed to average quarterly or annual earnings) suggest that the pattern of average wages is mixed, with statewide averages exceeding Anchorage averages in some cases, while the opposite is also frequently the case.

In summary, the measurement and estimation of the comparable wage index raise several issues and bring into question the usefulness of the variable in the overall estimation or specification of the compensation model regressions. AIR has addressed some of the

concerns raised by inclusion of a measure of labor force participation, and by inclusion of some regional amenity measures. However, we do not think that it provides a reliable measure of either regional differences in the cost of labor or the cost of living. It is recognized that the variable is statistically significant in the regressions in which it is used, but this does not mean that the coefficient is reliably estimated. If there is measurement error in the variable then its coefficient and all of the other estimated coefficients in the regression are biased.

Use of the variable in the teacher equation is questionable. The variable is probably more likely to reflect labor market conditions for classified employees. The measurement errors discussed above are probably smallest if the index is used as an indicator of the cost of labor relative to classified employees. It should also be noted that the index is used in the calculation of the maintenance service call travel component. The index may be reasonably accurate for this use.

The second aspect of the estimation of compensation relates to specification of the equations. Specification relates both to the functional form of the equation and to the set of variables included in the equation.

The primary concern with the model selected for teacher compensation relates to teacher turnover. The problem of teacher retention (or turnover) in Alaska is often cited as one of the major problems facing public education in the state. The problem has been documented and analyzed in a study prepared for the Alaska Department of Education and Early Development by G. W. McDiarmid (University of Washington) and E. Larson and L. Hill (University of Alaska, ISER) in a December 2002 study entitled *Retaining Quality Teachers for Alaska*. Data in the study indicate wide variation in the turnover rate, ranging from a low of three percent to a high of fifty percent (average of 1996 – 2000). Rural districts tend to face the greatest retention problem.

AIR indicates that it tried a number of alternative models of teacher compensation. (See pages III-8 – III-20, Volume II). These included models where the housing benefit was excluded, where the index was constructed using data from earlier years, and another that specifically adjusted for teacher turnover. The report states that “Adjusting for turnover rates raises index values for all but five districts”. The North Slope index was six percentage points higher than the model finally used. Exhibit E-1, page 84, provides a comparison between the index values used (Teacher regression: Salary & Benefits) and the turnover adjusted model (Teacher Tobit). Since turnover rates tend to be highest in rural (and remote) districts the index equation chosen tends to understate the difference between urban and rural school districts.

Furthermore, we do not think that simply using the AIR Teacher Turnover model resolves the problem. For reasons discussed below, there are specification and data measurement issues that need to be addressed.

Other concerns with the teacher regression relate to specification error. First, years of experience in a given district relates to salary level. If compensation is not high enough,

teachers leave. Generally, districts with higher turnover rates will have lower average experience levels. Thus, we could hypothesize that experience is a function of compensation, as well as compensation being a function of experience. In other words, experience is not an independent variable with respect to income, but this is what the AIR model specifies. This specification introduces an error in the estimation of the model (i.e., coefficients are not correctly estimated). This is another aspect of the turnover rate problem.

Another concern is that the data on salary do not reflect market clearing wages. In essence, for districts with large numbers of applicants relative to the number of positions, the quantity of teachers supplied exceeds the number demanded. This means that the wage paid is greater than the equilibrium, or market clearing, wage. If district "X" is in this market situation, while district "Y" with fewer applicants per position pays closer to market equilibrium, then the ratio of salaries of Y/X will understate the cost of comparable teachers between district Y and X. This understatement may reflect the difference in the cost of comparable teachers, or it may reflect an added difference in the form of higher quality of teachers as well as differences in cost.

A final concern relates to the omission of any real discussion of employer provided benefits. The text discussion of compensation does not address employer funded benefits, although Part VII of the survey instruments requests data on employee benefits. In the discussion of teacher compensation two measures are noted, salary, and salary plus benefits. However, the only difference between salary and salary plus benefits is the housing benefit. This is received in 227 of about 7000 cases. In other words salary is the same as salary plus benefits in almost all cases. Benefits that are not incorporated in the measure of compensation, but are received by all teachers, include employer contributions to retirement programs and health and welfare benefits. For teachers, the retirement benefit will be employer contributions to the Teachers Retirement System (TRS) and in some instances employer contributions to supplemental benefit systems (SBS). While the TRS contribution rate is the same for all districts (but may vary from year to year), the health and welfare benefits vary from district to district, and may be as important as the housing benefit in explaining teacher compensation.

Benefits do not appear to be included in the measurement of administrator or classified employees either. In these cases employees are covered under the Public Employees Retirement System (PERS). PERS contribution rates do vary from district to district and health and welfare benefits also vary across districts. This may be particularly significant in the case of administrators, where retirement benefits are heavily influenced by an individual's "high three" years of service. Benefits do appear to be included in the calculation of expenditure shares.

Whether the omission of benefits is a problem is an empirical question. The survey of districts did request benefit data for employees. It may be that variation in benefits is too small to be of significance. If this is the case it should be indicated. If benefits were not analyzed, this should also be indicated.

In summary, we think that the teacher model is mis-specified. While it may allow one to estimate the cost of a comparable teacher in two different districts, we think that the estimate is biased and that the difference in teacher cost is likely to be understated in many cases. The probable consequence of this misspecification is that the teacher index understates the true difference between Anchorage and many of the smaller rural or remote districts, and in particular those with high turnover rates.

COSTS OF ENERGY SERVICES

The review of the energy component of the index is based on a review of the following sections of the various reports; I, pp10-14; II, pp IV-23 – IV-32; Appendix F: Energy Prototypes, pp 89-93, as well as the energy services components of the ACCESS UPDATE MODEL.

AIR has chosen to estimate the cost of energy services using a two step process. First, an engineering model is used to develop estimates of energy consumption. The energy consumption model documentation states that the model relies on three prototypes reflecting three climate zones (moderate, cold, very cold). Prototypes for high school and elementary school facilities are also discussed. Subsequently, another prototype was identified as being needed to reflect distinct characteristics of rural schools (the K-12 prototype). The intent of these prototypes is to construct a "typical" or average facility for a given climatic characteristic. In the present case the heating degree day (HDD) measure is the single climate characteristic utilized. The assumed prototypes are then incorporated into a DOE 2.1 E model (which is never described or discussed) to generate energy consumption requirements.

The report states that energy requirements for school buildings are determined for space heating, hot water, electricity, cooking and swimming pool heating. Obviously, not all facilities will involve all end uses. District buildings and outbuilding energy requirements were estimated more simply. Two energy types were utilized (electric and fossil fuels) in the estimation of energy requirements. The energy requirements estimated are on a BTU per square foot basis. The energy requirement per square foot is then multiplied by the total square footage of a facility to obtain total BTUs for a specific end use.

The cost of energy requirements is obtained by multiplying the energy requirement (BTUs) by the price per BTU of the specific fuel type used for the given end use. Total end use cost is summed across end use types to get the estimate of total energy cost for a given facility. Facilities are then summed to the district level. This results in an estimate of total energy cost for the district.

The total energy cost for all facilities in a given district is divided by the total square footage of the district to obtain the district's energy cost per square foot. The ratio of this figure to the comparable Anchorage figure is the energy component of the overall index. There are a number of observations to be made regarding estimation of energy costs using this methodology.

This methodology estimates the hypothetical cost of energy for a facility of assumed physical characteristics and assumed usage. The only variables in the model are heating degree days and the price of energy, neither of which are under the control of the district. There is a significant "black box" aspect to the use of prototypes and a DOE Energy model. The model presumably tells us what energy consumption *should* be, given physical, operating and climatic characteristics related to the facility. While this modeling information might be useful in defining efficiency standards, it is not clear what its value is in measuring regional differences in energy costs. If the model projections and actual energy costs differ substantially it suggests that either the model does not work very well, or that the stock of existing facilities does not match the prototypes. If the model does not work well (i.e., is not a good predictor) then it should not be used. If it does work well, in the sense that predicted and actual costs are close, then what is the point of going to the trouble and expense of parameterizing the energy model?

To explore the significance of a prototype based energy cost index a rough calculation comparing actual and predicted energy costs has been made. Actual costs were taken from the study's *PART I: District Survey Fiscal Year 2002*, responses to question 1. The average of FY2000 and FY2001 has been used to reflect actual expenditures. Data from the energy section of the ACCESS model were used to replicate the calculation of the energy index. These data also provide the prototype-based estimate of energy costs by facility and by district. The comparison of actual and projected energy cost is done at the district level. A review of these cost estimates suggest that for many districts sizeable discrepancies exist between actual and prototype based estimates. On average (using the Mean Absolute Percent Error measure), there is a forty-two percent difference between actual and prototype-based estimates of energy costs.

The estimate of total energy cost will approximate the actual cost of energy only if the physical and use characteristics of the prototype and the existing facility are the similar. This certainly will not be expected in many instances. One would hypothesize that substantial variation in the physical characteristics of individual school facilities would exist, linked to age, design, construction and maintenance parameters. These variations most likely reflect a number of historical factors over which present administrators have had little control. In short, the stock of school facilities (and in particular, physical attributes) is essentially fixed in the short or intermediate term. The actual energy costs are real costs and are not subject to significant district administration adjustment in the near term. Data regarding the age and other characteristics of school facilities are not available to test this hypothesis, but the wide discrepancies between projected and actual energy costs is consistent with this hypothesis.

To the extent that actual and prototype facilities differ, and projected and actual costs differ, significant over- or under-funding of energy costs could result. It is not clear why AIR has chosen to ignore real costs of energy. This simply is not an area in which short-term policy adjustments can be expected to work. There are no policy variables for district administrators to utilize that will significantly alter energy costs in the short run. Alternatively stated, the short-run elasticity of demand for energy is highly inelastic.

Significant modifications to energy consumption need to be addressed through capital budgets, and not operating budgets.

In addition to questioning the use of prototypes, it does not appear that the set of prototypes described in the text of Volume II and appendices is what was used in the actual calculations in the ACCESS MODEL. For example, Exhibit IV-3 and Exhibit IV-4 (page IV-29, Volume II) indicate end use categories of space heat, hot water, cooking, swimming pool, and everything else. These exhibits also indicate three climate zones. It is not clear what these numbers reflect. The text indicates three physical facility prototypes (high school, elementary school, and rural K-12 school). Appendix F shows detailed assumptions regarding parameters related to the high school and elementary prototypes, but no K-12 parameters. Exhibits IV-3 and IV-4 make no distinctions between any of the three prototypes. Either the two (or three) prototypes have been merged somehow, or Exhibits IV-3 and IV-4 represent something else.

