

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

144 North Binkley Street
Soldotna, AK 99669
Phone 907-714-2160
Fax 907-714-2388

Gary Knopp, Assembly President
Charlie Pierce, Vice President

MEMORANDUM

TO: Gary Knopp, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Hal Smalley, Assembly Member *JB for H.S.*

DATE: March 1, 2011

RE: Resolution 2011-013, Endorsing the Concept of Providing a Fiscal Year 2012 Funding Level to the Kenai Peninsula Borough School District Equal to the Sales Tax Revenues received in FY2011 plus revenues from a Property Tax Rate not to exceed a Rate that would Generate the Previous Year's Supplemental Funding Level and not exceed the CAP.

The purpose of this resolution is to fundamentally change the conversation and methodology between the borough and the school district regarding how school funding is to be calculated.

If passed, this resolution will allow for the opportunity for the school district to begin its budget process sooner with some certainty of funding levels. It removes the dollar discussion from the initial conversation and estimated funding levels can be pre-determined. This resolution simplifies the initial borough budgeting process because it is represented as a level of levy rather than an actual dollar amount. The concept of using a levy amount as a partial funding mechanism makes the school board more aware of the impact and more responsible to the local taxpayers because it quantifies the dollar amount as a tax levy. It will provide a level of continuity between the local economy and the level of school support from taxpayers and will serve as a funding floor. This resolution will change the conversation between the borough and the school board by removing the large number sticker shock, which over past years occurs in most funding conversations. This resolution identifies an approximate level of funding available to allow the school district to avoid the process of pink slipping teachers until the funding is given final approval. By April the budget is based upon projections. The value of a mil is certain by then.

If state aid doesn't meet projection, or assessed value is not as expected, the school district could be underfunded. The understanding here is that the initial request is not the final number, may not be the following number, but serves as a funding floor. Discussion will occur between the district and the borough at the end of the budget process and adjustments may be justified upon approval of the assembly and borough administration. The state funding cap is still in place and cannot be exceeded under this funding mechanism without penalty. The assembly still has control over the final budget approval. The district's fund balance could also potentially enable the district to make the necessary adjustments at the end of the process, after the actual dollar amounts are finalized.