

**KENAI PENINSULA BOROUGH SCHOOL DISTRICT**

**Resolution 04-05-4**

**RESOLUTION ON AREA COST DIFFERENTIALS**

**Whereas**, foundation formulas are built around assumptions, inequities exist in funding diverse districts; and

**Whereas**, AS 14.17.460 (b), states "the department shall monitor the cost factors established under (a) of this section and shall prepare and submit to the legislature by January 15 of every other fiscal year proposed district cost factors"; and

**Whereas**, the Kenai Peninsula Borough School District was assigned an area cost differential of 1.004 in the current foundation funding formula, which is close to the same area cost differential of 1.00 assigned to the Anchorage School District, which is the base for the state and the proposed area cost differential of 1.171 would be an increase of \$10 million at the base student allocation of \$4,576; and

**Whereas** since the inception of SB 36 the Kenai Peninsula Borough School District has been under funded by millions of dollars affecting the educational opportunities of children on the Kenai Peninsula; and

**Whereas**, the Kenai Peninsula Borough School District has for many years communicated the need for a revised area cost differential based, in part, on the fact that we have four communities accessible only by air or water and 3 additional schools are not on state maintained roads, 16 schools are under 100 students and 18 schools are heated with high-cost fuel oil or propane; and

**Whereas**, the Kenai Peninsula Borough School District has for many years been involved in ongoing cost containment activities to minimize the impact of inflation and increased costs, such as fuel, utilities and various insurances; and

**Whereas**, the Kenai Peninsula Borough School District consistently complies with the 70%/30% instructional requirement, and the district office administrative costs are under 5%; and

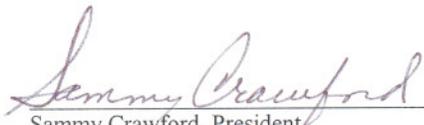
**Whereas**, the 1984, 2002 and 2005 school district cost studies indicate the Kenai Peninsula Borough School District has been funded inequitably given the dynamics of the District's geography and other elements; and

**Whereas**, the Kenai Peninsula Borough School District has been supported by the Kenai Peninsula Borough at the foundation funding cap since the inception of a funding cap; and

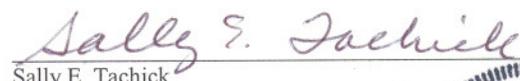
**Whereas**, the administrations of the Kenai Peninsula Borough and the Kenai Peninsula Borough School District can demonstrate that they have acted in a fiscally responsible manner.

**Now, Therefore Be It Resolved, That** the Kenai Peninsula Borough School District supports the findings of the January 2005 Alaska School District Cost Update prepared by the Institute of Social and Economic Research since it more accurately reflects the geographic differences addressed by an area cost differential, and may it be further

**Resolved, That** the Kenai Peninsula Borough School District requests legislation be drafted to phase in the recommended area cost differentials.

  
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Sammy Crawford, President  
School Board

Attest:

  
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Sally E. Tachick  
Notary Public  
My Commission Expires 7/25/05