Finally, when reviewing the portion of the ACCESS model that calculates the energy requirements, it appears that only two climate categories are used (see ACCESS TABLE: ENERGY TERMS). Also, the same set of parameters used to calculate energy requirements for an elementary school are used to calculate the energy requirements for a high school (assuming the same fuel and climate type). There is also no distinction between parameters on an urban school and a rural K-12 facility (again assuming comparable climate and fuel type). In short, what is indicated in the text discussion of the model does not appear to be what is computed by the model. It might also be noted that the end use category "everything else" and space heat do not appear in the end use categories in the ACCESS model, but "electricity," and "school" do.

Other inconsistencies in the documentation could be cited. For example, on page IV-25 Kodiak is listed as a "cold" place. On page IV-26 (Exhibit IV-2) Kodiak is cited as an example of a "Moderate" climate zone. This does not inspire a lot of confidence in the underlying model. At best, this is sloppy documentation.

In summary, the energy costs portion of the index has been criticized on two bases. First, the use of a prototype driven energy requirements model does not reflect the decision making environment that a district administrator faces. The modeling process could be useful for design purposes and capital budget planning. However, it appears that historic energy costs would be a more relevant basis for calculating the energy portion of the index. Second, what is promised (or at least suggested) in the description of the calculation of energy costs via an energy requirements model does not appear to be what the access model actually does. This certainly raises questions about the viability and reliability of the prototype based energy index component.

COST OF GOODS

Our review covers V.I, pages 14 – 16, V.II, pages 33 – 39, and Appendix G.

The next component of the index is cost of goods. This component has two parts: office and instructional supplies, and small capital and maintenance supplies. Office and instructional supplies are represented by the average delivered cost of one case of paper. Small capital and maintenance supplies are represented by the delivered cost of one 4' by 5' windowpane, where delivery is to the school. Primary and secondary delivery modes were included. We understand how these items were selected. However, whether or not these are representative samples of purchases and related transportation costs needs more empirical verification. This could be done by limited, in depth sampling of selected schools and districts. An alternative method of measuring delivered pricing would also be appropriate. For example, this might be done by soliciting delivered price quotes from distributors and suppliers.

We have not examined the portion of the ACCESS Model that computes the goods portion of the index.

TRAVEL COSTS

The review of travel cost methodology includes V. I, pages 17-20, V.II, pages 40 – 49, Appendix H, and travel related components of the ACCESS Model.

This is a particularly poorly edited and documented portion of the report. As an example, in Volume I, page 18, it is stated that "Travel costs . . . were aggregated to the district level based on relative enrollment . . ." and "The three subcomponents of travel were aggregated into a single index for travel using the appropriate budget share weights described earlier." Elsewhere in the study it is stated (correctly) that full-time-teacher equivalents (not enrollment) is the weighting factor used and that there are six, not three, components to the travel index, as shown, for example, on page 121 of Volume II (Travel Index). Also, the exhibits referenced on page 18 (Vol. I), VII-2 and VII-3 are nowhere to be found (perhaps the authors meant VI-2 and VI-3). Exhibit VI-1 is never referenced.

As another example of poor editing and documentation, consider the Trip Index equation as shown on page 100 of Volume II and in the *Updating the SGCEI in Access Handbook*, page 8. The stated equation for calculating the index for remote (i.e., overnight stay required) is as follows.

$$\text{Trip Cost}_{ir} = \frac{\sum_j (\text{schoolFTE})_{ijr} X(\text{roundtrip cost from school to do})_{ijr} + (450)_{ijr}}{\sum (\text{schoolFTE})_{ij}}$$

As shown in the equation, the 450 dollar (per diem allowance for three days) term is not weighted by FTE. In the actual computations carried out by ACCESS, it is. Furthermore, the "overnight stay" cost factor varies in ACCESS, depending on the type of travel. When calculating PD1 (teacher professional development to the district office) the cost factor used appears to be \$800. For teacher professional development travel to Anchorage (PD2), the figure is \$450 (and for Anchorage teachers the figure is \$75). The amount of

\$450 is also used for administrators from schools to district office travel (PD3) and superintendents from district office to Anchorage (PD5). However, unlike the Anchorage teacher per diem of \$75, the Anchorage superintendent per diem is \$450. This has the effect of significantly decreasing PD5 relative to PD2, and one would expect the two to be roughly equivalent. Also, travel for school oversight (administrators from district offices to schools (SO1)) a figure of \$84 is used. So far as we can tell, these distinctions are not shown anywhere in the reports or supplements. It is clear that the index values will be influenced by these distinctions. The Superintendent travel index will certainly be understated.

The other travel component is MT1 (maintenance or technical service travel), which is actually a measure of travel plus service, includes travel time in the calculation. When reviewing the ACCESS calculation of this index component it appears that only one-half of the total travel time is included (i.e., travel time to the job site). Return time is not included. If return trip travel time is included as part of normal billing practices, then this index component is understated for districts where maintenance and technical service travel time is significant.

In short, there are really six different formulas used by the model, and they are not what is shown in the documentation. The distinctions may be perfectly valid, but it certainly makes analysis of the travel components difficult.

BUDGET SHARE DETERMINATION

In addition to estimating prices of the index components, it is also necessary to establish relative budget shares. This involves a determination of what should, or should not, be included in total expenditures. The budget matrix presented in Exhibit I-1, page 112 includes both operating funds and special revenue funds. However, the text indicates that only operating funds were used in the determination of budget shares.

This raises two issues. First, on what basis are funds included or excluded from calculation of budget shares? This relates both to the decision to include only operating fund amounts and the assignment of specific fund amounts to specified expenditure categories. For example, if funds from special revenue funds go to pay for instruction that is included in the FTE Teacher count shouldn't those funds be part of the budget share? It is not apparent from the report as to how the budget share determinations were made, or by whom. As a general principle, if the availability of funding (from whatever sources) influences the quantity of an input purchased, then that funding should be included. We are not critical of the specific allocations represented, but do believe that the classification scheme should be more transparent.

Secondly, AIR has provided the budget data for each district, in the matrix format. We can replicate some elements of the budget shares table (Exhibit I-3, page 114), but not those related to administration, teaching and classified (and sometimes energy). While

the differences between what we calculate and what are shown in Exhibit I-3 are small they can have a significant effect in terms of actual dollars.

OTHER OBSERVATIONS

While not part of the methodology review, per se, it is impossible to ignore the quality of editing, documentation, and accuracy of the report. As pointed out in previous discussions there are numerous instances of inconsistencies, typographical errors, undocumented changes in variable names, and mismatches between what the text says the models are doing and what ACCESS actually computes. Overall, there is a real lack of continuity or cohesion in the discussion. This does not impugn the validity of the methodology, but it certainly makes it difficult to understand what the methodology actually reflects.

The ACCESS Model is of limited usefulness. There is no provision for changing the personnel components of the model, and yet this is by far the most important component of the index. The energy component can be updated for changes in energy prices or fuel type, but no other changes are allowed. Travel costs may be updated with respect to trip prices but per diem allowances cannot be updated without modifying the inner workings of the ACCESS model. In short, there are limited changes that can be incorporated without making modifications to the model itself.

It would also be a real help to potential users of the model if it were more adequately documented. There is no overall description or flowchart of the computational process. There is no description of the relation between the numerous table and query objects that are part of the model. Variables often are not defined, and may change in meaning from one query to the next. This makes it difficult for a user to understand or modify the workings of the model. This is particularly troublesome in view of the discrepancies between the text documentation and what the model actually does.

ISER also reviewed the responses to follow up questions regarding the study. Many of these relate to issues that have already been discussed. One area that has not been addressed is that of variations in specific elements of the index when making comparisons between districts (or in some cases, schools). Substantial variation, particularly in the smaller components of the index, can be expected. Extreme discrepancies need to be checked on a case by case basis. As AIR pointed out in its responses, there are usually legitimate explanations for observed differences. What should be of greater concern is significant differences in the overall index. We have made some cursory geographic comparisons but do not observe any systematic patterns of discrepancies.

IMPLICATIONS OF THE REVIEW

We turn now to the implications of the review and to address the specific questions addressed.

(A) Is the methodology used by AIR generally acceptable? Methodology is to be interpreted to include both the theoretical basis underlying the choice of the index number used and the methodology utilized in estimating the various components of the index.

As stated earlier, we think that the choice of index number type is appropriate and methodologically sound. We have raised a number of issues regarding measurement of components of the index. These are discussed below.

(B) If the methodology is generally acceptable, is there anything unique to Alaska that makes the use of this methodology inappropriate in Alaska?

The findings of our review do not suggest that there is anything unique about Alaska that makes the general methodology inappropriate for use in the state. As indicated above, there are problems in the measurement of index components. These may result from an incomplete understanding of Alaska, but do not invalidate the general methodology.

(C) If the methodology utilized by AIR is generally acceptable for use in Alaska, but is deficient in some respects, can elements of the methodology be adapted so that use of the general AIR methodology is appropriate in Alaska?

We have identified a number of problem areas regarding measurement of index components.

Estimation of teacher compensation needs to be modified. The compensation model needs to be re-specified to address issues raised regarding turnover, income/experience interdependence, and measurement errors in market prices for teachers.

The energy costs based on the prototype model are prone to significant error when compared to actual energy costs. We suggest that actual energy costs be used.

The travel cost component should be reviewed with respect to per diem allowances and the cost of travel time for maintenance/technician service call travel.

The cost of goods component may be satisfactory in the short run, but it needs additional validation. In particular, do paper and windows adequately represent expenditure patterns in this budget category? Secondly, alternative measures of delivered prices should be considered.

The definition and measurement of budget categories may or may not be adequate. There is simply now way to tell from the study reports. The basic issue is whether or not the measured shares accurately reflect expenditures. The exclusion of revenue funds from expenditures may be valid, but it raises questions.

(D) Is an alternative general methodology necessary, and if so, what might it be?

In our judgment the answer is no.

