

# Joint Legislative Education Funding Task Force

Recommendation Proposed by Gary Wilken

August 1-2, 2007

## District Cost Factor

**Issue Summary:** The District Cost Factor (DCF) is a mechanism within the K-12 education funding formula to provide additional funding based on the cost of providing an education across different areas of our state. Since the adoption of the DCFs developed by The McDowell Group in 1998, the legislature has conducted two studies to update the district cost factors, with surprisingly disparate recommendations.

**Recommendation:** The Joint Legislative Education Funding Task Force recognizes the contention within the legislature over the American Institute of Research (AIR) study and the Institute of Social and Economic Research (ISER) district cost factor report and recommends that the legislature adopts neither report. But the Task Force acknowledges a need to update the 1998 factors. Therefore, the following recommendation is offered:

1. The Task Force respectfully requests that Governor Sarah Palin appoints a Blue Ribbon Commission, composed of educational leaders, legislators, executive branch representatives, and the general public by January 15, 2008. The goal of this panel will be to develop a model for district cost factors. The structure of the model proposed by the Blue Ribbon Commission will allow for a valid update every two years.
2. The Task Force requests that the Commission's report be submitted to the Alaska State Legislature by January 15, 2011.
3. The Task Force proposes a statutory change that repeals the current district cost factors on January 15, 2011, the date Governor Palin's Blue Ribbon Commission's report on the cost factors is presented to the legislature.

**Discussion:** The legislature recognizes the importance of adjusting state education aid for geographic cost differences, but it has proven difficult to

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quantify. Both the AIR and ISER reports have defects (even the most ardent supporters for the ISER report do not completely support the recommended factors in total) and to accept new cost factors based on flawed data undermines the foundation of our school funding formula.

After two district cost factor studies commissioned by the legislature has led to frustration and distrust, a new approach is needed. It is time for Governor Palin to head this important effort and appoint an open-minded, objective panel to determine how geographic differences should be measured and updated. The Blue Ribbon Commission would have three years to complete its work, allowing adequate time for a thorough review of the issue.