

Kenai Peninsula Borough

Mayor's Office

MEMORANDUM

TO: Ryan Tunseth, Assembly President
Members, KPB Assembly

FROM: Peter A. Micciche, Mayor *PM*

DATE: March 5, 2026

SUBJECT: Resolution 2026-016__, Requesting the State Legislature Amend Alaska Statutes Section 14.17.410 to Reduce Statutory Disincentives for School Closure or Consolidation Decisions (Mayor)

State funding formula for schools includes many factors including the total square footage of facilities used in delivering education to students. Closing or consolidating schools is a powerful option for districts to cut costs from their budgets as it saves them a great deal in facility expenses. However, this is only a substantial savings because of the state's hold harmless provision which allows school districts to avoid a reduction in funding from the state for the next four years even though they are maintaining less square footage. The provisions in AS 14.17.410(b)(1)(H) et seq., known as the "hold harmless" provisions and AS 14.17.410(b)(1)(K) prohibiting reopening a school that offsets a decrease under (H) for seven years, were enacted in 2018 via SB 216. At the time, the seven-year prohibition was put in place to avoid a continual consolidation cycle. The fear was that districts would close or consolidate a school to take advantage of the school funding "hold harmless" provisions only to turn around and reopen a closed school as soon as possible. This is flawed thinking and doesn't take into consideration that school closure and consolidation decisions are very difficult and often acrimonious for districts and communities. The decisions are not made lightly. Districts do not close a school in order to reap some perceived benefit under AS 14.17.410(b)(1)(H), which is a small potential financial offset in the face of much more impactful school and staffing decisions. If the fear is that districts will continually close and reopen schools simply to reap the benefits of AS 14.17.410(b)(1)(H), that fear is unfounded and unrealistic.

It was not anticipated at the time, but AS 14.17.410(b)(1)(K) now acts as a disincentive for good budgeting and cost saving decisions by school districts because it prohibits the reopening of a school for seven years if a district utilizes the four-year offset under the AS 14.17.410(b)(1)(H) hold harmless provisions. Therefore, at a minimum AS 14.17.410(b)(1)(K) should be amended to mirror the four-year offset under AS 14.17.410(b)(1)(H). The data does not support the justification for prohibiting a district from reopening a school for seven years if the district utilized the offset under AS 14.17.410(b)(1)(H).

Your consideration is appreciated.