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153:3



25th Alaska State Legislature Joint Legislative Education Funding Task Force

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Representative
Paul Seaton

Senator
Bert Stedman

Senator
Gary Stevens

Senator
Gary Wilken

Committee Aide:

Juli Lucky

EDUCATION FUNDING TASK FORCE

JUNE 15, 2007

9:00 AM – 4:30 PM

AGENDA

Determine committee schedule

Discussion of variables

Local effort

District cost factors

District	FY2008			FY2009			FY2010			FY2011		
	FY08 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY09 Current Education F/V Required Local	.0029mills of F/V Required Local	Difference	FY10 Current Education F/V Required Local	.0028mills of F/V Required Local	Difference	FY11 Current Education F/V Required Local	.0027mills of F/V Required Local	Difference
Alaska Gateway	-	-	-	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-	-	-	-
Aleutians East Borough	396,534	304,030	92,504	400,243	299,274	100,969	404,020	294,242	109,778	407,866	288,926	118,940
Anchorage	88,989,480	86,501,348	2,488,132	95,229,111	92,665,434	2,563,677	102,143,870	99,150,736	2,993,134	109,806,805	105,954,602	3,852,203
Annette Island	-	-	-	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	630,578	472,933	157,645	646,153	468,461	177,692	662,113	463,479	198,634	678,467	457,965	220,502
Chatham	-	-	-	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-	-	-	-
Cordova	662,014	497,076	164,938	641,228	464,890	176,338	620,388	434,272	186,116	600,225	405,152	195,073
Craig	393,391	295,043	98,348	396,932	287,775	109,157	400,504	280,353	120,151	404,109	272,773	131,336
Delta/Greely	-	-	-	-	-	-	-	-	-	-	-	-
Denali Borough	640,542	592,578	47,964	672,107	618,594	53,513	706,194	644,985	61,209	743,004	671,643	71,361
Dillingham	670,693	567,233	103,460	712,857	609,464	103,393	759,723	654,060	105,663	811,814	701,023	110,791
Fairbanks North Star Borol	23,962,498	21,801,233	2,161,265	25,458,063	23,243,094	2,214,969	27,107,521	24,750,850	2,356,671	28,926,708	26,322,794	2,603,914
Galena	76,915	61,423	15,492	78,299	61,382	16,917	79,730	61,269	18,461	81,209	61,078	20,131
Haines Borough	942,101	818,967	123,134	984,087	852,547	131,540	1,029,301	886,449	142,852	1,077,993	920,524	157,469
Hoonah	124,253	110,413	13,840	124,738	107,437	17,301	125,228	104,417	20,811	125,720	101,353	24,367
Hydaburg	33,834	26,082	7,752	34,197	25,740	8,457	34,568	25,371	9,197	34,947	24,977	9,970
Iditarod Area	-	-	-	-	-	-	-	-	-	-	-	-
Juneau Borough	13,485,969	12,747,564	738,405	14,616,253	13,961,557	654,696	15,896,865	15,272,981	623,884	17,347,798	16,686,277	661,521
Kake	75,488	59,039	16,449	75,743	57,442	18,301	76,001	55,821	20,180	76,260	54,178	22,082
Kashunamiut	-	-	-	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	20,447,690	18,518,797	1,928,893	21,057,576	18,785,838	2,271,738	21,697,590	19,034,070	2,663,520	22,369,221	19,260,983	3,108,238
Ketchikan Gateway Boroug	4,682,492	3,765,516	916,976	4,788,429	3,793,606	994,823	4,898,836	3,817,362	1,081,474	5,013,902	3,836,367	1,177,535
Klawock	133,610	103,594	30,016	136,414	104,207	32,207	139,332	104,698	34,634	142,368	105,058	37,310
Kodiak Island Borough	4,141,788	3,402,477	739,311	4,242,955	3,435,754	807,201	4,348,634	3,465,230	883,404	4,459,027	3,490,501	968,526
Kuspuk	-	-	-	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borough	220,534	165,401	55,133	212,727	154,227	58,500	205,197	143,638	61,559	197,933	133,605	64,328
Lower Kuskokwim	-	-	-	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-	-	-	-
Mat-Su Borough	20,975,565	22,523,996	(1,548,431)	24,313,621	26,613,377	(2,299,756)	28,393,727	31,407,823	(3,014,096)	33,380,840	37,018,718	(3,637,878)
Nenana	81,591	68,157	13,434	84,972	70,787	14,185	88,604	73,431	15,173	92,506	76,077	16,429
Nome	889,303	758,177	131,126	920,742	778,491	142,251	954,137	798,398	155,739	989,609	817,771	171,838
North Slope Borough	10,548,636	10,548,636	-	10,548,636	10,548,636	-	10,548,636	10,548,636	-	10,548,636	10,548,636	-
Northwest Arctic Borough	1,533,646	1,156,912	376,734	1,536,037	1,121,815	414,222	1,538,436	1,086,489	451,947	1,540,842	1,050,934	489,908
Pelican	44,599	33,449	11,150	41,758	30,274	11,484	39,098	27,369	11,729	36,607	24,710	11,897
Petersburg	1,048,787	841,633	207,154	1,073,082	848,807	224,275	1,098,429	855,023	243,406	1,124,874	860,187	264,687
Pribilof	-	-	-	-	-	-	-	-	-	-	-	-
Saint Mary's	19,160	15,238	3,922	19,288	14,916	4,372	19,417	14,583	4,834	19,549	14,239	5,310
Sitka Borough	3,162,938	2,837,103	325,835	3,333,732	2,990,184	343,548	3,519,948	3,147,777	372,171	3,722,980	3,309,449	413,531

District	FY2008			FY2009			FY2010			FY2011		
	FY08 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY09 Current Education F/V Required Local	.0029mills of F/V Required Local	Difference	FY10 Current Education F/V Required Local	.0028mills of F/V Required Local	Difference	FY11 Current Education F/V Required Local	.0027mills of F/V Required Local	Difference
Skagway	526,955	526,955	-	526,955	526,955	-	526,955	526,955	-	526,955	526,955	-
Southeast Island	-	-	-	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-	-	-	-
Tanana	23,603	17,902	5,701	23,809	17,605	6,204	24,019	17,292	6,727	24,233	16,962	7,271
Unalaska	1,649,696	1,347,016	302,680	1,723,513	1,409,149	314,364	1,803,397	1,472,395	331,002	1,889,847	1,536,518	353,329
Valdez	3,242,930	3,242,930	-	3,242,930	3,242,930	-	3,242,930	3,242,930	-	3,242,930	3,242,930	-
Wrangell	572,448	429,336	143,112	568,555	412,203	156,352	564,689	395,282	169,407	560,849	378,573	182,276
Yakutat	194,834	159,362	35,472	195,057	154,373	40,684	195,280	149,363	45,917	195,504	144,331	51,173
Yukon Flats	-	-	-	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-	-	-	-
Yupitit	-	-	-	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe High Scho	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	205,225,095	195,317,549	9,907,546	218,660,799	208,777,224	9,883,575	233,893,317	223,408,029	10,485,288	251,202,137	239,316,769	11,885,368

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District	FY2012			FY2013		
	FY12 Current Education F/V Required Local	.0026mills of F/V Required Local	Difference	FY13 Current Education F/V Required Local	.0025mills of F/V Required Local	Difference
Alaska Gateway						
Aleutian Region						
Aleutians East Borough	411,783	283,316	128,467	415,771	277,405	138,366
Anchorage	118,298,870	113,070,042	5,228,828	127,709,777	120,484,827	7,224,950
Annette Island	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-
Bristol Bay Borough	695,225	451,896	243,329	712,397	445,248	267,149
Chatham	-	-	-	-	-	-
Chugach	-	-	-	-	-	-
Copper River	-	-	-	-	-	-
Cordova	580,718	377,467	203,251	561,845	351,153	210,692
Craig	407,746	265,035	142,711	411,415	257,135	154,280
Delta/Greely	-	-	-	-	-	-
Denali Borough	782,755	698,444	84,311	825,683	725,240	100,443
Dillingham	869,713	750,329	119,384	934,068	801,914	132,154
Fairbanks North Star Borol	30,933,090	27,956,172	2,976,918	33,145,929	29,646,983	3,498,946
Galena	82,739	60,804	21,935	84,319	60,441	23,878
Haines Borough	1,130,428	954,597	175,831	1,186,896	988,466	198,430
Hoonah	126,215	98,243	27,972	126,714	95,088	31,626
Hydaburg	35,334	24,554	10,780	35,729	24,103	11,626
Iditarod Area	-	-	-	-	-	-
Juneau Borough	18,556,916	18,205,346	351,570	18,556,916	19,833,324	(1,276,408)
Kake	76,521	52,510	24,011	76,784	50,819	25,965
Kashunamiut	-	-	-	-	-	-
Kenai Peninsula Borough	23,074,030	19,463,866	3,610,164	23,813,657	19,639,789	4,173,868
Ketchikan Gateway Boroug	5,133,824	3,850,178	1,283,646	5,258,806	3,858,323	1,400,483
Klawock	145,528	105,274	40,254	148,816	105,335	43,481
Kodiak Island Borough	4,574,343	3,511,134	1,063,209	4,694,801	3,526,664	1,168,137
Kuspuk	-	-	-	-	-	-
Lake & Peninsula Borough	190,926	124,102	66,824	184,167	115,104	69,063
Lower Kuskokwim	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-
Mat-Su Borough	39,476,589	43,572,128	(4,095,539)	46,927,423	51,209,819	(4,282,396)
Nenana	96,699	78,710	17,989	101,203	81,313	19,890
Nome	1,027,287	836,465	190,822	1,067,308	854,320	212,988
North Slope Borough	10,548,636	10,548,636	-	10,548,636	10,548,636	-
Northwest Arctic Borough	1,543,255	1,015,148	528,107	1,545,676	979,129	566,547
Pelican	34,275	22,279	11,996	32,092	20,058	12,034
Petersburg	1,152,463	864,195	288,268	1,181,248	866,937	314,311
Pribilof	-	-	-	-	-	-
Saint Mary's	19,682	13,884	5,798	19,816	13,519	6,297
Sitka Borough	3,944,345	3,474,652	469,693	4,185,700	3,642,705	542,995

