

## Opinions

# Anchorage schools stand to gain with updated study of costs

By Dave Donley

Updated: October 31, 2017

Published: October 31, 2017

State funding that should be coming to Anchorage schools is most likely being unfairly sent to other school districts by the current state school funding formula. In 1998, I was one of a group of state senators lead by Sen. Gary Wilken of Fairbanks that created the framework of the current state education funding formula commonly known as Alaska's Public School Foundation Program which is defined in [Alaska Statute 14.17](#), State Aid to Public Schools. Among other factors, we tried to create a formula that fairly takes into account the cost differences between different areas of Alaska in providing public schools. The formula has multiple factors and the second factor is the school cost differential or "District Cost Factor" which is defined in [Alaska Statute 14.17.460](#).





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The federal government only calculates the cost of living index (CPI) for the Anchorage area and not for other areas of Alaska. Additionally the CPI does not completely correlate with the actual cost of schools. So to determine the district cost factor, the state commissioned the University of Alaska's Institute of Social and Economic Research (ISER) to do a study of the actual cost of providing public schools in the different regional school districts in Alaska. At that time Anchorage was the least expensive area of the state to live in and provide schools. Accordingly Anchorage was set as the "base" and each other school district was assigned a district cost factor variable that increased their per student funding above that of Anchorage based on their actual costs.

The district cost factor was updated by a new study in 2005. But since that 2005 study, over 12 years ago, the district cost factor has not been updated. There was an attempt to update some of the cost information by ISER in 2015. Specifically the regional difference in the cost of hiring teachers was researched and it was found that there are several districts that could attract the same quality of teacher for less money than Anchorage. While teacher costs are only one of many cost components it is by far the largest factor.

With what we do know it is very likely that Anchorage is no longer the least expensive area in Alaska to provide

public schools. This is also very likely to result in state school funding that should be going to Anchorage schools instead of now unfairly going to other school districts. Accordingly, a new school cost differential study is needed to properly update the current state education funding formula.

The Anchorage School District has known about this unfairness and listed this issue as a 2017 legislative priority:

"BSA (base student allocation) Formula – Maintain current funding and examine the district cost factor within the BSA formula, as the cost disparities among districts may no longer exist."



But the ASD also decided not to emphasize the district cost factor during their 2017 Juneau lobbying efforts. As a delegate to the 2017 State PTA Legislative Conference I requested this issue be added to the State PTA's 2017 priorities and it was.

When I became a candidate for the Anchorage School Board I asked the president of the School Board how much this out of date district cost factor was costing the Anchorage School District. She asked the district finance staff for an estimate and advised me they thought it could be as much as \$26 million that each year is going to other school districts that should instead be coming to Anchorage. As I have learned more regarding the complexity in determining the district cost factor I predict this initial estimate will need additional analysis and is only a beginning guess at the potential actual amount of negative impact on ASD funding. Other factors within the education formula may also affect the final results of any updating.

However, even if that initial rough estimate is off by 50 percent the amount is almost as much as the current ASD funding shortfall that is forced the reduction of 99 teachers for the 2017-18 school year. Recently ISER leadership analysis suggests that after other new factors are considered the benefit to Anchorage schools might be lower, possibly between a 1 and 3 percent increase. Since current state funding for Anchorage schools exceeds \$250 million, even that estimate would result in as much as an \$8 million funding increase. That equates to about 80 additional teachers in Anchorage classrooms and a significant reduction in class sizes.

As a community, Anchorage needs to prioritize and insist that the state authorize and complete a new school cost differential study as soon as possible. The professionals at the ISER have advised that a new study would cost between \$125,000 and \$140,000 and take up to 18 months. Some have even suggested that with so much to possibly gain, Anchorage should find a way to fund the start of such a study without waiting for the state.

I raised this issue at an April 2017 meeting, and at the June 9 meeting of the mayor, Assembly and School Board. I emphasized the importance of getting the Legislature to order a new district cost factor study this year so that this unfairness to Anchorage schoolchildren can be accurately quantified and corrected. The children and taxpayers of

Anchorage deserve our elected officials placing a high priority on this issue.

**Dave Donley** is a member of the Anchorage School Board and former member of the Alaska Legislature. This opinion is his own, and does not necessarily reflect the opinion of the Anchorage School Board.

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