

SECURING EDUCATION FUNDING & BUILDING REGIONAL
AUTONOMY THROUGH BOROUGH FORMATION
A Proposal to Form a Borough in the Yukon-Koyukuk School District
August 29, 2017

By the Board of Education of the Yukon-Koyukuk School District

INTRODUCTION

We are the custodians of our children's formal education. We are called upon to manage financial resources, review curriculum, assure infrastructure maintenance, set employee policy and plan for the future of the Yukon-Koyukuk School District (YKSD).

Financial uncertainty has plagued our efforts for decades. Now, in light of diminished market value of crude oil, the State of Alaska's financial health is in question. We can no longer rely on status quo mechanisms to assure adequate funding for the future education of our children.

In order to assure continued education funds, we have spent the last year working with consultants and staff to determine the best way forward. After review, we believe it is time to organize ourselves within the state's regulations as a taxing authority. State authority gives school districts the power to take this action.

SIEZE THE DAY

We intend to support borough government operations with a property tax on the 200-mile-long section of the Trans-Alaska Pipeline that crosses the boundaries of the YKSD - Regional Education Attendance Area 12.

This is a historic moment; the idea has been discussed for decades. It is fitting that our primary purpose is to assure education funding now and into the future. By grasping this opportunity, we elect to take action in the names of our children.

MISSED OPPORTUNITY COSTS

If we had acted 10 years ago, the property valuation tax of the pipeline would have netted the region over \$80 million dollars. These monies would have come directly to a borough government rather than dribbled out piece-meal in allocations from the Dept. of Education and Early Development and legislature or disappeared into the state's General Fund.

FUNDING SECURITY

Education funding under our own borough's control will improve certainty that funds are secure year on year. In taking this action, we'll reduce the impact of a capricious legislature. By moving funding decisions home, close to residents, autonomy and self-rule are strengthened. Participation in elections increases.

RESERVE ACCOUNT

Based on data we've examined, the Yukon-Koyukuk School District's future budgets, under a borough organization, will be buffered by a reserve account. A portion of tax revenue can be sequestered in an interest-bearing account that will generate a capital fund for future projects. These monies, in addition to bonds, could be used for discretionary projects and needed capital improvements: teacher housing, public safety and fire protection, or utility upgrades.

BONDING AUTHORITY

In addition to the power to tax, a borough may sell bonds to financial institutions. Bonding is a mechanism to generate low interest capital to invest in projects that would otherwise be prohibitive because of interest rates and a region's lack of political structure. We expect the first bonds issued by the Yukon-Koyukuk Borough will target the region's need for safe, adequate housing. We need housing for elders, teachers, public safety officers, and health aides.

PLANNING & DEVELOPMENT

Under a borough form of government, local residents will determine the destiny of region's land and water resources. Stakeholders' voices, including tribal councils, Native corporations, schools, TCC, municipalities, state and federal land managers, and private property owners, will be heard by local decision makers. Resource development projects will require cooperation between the state and borough managers. Local residents' influence in decision-making will increase.

Regulations require the transfer to certain state lands to borough management. At this time, the total acreage to be transferred to a Y-K borough has not been fully determined. However, it will amount to thousands of acres of land in and around our region's communities.

A borough organization plan provides for an inventory of resources and identification of sensitive and high-value areas. Spawning zones, animal corridors, hunting areas, prime berry picking areas, flood control zones, historic and recreational areas can be given special status.

Other areas can be determined as useful for logging, subdivisions, solid waste disposal, roads and agriculture. A hard rock mine may become a major commercial activity in the future. If developed, its operation within borough boundaries will assure greater local oversight, cooperation and benefit. Additionally, the borough will levy a property tax on the mine's infrastructure.

Similarly, and rising fast on the horizon, is the prospect of another pipeline through the region. The new line is in the planning stages; start up is likely six years off. If built, the borough would gain an additional source of high-value property tax and the prospect of a take-off valve at the Yukon River. An attractive potential exists to barge fuel from that point up and down the river. We would welcome lower cost fuel in our region.

Based on planning timelines, the state's Dept. of Transportation (DOT) is the lead agency for projects on the drawing board in this region. Legislative allocations indicate resource roads are coming. Faced with these prospects, affected residents will have more influence when the region is organized as a borough. Local elected officials, and a staff dedicated to local concerns, bring a higher level of advocacy than can be expected from DOT planners and engineers or Dept. of Environmental Conservation technicians.

POLITICAL MUSCLE

Currently, without the scaffolding borough authority provides, the region lacks the tools to assure adequate funding of our children's education. In bringing this proposal to reality, the region's political structure will become muscular and dynamic. Adopting a borough form of government elevates the interests of the school board, as well as the 17 communities/villages within the boundaries of the proposed borough. During deliberations of financial decisions at the legislature, we'll have a stronger seat at the table.

FUTURE PROSPECTS

Once the region turns to local control, we anticipate that the borough will increase in population. With secure education funding, schools will flourish. Families now living in urban areas may wish to return to their rural origins. They will invigorate the region, prompting commercial ventures, new housing and other opportunities. Under a borough form of government, these activities will promote public and private gain.

We are moving toward borough formation because it is pragmatic and meets established criteria. We want to avoid being overwhelmed with financial pressures of such magnitude that we're forced to revert to boarding schools. Memories of the ills from that era remain close to the surface.

CONCLUSION

As the custodians of our children's formal education, we have an obligation to secure a community-based school system. The child-family-school connection is obviously best fostered in local communities. In these places, our children and young scholars, have the greatest incentives to gain academic skills while building rural life skills within healthy and able families.

For more information, readers are directed to the report: *Analysis: Financial Feasibility of Yukon Koyukuk Borough, Feb. 2017*