District	FY2012			FY2013		
	FY12 Current Education F/V Required Local	.0026mills of F/V Required Local	Difference	FY13 Current Education F/V Required Local	.0025mills of F/V Required Local	Difference
Skagway	526,955	526,955	-	526,955	526,955	-
Southeast Island	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-
Tanana	24,450	16,617	7,833	24,671	16,254	8,417
Unalaska	1,983,404	1,601,234	382,170	2,013,207	1,666,207	347,000
Valdez	3,242,930	3,242,930	-	3,242,930	3,242,930	-
Wrangell	557,036	362,073	194,963	553,248	345,780	207,468
Yakutat	195,729	139,277	56,452	195,954	134,202	61,752
Yukon Flats						
Yukon/Koyukuk						
Yupitit						
Mt. Edgecumbe High School						
TOTAL	270,480,439	256,618,491	13,861,948	291,050,557	275,436,126	15,614,431

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District	FY2008			FY2009			FY2010			FY2011		
	FY08 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY09 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY10 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY11 Current Education F/V Required Local	.003mills of F/V Required Local	Difference
Alaska Gateway	-	-	-	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-	-	-	-
Aleutians East Borough	396,534	304,030	92,504	400,243	309,594	90,649	404,020	315,259	88,761	407,866	321,028	86,838
Anchorage	88,989,480	86,501,348	2,488,132	95,229,111	95,860,794	(631,683)	102,143,870	106,232,932	(4,089,062)	109,806,805	117,727,335	(7,920,530)
Annette Island	-	-	-	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	630,578	472,933	157,645	646,153	484,615	161,538	662,113	496,585	165,528	678,467	508,850	169,617
Chatham	-	-	-	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-	-	-	-
Cordova	662,014	497,076	164,938	641,228	480,921	160,307	620,388	465,291	155,097	600,225	450,169	150,056
Craig	393,391	295,043	98,348	396,932	297,699	99,233	400,504	300,378	100,126	404,109	303,081	101,028
Delta/Greely	-	-	-	-	-	-	-	-	-	-	-	-
Denali Borough	640,542	592,578	47,964	672,107	639,925	32,182	706,194	691,055	15,139	743,004	746,270	(3,266)
Dillingham	670,693	567,233	103,460	712,857	630,480	82,377	759,723	700,778	58,945	811,814	778,915	32,899
Fairbanks North Star Borol	23,962,498	21,801,233	2,161,265	25,458,063	24,044,580	1,413,483	27,107,521	26,518,768	588,753	28,926,708	29,247,549	(320,841)
Galena	76,915	61,423	15,492	78,299	63,499	14,800	79,730	65,645	14,085	81,209	67,864	13,345
Haines Borough	942,101	818,967	123,134	984,087	881,945	102,142	1,029,301	949,767	79,534	1,077,993	1,022,804	55,189
Hoonah	124,253	110,413	13,840	124,738	111,142	13,596	125,228	111,876	13,352	125,720	112,614	13,106
Hydaburg	33,834	26,082	7,752	34,197	26,627	7,570	34,568	27,184	7,384	34,947	27,752	7,195
Iditarod Area	-	-	-	-	-	-	-	-	-	-	-	-
Juneau Borough	13,485,969	12,747,564	738,405	14,616,253	14,442,990	173,263	15,896,865	16,363,908	(467,043)	17,347,798	18,540,308	(1,192,510)
Kake	75,488	59,039	16,449	75,743	59,422	16,321	76,001	59,809	16,192	76,260	60,197	16,063
Kashunamiut	-	-	-	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	20,447,690	18,518,797	1,928,893	21,057,576	19,433,625	1,623,951	21,697,590	20,393,647	1,303,943	22,369,221	21,401,093	968,128
Ketchikan Gateway Boroug	4,682,492	3,765,516	916,976	4,788,429	3,924,420	864,009	4,898,836	4,090,031	808,805	5,013,902	4,262,630	751,272
Klawock	133,610	103,594	30,016	136,414	107,800	28,614	139,332	112,177	27,155	142,368	116,731	25,637
Kodiak Island Borough	4,141,788	3,402,477	739,311	4,242,955	3,554,228	688,727	4,348,634	3,712,746	635,888	4,459,027	3,878,335	580,692
Kuspuk	-	-	-	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borough	220,534	165,401	55,133	212,727	159,545	53,182	205,197	153,897	51,300	197,933	148,449	49,484
Lower Kuskokwim	-	-	-	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-	-	-	-
Mat-Su Borough	20,975,565	22,523,996	(1,548,431)	24,313,621	27,531,080	(3,217,459)	28,393,727	33,651,239	(5,257,512)	33,380,840	41,131,909	(7,751,069)
Nenana	81,591	68,157	13,434	84,972	73,228	11,744	88,604	78,676	9,928	92,506	84,530	7,976
Nome	889,303	758,177	131,126	920,742	805,335	115,407	954,137	855,427	98,710	989,609	908,634	80,975
North Slope Borough	10,548,636	10,548,636	-	10,548,636	10,548,636	-	10,548,636	10,548,636	-	10,548,636	10,548,636	-
Northwest Arctic Borough	1,533,646	1,156,912	376,734	1,536,037	1,160,498	375,539	1,538,436	1,164,096	374,340	1,540,842	1,167,704	373,138
Pelican	44,599	33,449	11,150	41,758	31,318	10,440	39,098	29,323	9,775	36,607	27,456	9,151
Petersburg	1,048,787	841,633	207,154	1,073,082	878,076	195,006	1,098,429	916,097	182,332	1,124,874	955,764	169,110
Pribilof	-	-	-	-	-	-	-	-	-	-	-	-
Saint Mary's	19,160	15,238	3,922	19,288	15,430	3,858	19,417	15,624	3,793	19,549	15,821	3,728
Sitka Borough	3,162,938	2,837,103	325,835	3,333,732	3,093,294	240,438	3,519,948	3,372,618	147,330	3,722,980	3,677,166	45,814

District	<u>FY2008</u>			<u>FY2009</u>			<u>FY2010</u>			<u>FY2011</u>		
	FY08 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY09 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY10 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY11 Current Education F/V Required Local	.003mills of F/V Required Local	Difference
Skagway	526,955	526,955	-	526,955	526,955	-	526,955	526,955	-	526,955	526,955	-
Southeast Island	-	-	-	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-	-	-	-
Tanana	23,603	17,902	5,701	23,809	18,212	5,597	24,019	18,527	5,492	24,233	18,847	5,386
Unalaska	1,649,696	1,347,016	302,680	1,723,513	1,457,740	265,773	1,803,397	1,577,567	225,830	1,889,847	1,707,243	182,604
Valdez	3,242,930	3,242,930	-	3,242,930	3,242,930	-	3,242,930	3,242,930	-	3,242,930	3,242,930	-
Wrangell	572,448	429,336	143,112	568,555	426,417	142,138	564,689	423,517	141,172	560,849	420,637	140,212
Yakutat	194,834	159,362	35,472	195,057	159,696	35,361	195,280	160,032	35,248	195,504	160,368	35,136
Yukon Flats	-	-	-	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-	-	-	-
Yupit	-	-	-	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe High Scho	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	205,225,095	195,317,549	9,907,546	218,660,799	215,482,697	3,178,102	233,893,317	238,342,994	(4,449,677)	251,202,137	264,316,574	(13,114,437)

District	FY2012			FY2013			FY2014			FY2015		
	FY12 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY13 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY14 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY15 Current Education F/V Required Local	.003mills of F/V Required Local	Difference
Alaska Gateway												
Aleutian Region												
Aleutians East Borough	411,783	326,903	84,880	415,771	332,886	82,885	419,832	338,977	80,855	423,968	345,181	78,787
Anchorage	118,298,870	130,465,433	(12,166,563)	127,709,777	144,581,793	(16,872,016)	138,138,943	160,225,543	(22,086,600)	149,696,546	177,561,946	(27,865,400)
Annette Island	-	-	-	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	695,225	521,419	173,806	712,397	534,298	178,099	729,993	547,495	182,498	748,024	561,018	187,006
Chatham	-	-	-	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-	-	-	-
Cordova	580,718	435,538	145,180	561,845	421,383	140,462	543,585	407,688	135,897	525,918	394,439	131,479
Craig	407,746	305,809	101,937	411,415	308,561	102,854	414,067	311,339	102,728	415,935	314,141	101,794
Delta/Greely	-	-	-	-	-	-	-	-	-	-	-	-
Denali Borough	782,755	805,897	(23,142)	825,683	870,288	(44,605)	872,040	939,825	(67,785)	922,101	1,014,916	(92,815)
Dillingham	869,713	865,764	3,949	934,068	962,296	(28,228)	1,005,599	1,069,593	(63,994)	1,085,105	1,188,852	(103,747)
Fairbanks North Star Borol	30,933,090	32,257,122	(1,324,032)	33,145,929	35,576,379	(2,430,450)	35,586,468	39,237,189	(3,650,721)	38,278,140	43,274,695	(4,996,555)
Galena	82,739	70,158	12,581	84,319	72,529	11,790	85,954	74,981	10,973	87,643	77,515	10,128
Haines Borough	1,130,428	1,101,458	28,970	1,186,896	1,186,160	736	1,247,707	1,277,375	(29,668)	1,313,194	1,375,605	(62,411)
Hoonah	126,215	113,357	12,858	126,714	114,105	12,609	127,216	114,858	12,358	127,721	115,617	12,104
Hydaburg	35,334	28,332	7,002	35,729	28,924	6,805	36,132	29,528	6,604	36,543	30,146	6,397
Iditarod Area	-	-	-	-	-	-	-	-	-	-	-	-
Juneau Borough	18,556,916	21,006,169	(2,449,253)	18,556,916	23,799,989	(5,243,073)	18,556,916	26,965,388	(8,408,472)	18,556,916	30,551,784	(11,994,868)
Kake	76,521	60,589	15,932	76,784	60,982	15,802	77,048	61,379	15,669	77,314	61,778	15,536
Kashunamiut	-	-	-	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	23,074,030	22,458,307	615,723	23,813,657	23,567,747	245,910	24,589,822	24,731,994	(142,172)	25,404,329	25,953,754	(549,425)
Ketchikan Gateway Boroug	5,133,824	4,442,513	691,311	5,258,806	4,629,987	628,819	5,389,063	4,825,373	563,690	5,524,817	5,029,004	495,813
Klawock	145,528	121,470	24,058	148,816	126,402	22,414	152,237	131,534	20,703	155,797	136,874	18,923
Kodiak Island Borough	4,574,343	4,051,309	523,034	4,694,801	4,231,997	462,804	4,820,633	4,420,744	399,889	4,952,076	4,617,909	334,167
Kuspuk	-	-	-	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borough	190,926	143,194	47,732	184,167	138,125	46,042	177,648	133,236	44,412	171,359	128,519	42,840
Lower Kuskokwim	-	-	-	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-	-	-	-
Mat-Su Borough	39,476,589	50,275,532	(10,798,943)	46,927,423	61,451,783	(14,524,360)	53,218,809	75,112,515	(21,893,706)	53,218,809	91,810,027	(38,591,218)
Nenana	96,699	90,819	5,880	101,203	97,576	3,627	106,043	104,835	1,208	111,243	112,635	(1,392)
Nome	1,027,287	965,152	62,135	1,067,308	1,025,184	42,124	1,109,819	1,088,950	20,869	1,154,974	1,156,683	(1,709)
North Slope Borough	10,548,636	10,548,636	-	10,548,636	10,548,636	-	10,548,636	10,548,636	-	10,548,636	10,548,636	-
Northwest Arctic Borough	1,543,255	1,171,324	371,931	1,545,676	1,174,955	370,721	1,548,104	1,178,598	369,506	1,550,540	1,182,251	368,289
Pelican	34,275	25,707	8,568	32,092	24,069	8,023	30,048	22,536	7,512	28,134	21,100	7,034
Petersburg	1,152,463	997,148	155,315	1,181,248	1,040,325	140,923	1,211,278	1,085,371	125,907	1,242,609	1,132,367	110,242
Pribilof	-	-	-	-	-	-	-	-	-	-	-	-
Saint Mary's	19,682	16,021	3,661	19,816	16,222	3,594	19,952	16,427	3,525	20,090	16,634	3,456
Sitka Borough	3,944,345	4,009,214	(64,869)	4,185,700	4,371,246	(185,546)	4,448,849	4,765,969	(317,120)	4,735,760	5,196,336	(460,576)

