



## **KENAI PENINSULA BOROUGH**

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**MIKE NAVARRE**  
**BOROUGH MAYOR**

### **MEMORANDUM**

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

**FROM:** Mike Navarre, Mayor *MN*

**DATE:** May 15, 2012

**SUBJECT:** Resolution 2012-044,

The Alaska Legislature made significant changes in education funding during the recently completed legislative session, affecting both the minimum local contribution required and maximum local contribution allowed for funding education.

The original request from the KPBSD would have resulted in nearly a \$2.6 million cushion remaining between the maximum amount allowed under the statutory cap and the original funding requested by the KPBSD for FY13. During the last days of this past legislative session, the Alaska Legislature made a number of changes to the Foundation Formula. The changes *reduced* the minimum local contribution required and *increased* the amount of the State contribution by an equal amount. The changes also decreased the maximum local contribution allowed by approximately \$2.6 million.

Resolution 2012-044 as originally submitted would have provided funding to the School District of \$43,500,000. The administration is now requesting that borough funding be reduced to \$43,000,000. With this minor reduction in funding, the remaining cushion available under the statutory cap will be just less than \$1.5 million.

The general fund balance for the KPBSD has increased over the last several years while the KPB general fund balance has declined, effectively resulting in a transfer from the KPB fund balance to the KPBSD fund balance.

I believe this adjustment is the responsible course of action at this time, recognizing that the KPB Assembly may increase the contribution should it be necessary at any time during the course of the fiscal year.