District	<u>FY2012</u>			<u>FY2013</u>			<u>FY2014</u>			<u>FY2015</u>		
	FY12 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY13 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY14 Current Education F/V Required Local	.003mills of F/V Required Local	Difference	FY15 Current Education F/V Required Local	.003mills of F/V Required Local	Difference
Skagway	526,955	526,955	-	526,955	526,955	-	526,955	526,955	-	526,955	526,955	-
Southeast Island	-	-	-	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-	-	-	-
Tanana	24,450	19,173	5,277	24,671	19,505	5,166	24,896	19,842	5,054	25,125	20,186	4,939
Unalaska	1,983,404	1,847,578	135,826	2,013,207	1,999,449	13,758	2,013,207	2,163,803	(150,596)	2,013,207	2,341,668	(328,461)
Valdez	3,242,930	3,242,930	-	3,242,930	3,242,930	-	3,242,930	3,242,930	-	3,242,930	3,242,930	-
Wrangell	557,036	417,777	139,259	553,248	414,936	138,312	549,486	412,114	137,372	545,749	409,312	136,437
Yakutat	195,729	160,705	35,024	195,954	161,042	34,912	196,179	161,380	34,799	196,405	161,719	34,686
Yukon Flats												
Yukon/Koyukuk												
Yupit												
Mt. Edgecumbe High Scho												
TOTAL	270,480,439	293,895,410	(23,414,971)	291,050,557	327,659,646	(36,609,089)	311,766,094	366,294,900	(54,528,806)	327,664,612	410,613,133	(82,948,521)

District	FY02 Increased State Aid	FY03 Increased State Aid	FY04 Increased State Aid	FY05 Increased State Aid	FY06 Increased State Aid	FY07 Prelim Increased State Aid	FY08 Projected Increased State Aid	FY09 Projected Increased State Aid	FY10 Projected Increased State Aid	FY11 Projected Increased State Aid	FY12 Projected Increased State Aid	FY13 Projected Increased State Aid	FY14 Projected Increased State Aid	FY15 Projected Increased State Aid	CUMULATIVE STATE AID
Alaska Gateway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aleutians East Borough	489	-	-	-	-	-	8,839	12,548	16,326	20,172	24,088	28,076	32,138	36,273	178,949
Anchorage	1,827,538	5,201,483	7,085,229	11,107,435	13,980,346	18,833,077	26,345,651	32,585,281	39,500,039	47,162,975	55,655,040	65,065,947	75,495,114	87,052,716	486,897,871
Annette Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	-	-	-	-	-	-	-	(0)	(0)	0	0	0	0	0	-
Chatham	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cordova	16,964	34,234	23,774	36,420	48,108	23,725	754	(0)	(0)	0	(0)	(0)	(0)	0	183,978
Craig	-	405	-	-	-	-	-	(0)	0	(0)	(0)	0	1,051	2,919	4,375
Delta/Greely	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Denali Borough	-	60,663	60,156	73,214	73,214	73,214	149,562	181,126	215,213	252,023	291,775	334,702	381,059	431,121	2,577,041
Dillingham	3,763	26,086	780	-	15,811	-	85,618	127,782	174,648	226,739	284,639	348,994	420,524	500,031	2,215,415
Fairbanks North Star Boro	252,784	612,396	944,033	1,409,216	2,386,892	3,489,580	5,105,813	6,601,377	8,250,836	10,070,024	12,076,405	14,289,243	16,729,784	19,421,454	101,639,837
Galena	121	20	427	1,210	1,210	1,210	4,982	6,366	7,797	9,277	10,805	12,387	14,020	15,711	85,544
Haines Borough	11,922	37,397	37,144	42,500	45,171	94,243	149,855	191,840	237,055	285,746	338,182	394,650	455,460	520,947	2,842,111
Hoonah	-	24,328	23,014	21,546	21,546	21,546	22,965	23,451	23,939	24,432	24,928	25,427	25,929	26,434	309,484
Hydaburg	-	493	88	-	-	-	942	1,306	1,677	2,055	2,442	2,836	3,239	3,651	18,730
Iditarod Area	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Juneau Borough	276,478	703,573	780,055	881,946	1,211,564	2,056,725	3,510,783	4,641,067	5,921,679	7,372,612	9,451,309	13,176,403	17,396,934	22,178,797	89,559,926
Kake	-	-	280	2,476	2,476	2,476	3,230	3,487	3,744	4,003	4,264	4,526	4,790	5,056	40,809
Kashunamiut	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	396,460	955,598	1,639,406	2,584,199	2,921,957	3,431,335	4,244,039	4,853,925	5,493,939	6,165,569	6,870,379	7,610,006	8,386,170	9,200,677	64,753,657
Ketchikan Gateway Borou	61,700	170,635	144,661	47,551	62,446	184,837	338,196	444,132	554,539	669,605	789,527	914,511	1,044,767	1,180,521	6,607,628
Klawock	-	-	-	-	-	-	4,515	7,319	10,237	13,273	16,432	19,720	23,141	26,702	121,340
Kodiak Island Borough	82,466	82,088	133,940	116,664	190,535	317,507	394,848	496,015	601,694	712,086	827,402	947,862	1,073,692	1,205,136	7,181,935
Kuspuk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borougl	-	2,012	-	-	-	-	-	0	(0)	(0)	(0)	0	-	(0)	2,011
Lower Kuskokwim	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mat-Su Borough	554,203	978,270	1,485,659	2,270,976	3,731,858	6,139,250	9,056,429	12,394,485	16,474,591	21,461,705	27,557,454	35,008,288	46,931,211	69,194,560	253,238,940
Nenana	-	-	-	877	356	7,668	9,285	12,666	16,298	20,201	24,393	28,898	33,738	38,937	193,316
Nome	38,395	32,004	30,436	40,749	28,726	58,717	121,599	153,038	186,432	221,904	259,582	299,604	342,115	387,270	2,200,570
North Slope Borough	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Northwest Arctic Borough	-	-	2,024	1,906	1,906	1,906	8,903	11,294	13,691	16,097	18,511	20,931	23,359	25,795	146,324
Pelican	663	-	-	2,961	3,660	2,695	-	(0)	(0)	0	0	0	(0)	(0)	9,979
Petersburg	20,751	29,850	-	11,096	60,678	116,348	73,391	97,686	123,033	149,477	177,068	205,852	235,883	267,214	1,568,328
Pribilof	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Saint Marys	71	443	-	786	786	786	1,157	1,285	1,415	1,546	1,679	1,814	1,950	2,088	15,806
Sitka Borough	45,060	85,149	134,767	194,084	269,304	338,359	619,866	790,660	976,876	1,179,907	1,401,273	1,642,627	1,905,776	2,192,688	11,776,397
Skagway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

District	FY02 Increased State Aid	FY03 Increased State Aid	FY04 Increased State Aid	FY05 Increased State Aid	FY06 Increased State Aid	FY07 Prelim Increased State Aid	FY08 Projected Increased State Aid	FY09 Projected Increased State Aid	FY10 Projected Increased State Aid	FY11 Projected Increased State Aid	FY12 Projected Increased State Aid	FY13 Projected Increased State Aid	FY14 Projected Increased State Aid	FY15 Projected Increased State Aid	CUMULATIVE STATE AID
Southeast Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tanana	-	-	-	-	-	-	266	473	683	897	1,114	1,336	1,560	1,789	8,118
Unalaska	-	-	-	-	5,742	57,658	146,325	220,141	300,025	386,476	480,033	652,725	871,864	1,109,017	4,230,007
Valdez	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wrangell	4,884	37,019	1,871	-	550	744	-	0	0	0	(0)	(0)	(0)	0	45,068
Yakutat	530	5,586	24,739	17,118	19,774	15,539	17,648	17,872	18,096	18,320	18,544	18,769	18,995	19,221	230,750
Yukon Flats	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yupik	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe High Sch	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	\$3,595,242	\$9,079,732	\$12,552,486	\$18,864,929	\$25,084,616	\$35,269,145	\$50,425,461	\$63,876,623	\$79,124,502	\$96,447,122	\$116,607,267	\$141,056,131	\$171,854,266	\$215,046,725	\$1,038,884,245

MILL EQUIVALENT
CHANGE
Projected out to FY15

District	FY02	FY03	FY04	FY05	FY06	Prelim FY07	Projected FY08	Projected FY09	Projected FY10	Projected FY11	Projected FY12	Projected FY13	Projected FY14	Projected FY15
Alaska Gateway	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aleutian Region	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Aleutians East Borough	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.8	3.8	3.8	3.7	3.7	3.7
Anchorage	3.9	3.7	3.6	3.5	3.4	3.2	3.1	3.0	2.9	2.8	2.7	2.6	2.6	2.5
Annette Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bering Strait	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bristol Bay Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Chatham	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chugach	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Copper River	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cordova	3.9	3.8	3.9	3.8	3.7	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Craig	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Delta/Greely	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Denali Borough	4.0	3.6	3.6	3.5	3.5	3.5	3.2	3.2	3.1	3.0	2.9	2.8	2.8	2.7
Dillingham	4.0	3.8	4.0	4.0	3.9	4.0	3.5	3.4	3.3	3.1	3.0	2.9	2.8	2.7
Fairbanks North Star Borough	3.9	3.9	3.8	3.7	3.6	3.5	3.3	3.2	3.1	3.0	2.9	2.8	2.7	2.7
Galena	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.7	3.6	3.6	3.5	3.5	3.4	3.4
Haines Borough	3.9	3.8	3.8	3.8	3.8	3.6	3.5	3.3	3.3	3.2	3.1	3.0	2.9	2.9
Hoonah	4.0	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.3	3.3	3.3	3.3	3.3
Hydaburg	4.0	3.9	4.0	4.0	4.0	4.0	3.9	3.9	3.8	3.8	3.7	3.7	3.7	3.6
Iditarod Area	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Juneau Borough	3.9	3.8	3.7	3.7	3.6	3.4	3.2	3.0	2.9	2.8	2.7	2.6	2.6	2.5
Kake	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Kashunamiut	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Kenai Peninsula Borough	3.9	3.8	3.7	3.5	3.5	3.4	3.3	3.3	3.2	3.1	3.1	3.0	3.0	2.9
Ketchikan Gateway Borough	3.9	3.9	3.9	4.0	3.9	3.8	3.7	3.7	3.6	3.5	3.5	3.4	3.4	3.3
Klawock	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.8	3.7	3.7	3.6	3.5	3.5	3.4
Kodiak Island Borough	3.9	3.9	3.9	3.9	3.8	3.7	3.7	3.6	3.5	3.4	3.4	3.3	3.3	3.2
Kuspuk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lake & Peninsula Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Lower Kuskokwim	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lower Yukon	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mat-Su Borough	3.8	3.7	3.6	3.4	3.2	3.0	2.8	2.6	2.5	2.4	2.4	2.3	2.2	2.2
Nenana	4.0	4.0	4.0	4.0	4.0	3.7	3.6	3.5	3.4	3.3	3.2	3.1	3.0	3.0
Nome	3.8	3.8	3.9	3.8	3.9	3.7	3.5	3.4	3.3	3.3	3.2	3.1	3.1	3.0
North Slope Borough	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Northwest Arctic Borough	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9
Pelican	3.9	4.0	4.0	3.8	3.7	3.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Petersburg	3.9	3.9	4.0	4.0	3.8	3.6	3.7	3.7	3.6	3.5	3.5	3.4	3.3	3.3
Pribilof	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Saint Marys	-	-	4.0	3.8	3.8	3.8	3.8	3.8	3.7	3.7	3.7	3.7	3.6	3.6
Sitka Borough	4.0	3.9	3.8	3.7	3.7	3.6	3.3	3.2	3.1	3.0	3.0	2.9	2.8	2.7

Skagway	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Southeast Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Southwest Region	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tanana	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.8	3.8	3.8	3.7
Unalaska	-	-	4.0	4.0	4.0	3.9	3.7	3.5	3.4	3.3	3.2	3.1	3.0	3.0
Valdez	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Wrangell	4.0	3.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Yakutat	4.0	3.9	3.6	3.7	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.6	3.6
Yukon Flats	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yukon/Koyukuk	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Yupit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mt. Edgecumbe High School	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Prepared 3/22/07

ISER implementation FY08

Foundation Projection

Implementation of ISER in Quarters

District	1/4 ISER	1/2 ISER	3/4 ISER	FULL ISER
Alaska Gateway	307,733	615,522	923,256	1,231,043
Aleutian Region	39,014	64,308	97,231	136,299
Aleutians East Borough	417,488	834,869	1,252,304	1,669,684
Anchorage	-	-	-	-
Annette Island	244,223	488,392	732,561	976,783
Bering Strait	2,101,795	4,203,537	6,305,333	8,407,075
Bristol Bay Borough	98,369	196,738	294,999	393,368
Chatham	256,419	512,836	769,254	1,025,671
Chugach	49,373	84,706	114,388	144,071
Copper River	188,103	376,208	564,259	752,364
Cordova	123,838	247,730	371,514	495,407
Craig	154,704	309,354	464,056	618,814
Delta/Greely	245,733	491,359	737,039	982,773
Denali Borough	11,763	23,527	35,344	47,107
Dillingham	103,118	206,234	309,352	412,470
Fairbanks N. Star Borough	801,739	1,603,476	2,405,213	3,206,951
Galena	23,689	47,485	71,227	94,970
Haines Borough	139,216	278,433	417,597	556,814
Hoonah	129,828	259,656	389,484	519,258
Hydaburg	83,314	157,668	240,982	324,298
Iditarod Area	235,118	524,136	825,773	1,127,301
Juneau Borough	1,236,170	2,472,339	3,708,563	4,944,732
Kake	106,841	213,682	320,523	427,364
Kashunamiut	182,438	364,985	547,532	730,025
Kenai Peninsula Borough	2,883,677	5,767,408	8,651,083	11,534,814
Ketchikan Gateway Borough	754,415	1,508,776	2,263,190	3,017,605
Klawock	103,011	206,020	309,138	412,147
Kodiak Island Borough	988,872	1,977,742	2,966,667	3,955,592
Kuspuk	353,060	706,120	1,059,181	1,412,241
Lake & Peninsula Borough	545,050	1,090,155	1,635,312	2,180,362
Lower Kuskokwim	1,628,675	3,257,403	4,886,078	6,514,807
Lower Yukon	2,119,062	4,238,180	6,357,189	8,476,253
Mat-Su Borough	1,600,993	3,202,095	4,803,142	6,404,135
Nenana	35,938	71,767	107,651	143,534
Nome	204,671	409,287	613,958	818,628
North Slope Borough	1,046,500	2,093,000	3,139,609	4,186,109
Northwest Arctic Borough	1,272,755	2,545,617	3,818,372	5,091,180
Pelican	12,032	19,256	26,458	33,659
Petersburg	311,458	622,914	934,317	1,245,775
Pribilof	98,207	196,521	294,728	392,990
Saint Mary's	120,170	240,446	360,614	480,784
Sitka Borough	542,729	1,085,458	1,628,134	2,170,918
Skagway	7,448	14,894	22,340	29,787
Southeast Island	185,947	329,206	515,152	701,206
Southwest Region	476,629	953,257	1,429,886	1,906,514
Tanana	38,096	76,192	114,288	152,383
Unalaska	179,578	359,049	538,575	718,099
Valdez	116,338	232,676	349,013	465,405
Wrangell	128,910	257,929	386,839	515,804
Yakutat	104,952	209,957	294,586	398,306
Yukon Flats	358,402	604,061	831,241	1,189,643
Yukon/Koyukuk	348,366	696,678	1,045,043	1,393,409
Yupit	304,118	608,183	912,302	1,216,421
Mt. Edgecumbe High School	154,704	309,406	464,002	618,706
TOTAL	24,304,789	48,466,833	72,655,872	97,001,858

BSA is set at \$5380

G:\DistSup\Cost Differentials\FY2008\FY08ISERinQTRs_Summary.xls\Quarter ISER

SCOMM

153:4



25th Alaska State Legislature Joint Legislative Education Funding Task Force

Chair:

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Senator
Lyman Hoffman

Representative
Reggie Joule

Representative
Mike Kelly

Representative
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Alaska School Boards

Rep. Paul Seaton

Senator
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Senator
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EDUCATION FUNDING TASK FORCE JULY 11 – 12, 2007 9:00 AM

TESTIMONY AGENDA

Wednesday - July 11, 2007

9:00 am – 10:00 am:	<i>Department of Law presents Moore et al v. State of Alaska lawsuit</i>
10:00 am – 10:30 am:	<i>Fairbanks North Star School District</i>
10:30 am – 11:00 am:	<i>North Slope School District</i>
11:00 am- 11:30 am:	<i>Kenai Peninsula School District</i>
11:30 am – Noon:	<i>Ketchikan Gateway School District</i>
Noon – 1:30 pm Lunch Break	
1:30 pm – 2:00pm:	<i>Cordova School District</i>
2:00 pm – 2:30 pm:	<i>Delta/Greely School District</i>
2:30 pm – 3:00pm:	<i>Sitka School District</i>
3:00 pm – 3:30pm:	<i>Bering Straits School District</i>
3:30 pm – 4:00 pm:	<i>Wrangell Public Schools</i>
4:00 pm – 4:30 pm:	<i>Kodiak Island Schools</i>
4:30 pm – 5:00 pm:	<i>Lower Kuskokwim School District</i>

5:00 pm – 6:30 pm Dinner Break

6:30 pm – 9:00 pm: Public testimony – time limit may be set

Thursday - July 12, 2007

9:00 am – 10:00 am: *ISER presentation on cost differential methodology*

10:00 am – 10:30 am: *Anchorage School District*

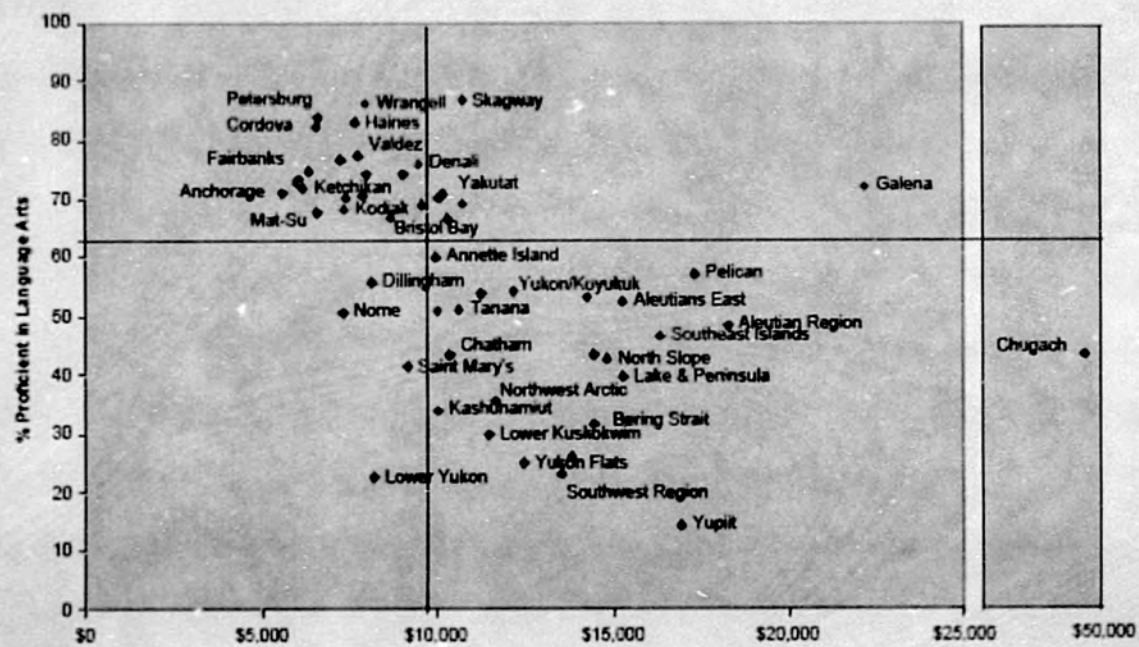
10:30 am – 11:00 am: *Juneau School District*

11:00 am – 11:30 am: *Lake and Peninsula Borough District*

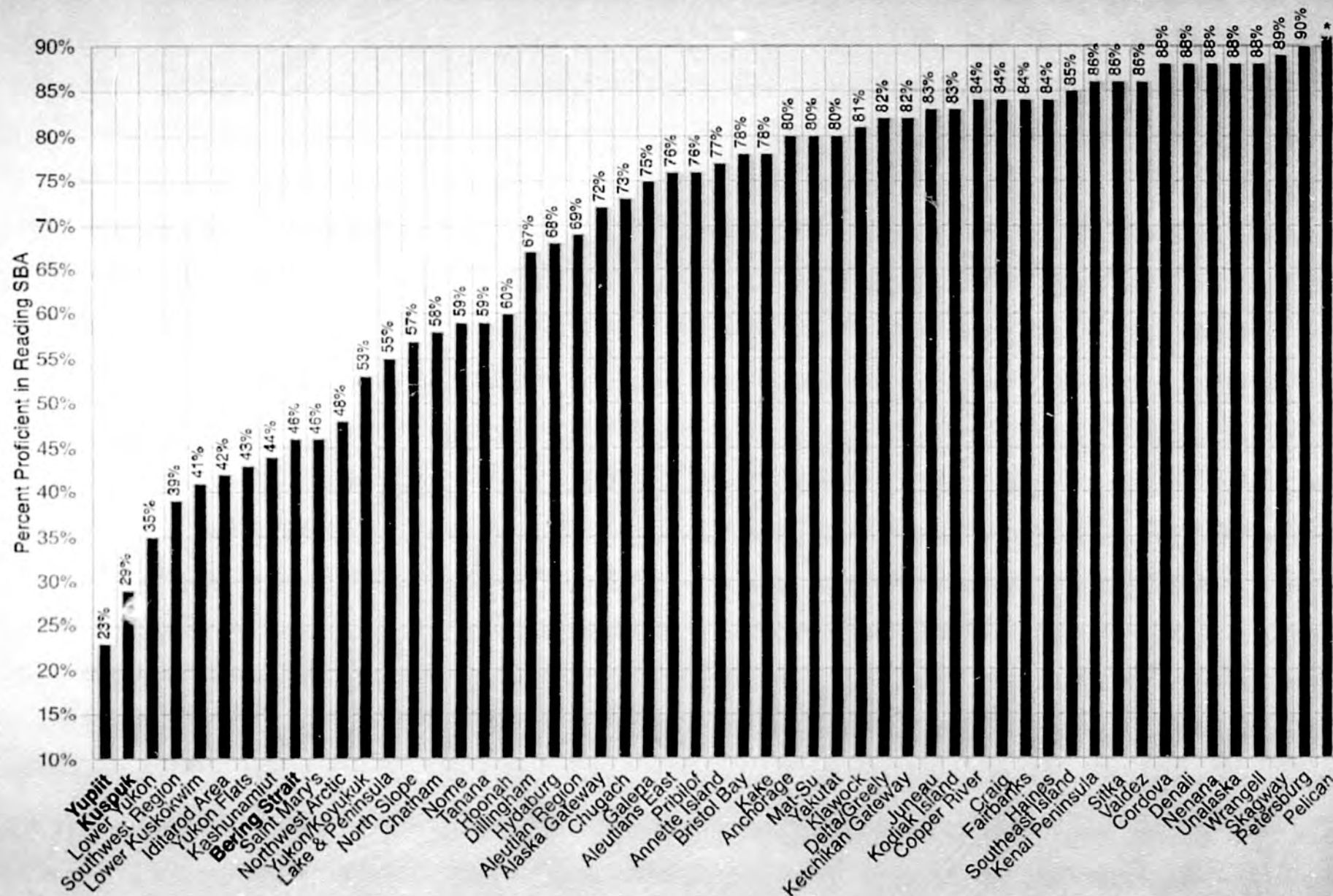
Noon – 1:30 am Lunch Break

1:30 pm – 2:00 pm: *Alaska Municipal League*

2:00 pm – 4:30 pm: ***Public testimony – time limit may be set***



FY2005 District Comparison: Percent Proficient in Reading SBA



Correspondence students excluded

Districts

Data from Alaska Department of Education and Early Development

* More than 90%

057671

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT

M E M O R A N D U M

DATE: July 11, 2007
TO: Fairbanks North Star Borough School Board
THROUGH: Ann Shortt, Superintendent of Schools *AS*
FROM: Mike Fisher, Chief Financial Officer *mf*
RE: Testimony to Education Task Force

Good Morning Chairman Hawker, members of the committee.

For the record, I'm Mike Fisher, Chief Financial Officer for the Fairbanks North Star Borough School District.

Thank you for the opportunity to speak to this committee regarding the State's "Public School Funding" formula.

You have a difficult task before you.

The formula itself is really not that complicated, but deciding what the individual variables should be that provide for a fair and equitable distribution of limited resources "in perception" and "in fact" is very complicated.

This committee quickly worked through a laundry list of issues regarding the funding formula at the last meeting. It was probably not an exhaustive list, but the items were all important, some more so than others, and some more contentious than others.

I believe the committee quickly boiled the list down to three main issues effecting the equitable distribution of education funding. And the Fairbanks School District agrees with this committee that those three issues probably are: funding for intensive needs children, equitable district cost factors, and required local support from growing communities.

Bottom line, the value of the "base student allocation" (or BSA dollar) is paramount, but that is probably an issue for another task force.

Although there will undoubtedly be costs associated with implementing any changes to the foundation formula in a "transition year", and it is imperative that there are, the focus of this committee appears to be determining the fair and equitable distribution of funding within the formula, not the adequacy of education funding.

To that end, I would like to offer the Fairbanks School District's comments and recommendations regarding these three main issues.

1. Intensive needs funding.

The Fairbanks School District supports increasing the funding for intensive needs students from 5 times the BSA, to 9 times the BSA.

Fairbanks does not support block funding intensive needs at 2% of enrollment, because it is critical that the funding for intensive needs students be directed and distributed to those districts most impacted by the necessary, but expensive costs of such services.

Fairbanks does not support reimbursement of actual costs. It is not so much that we do not support the concept, but believe that such a system can not be efficiently administered or controlled at the state or local level. Even with the best intentions at heart, the tendency toward increased services and increase costs would probably doom such a system. We welcome accountability, but have no desire to increase administrative personnel to try and further document and allocate various professional services and administrative time and costs on a per child basis. That money is better spent on the child.

Please let me assure parents of special needs children, Fairbanks will continue to provide the necessary services mandated in a child's individual education plan regardless of how the current funding level is adjusted, but increasing per student funding per established and verifiable criteria will lessen the current practice of providing for intensive services at the detriment of other educational programs.

The increase to 9 times the BSA would provide an additional \$21,520 in funding for an intensive needs child, raising supplemental state funding per child to \$48,420. With regard to intensive funding, it is important that the per student increase be funded with new dollars. Funding these recognized higher costs by shifting something else in the formula would serve no purpose. We are already robbing Peter to pay Paul.

In Fairbanks, the average cost of serving an intensive needs child is estimated at over \$65,000, not including transportation. We spend an additional \$3m annually on bussing of all special needs students, including intensive.

So, while the increase we support does not fully close the gap between funding and actual costs, it is a reasonable increase and represents a good faith recognition by the state of the extremely high costs associated with serving these special needs children.

2. District Cost Factors

The Fairbanks School District believes that implementing one-half of the ISER cost factor study is a reasonable compromise on the distribution of foundation funds.

For Fairbanks, the cost factor would go from 3.9% to 5.5%.

Does this mean we support the methodology behind the ISER study? No. We recognize that there is a wide range in the cost of doing business in rural vs. urban, remote vs. road system, small vs. large, and cold vs. colder districts. We don't have the right answers to this issue, but we do not think this study has them either.

Even if a study were to have the "right" answers, we're not sure it would be supported any more than the last two studies. There appears to be a number of issues being addressed in what was intended as a "geographical" cost factor, which is OK, as long as it is recognized as such.

We're unsure as to what % of the ISER study increases relate to personnel costs, but we assume it is substantial. We understand that if a district's cost factor is increasing, that it is due in large part to the perceived necessity of substantially increasing individual teacher salaries and benefits.

Regardless if you believe in that reasoning or not, the gradual impact that approach will have on average teacher salaries across the state will be worth watching.

I note that ISER is presenting on their study tomorrow, so I'm sure personnel costs will be addressed.

At this committee's last meeting, I believe there was some discussion on the possibility of a lengthier review and revision of foundation funding. If that is truly under consideration, maybe a recommendation to sunset the one-half ISER provision after three years or so would be in order. That time frame would cover this committee's tenure and probably the tenure of any successor committee looking at foundation funding.

3. Required local support from growing communities, or the 50/50 split provision.

Back in the 2000-01 school year, organized borough's generally were required to contribute 4 mills of their January 1, 1999 full and true value of taxable property to education.

This past school year, 2006-07, organized borough's generally were still required to contribute 4 mills of their January 1, 1999 full and true value to education (or less if true value had decreased).

But in addition to that, boroughs that experienced growth since 1999 were required to contribute an additional 2 mills on that growth. If assessed values were flat or decreasing, there was no additional contribution required.

So regardless of how an overall lower "effective mill rate" is characterized, today's growing communities are still required to contribute substantially more in taxpayer dollars than they did in 2000-01, which in turn is used to fund education statewide.

Back in 2001, the state was able to withhold about \$152 million in required local effort from basic need, and re-distribute that around the state to unorganized and organized areas alike as education funding.

And in 2008 that estimate is \$205 million. A \$53 million dollar increase in funds from taxpayers in growing communities available to re-distribute throughout the state.

It was noted that the 50/50 change in statute will cost the state \$53 million next year because the rapid increase in assessed values was not expected. But on the flip side, the additional \$53 million that the state does get to deduct (remember, it's 50/50) from growing districts was not expected either, offsetting much of the perceived negative impact.

Some consider this part of the formula unfair. We do not agree.

In effect, this provision equally shares the positive impacts of economic development in growing communities between the local taxpayers and the state, and therefore around the state in the form of education funding.

I guess if no area of the state had experienced economic growth, then there would be no perceived inequities. But then we would all be looking for \$205 million to cover the funding shortfall.

Next year Fairbanks taxpayers will contribute 4 mills x the 1999 assessed values or \$18.8 million, plus an additional \$5.1 million because of economic growth since then, plus an additional \$18.3 million in general support of education above the required local contribution, for a total of over \$42 million, representing an education mill levy for each property taxpayer of about 6.6 mills. And we thank the local taxpayers for their support.

Fairbanks does not support changing the current method of computing the required local contribution to education.

An issue that is sometimes but not necessarily related directly to economic growth is enrollment. Declining enrollments result in less funding, but the costs do not necessarily go away. Be it staffing or energy costs, very often it is almost impossible to reduce costs regardless of what the official student count indicates, especially in the short term. The committee touched on this issue at the last meeting. We support a mechanism that allows districts to gradually absorb the loss of funding when student enrollment declines.

Again, we thank the committee for your time and this opportunity to speak. We will follow your deliberations with great interest, and are available to answer questions or provide any additional information the committee wishes. Thank you.

**Joint Legislative Education Task Force
Public Testimony
7/11/07**

**Offered by
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Good Afternoon:

Thank you for the opportunity to testify before you today. I appreciate the challenge before you and thank each of you for your willingness to undertake this task.

Introduction

- My name is Bob Shefchik. I'm presently the Chief of Staff at the FNSB. Additionally, I spent 20 years working for the Fairbanks Public Schools – in the Business Office, finishing up at the CFO of the FNSBSD. Thus, I am here to provide the perspective of a large municipality responsible for levying the local taxes to support K-12 education – and combine that with my experience within the school system developing the budgets necessary to support that effort.
- The list of items that the Task Force is looking for input on is substantive. I will primarily speak to the issue of local effort requirements. Some testimony will also be presented on the treatment of impact aid within the formula and on the relationship between the area cost differentials and the school size tables.
- I will not waste anyone's time describing the need for school funding or the problems caused by lack of funding at the school level. I have provided a great deal of back-up material to support the comments and suggestions that I am offering. That material is being submitted as part of my written testimony.

Local Effort Requirements

Most of the discussion on local effort has surrounded two main areas: Minimum Local Contribution (the deduct) and Maximum Local Contribution (the cap). I will focus on these two areas, plus provide data on actual local contributions of municipalities. Most of the data I will provide focuses on the five largest municipal school districts (Anchorage, Mat-Su, Fairbanks, Kenai, and Juneau). Kodiak is also included in a number of the charts because of their comparable position to Fairbanks and Anchorage regarding Impact Aid for military installations.

Minimum Contribution (the deduct):

As you are all aware, the formula establishes a minimum local contribution to education for organized municipalities. This acts as a deduct from what otherwise would be a portion of the state funding entitlements of the local schools. A change went into effect in 2001 that reduced that deduct by 50% of the value of increasing valuations. This change has been characterized as a mechanism

that increases the disparity in school funding. It has also been characterized as allowing growing municipalities to reduce contributions for local education. ~~Both of these characterizations are incorrect.~~

Perspective of Muni's

From the perspective of a local municipality – one whose value has been growing steadily the past five years – what the change from 2001 accomplishes is a slowing of the gap between those contributing and those not contribution to local education. Provided in your packet (pages 8 and 9) are two charts showing the changes in local contribution between 2001 and 2007. The first chart shows the absolute dollar increase in local tax dollars toward education from the time the law was changed to decrease the “deduct” until 2007. The second chart shows the same districts, with the percent change of local contribution displayed.

Highlighted in yellow are the six districts mentioned above. These six have been major beneficiaries of the 2001 change in law. These six municipalities have also combined for 98% of the net increase in local contribution over that period of time and all rank in the top 11 in % of increase in local contribution across that time.

At the same time these districts are being singled as “unfairly benefiting” from the 2001 change in state law – they are also the ones contribution the most and increasing their level of effort at the fastest rate.

Correction of Alaska Budget Report (ABR) inaccurate and misleading information

I testify today that the impact and result of the portion of the formula have been mischaracterized and misunderstood partially because of the information printed in the February 22, 2007 ABR. Pages 11 to 15 contain an article entitled “Anaylsis: growing disparity in state aid to school districts.”

I have highlighted and annotated the factual inaccuracies and misleading statements in that article.

Specifically, three glaring errors include

1. The article gives the impression that, because of the change in the law, a \$100K home in Bristol Bay would be taxed at \$400, while one in Mat-Su would only have to pay the equivalent of \$280. In fact, for 2007 – the actual support is

Bristol Bay	\$660	Mat-Su	\$880
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2. The article makes the statement, "...the winner in terms of mill rate is the Matanuska-Susitna Borough, where taxpayers in FY08 will contribute only 2.8 mills for their schools." This is clearly incorrect – as Mat-Su contributed the equivalent of 8.8 mills for FY07.
3. The article makes the statement, "As the table shows, many districts now contribute less than the 4 mills the state's foundation formula nominally requires..." However, displayed is a chart of the required "deduct", not districts' contributions. A summary of mill equivalents of local contributions is provided (page 16) to demonstrate the data that disproves that statement.

Additional errors are highlighted and annotated in the packet. I bring this article up today because:

The issue is complex

The ABR generally does an accurate job of reporting – so these errors were widely distributed

I contacted the ABR, and got defensiveness and a small and qualified correction in the next issue

The amounts contributed by large municipalities and their annual increases are almost 180 degrees opposite from the rhetoric that surrounds the issue.

Impact on Municipalities

Provided on page 10 is a chart that projects the impact on local taxpayers should the change discussed at the end of last session be put into place. The change to a constant 3 mills will have an ongoing negative impact on local taxpayers that cumulatively could approach \$100 million in the next five years.

~~The FNSB requests that the committee not repeal the "local taxpayer equity in education provision."~~

Maximum Contribution ("the cap")

Frequently discussions on the adequacy of local contribution are focused on "the cap". The unspoken, and occasional spoken, implications of that focus are that if a municipality is not "contributing to the cap" – they are not doing their share. Thus, the conclusion presented is that funding should be steered to districts that are "at the cap." There are several reasons this is not accurate.

First:

The data on pages 8 and 9 referenced earlier, demonstrates that the large municipalities are all contributing well in excess of the minimum. Increases in contributions, contribution rates, and mill equivalents are not distributed so that only those "at the

cap" sort to the top of a list. Rather, it shows that mill equivalents are comparable, and that Anchorage has lead the pack in contributions – amount and rate of increase the past six years. (I feel compelled to point out - it is ironic that of the \$100M being pushed for DCF's, none will go to Anchorage.)

Second:

This discussion, in my experience, is usually lead by either those "at the cap" or those REAA's who contribute nothing other than impact aid.

Third:

The treatment of impact aid as "local contribution" of REAA's in discussions of contributions – by the DEED, rural districts, and the ABR - while the **EXCLUSION** of impact aid as local contribution for Anchorage, Fairbanks, and Kodiak, is problematic at best.

~~The FNSB believes this is an area of the formula that should be looked at by the Task Force – with an effort to allow more of the impact aid to flow through to communities who pay taxes.~~

Finally:

Keep in mind that "the cap" is a construct of a state effort to meet a federal disparity test to collect as much of the impact aid as possible for use as a state funding source. (Nothing wrong with that as a goal from a state perspective.) However, it is not an adequate yardstick – except for rhetoric – for measuring local municipal contributions to education. Should you doubt this – ask Mr. Jeans to spend 60 minutes walking the committee through the disparity calculation. Once one sees how the districts are ranked from top to bottom (the chart will look upside down to most of you) and sees the large number of districts that are excluded – one rarely uses it as a measure of anything except Impact Aid formula disparity in the future.

Relationship of DCF's and School Size Tables

Representative Hawker described the role of these two portions of the formula perfectly at your June 11th meeting. The DCF's are intended to account for differences in the cost of education based on geography. The school size tables are intended to account for differences in the economies of scale.

Unquestionably, it is time to adjust the changes in area costs. This gets the most attention – as the ISER report dangles the promise of \$millions in redistribution. The problem is that ISER is based on a methodology that even the supporters of

implementing it do not generally concur with – that is the econometrically adjusted regional salary basis. Should one wholly support that, the implementation of ISEF would be accompanied by a requirement that salaries be increased proportionate to the DCF adjustment. No one would support that – not even the districts asking for implementation. (In fact – the judge in the Moore case recently decided found that if districts had more money – they would hire more teacher and staff, not raise salaries.)

~~The dilemma that you have is – what data to use?~~ If you use the ISER report, you are using the equivalent of a compass that you know is flawed. Should you follow it ½ way? Or will that lead you ½ way in the wrong direction. If you were lost, but you know there was a safe haven to the south – would you follow a compass that you knew was faulty when intuitively you knew that it was wrong to walk away from the midday sun?

My counsel here is to look at ISER – but the portion that does not include the social engineering. What that will give you is results based on actual energy and other school costs, but not imaginary salary costs.

The other – longer term problem is the school size tables. Rep. Rosen focused in on that early the first day. The mechanism for determining the number of “adjusted students” needs to be reviewed. Primary among this review should be the adequacy of the school size tables. This project will take more time than you have – should be considered on your “long term” project list.