

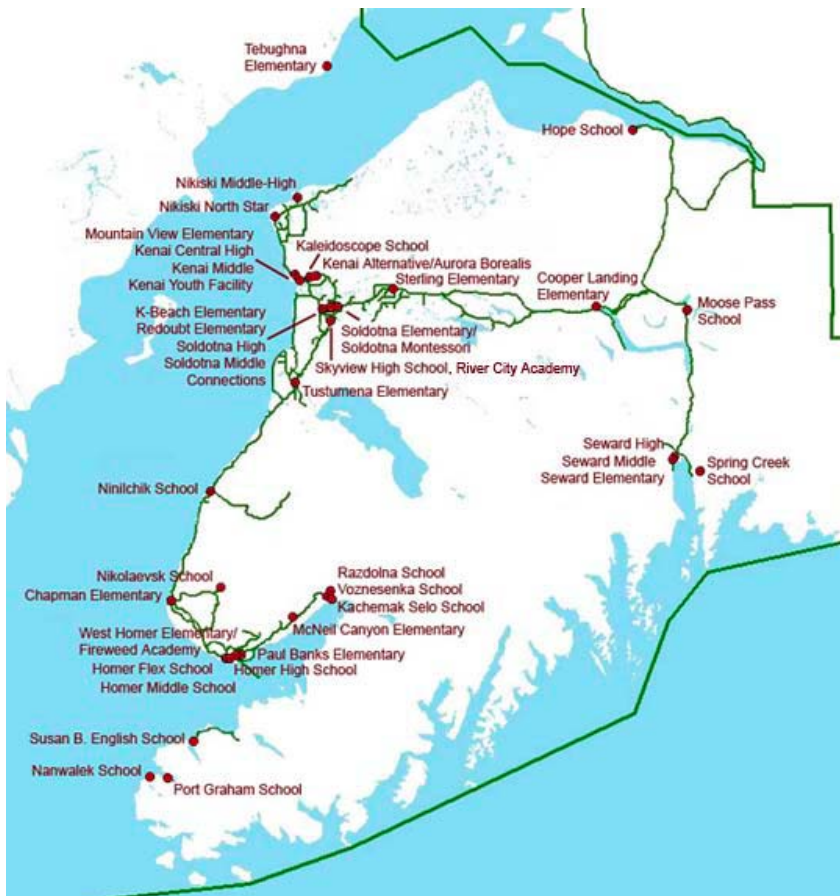
The Economic Significance of the Kenai Peninsula Borough School District in the Kenai Peninsula Borough

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Abstract

The purpose of this study was to evaluate the economic significance of the Kenai Peninsula Borough School District within the Kenai Peninsula Borough. We use an Alaska-specific Input-Output (I-O) model created by Dr. Scott Goldsmith of ISER, which is custom designed for the Alaska economy to “relate changes in spending in a particular industry to total changes in jobs and income in the Alaska economy.”¹

In the 2009/2010 school year, the school district directly created 1468.4 jobs, and about \$109 million dollars was spent in south central Alaska. Based on the results of the model, this created 628.6 jobs, mostly in the borough, but with some located in Anchorage. These figures highlight the school district's role in the private as well as the public sector of the Kenai Peninsula Borough economy.



Objectives

This study was commissioned by the Kenai Peninsula Borough School District (KPBSD) to assess the economic significance of the school district on the Kenai borough. It is important to note that this was not an economic *impact* study, but a study of the economic *significance* of expenditures of the KPBSD. This difference, although subtle, is important to understand. Economic significance calculates how much economic activity can be traced to the school district, as it currently exists. Economic impact would estimate how much smaller the KPBD economy would be if the school district were not there, taking into account that some other entity may fill the void left by the absence of the district. For the school district, this latter exercise would not make sense, as the state is constitutionally required to educate Alaska's children.

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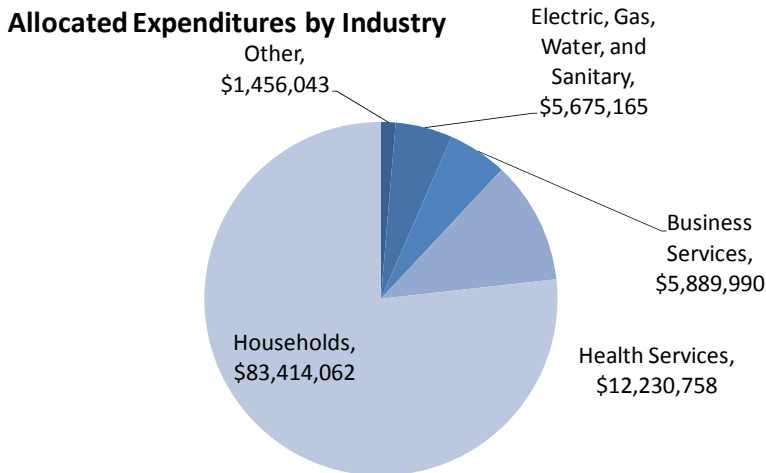
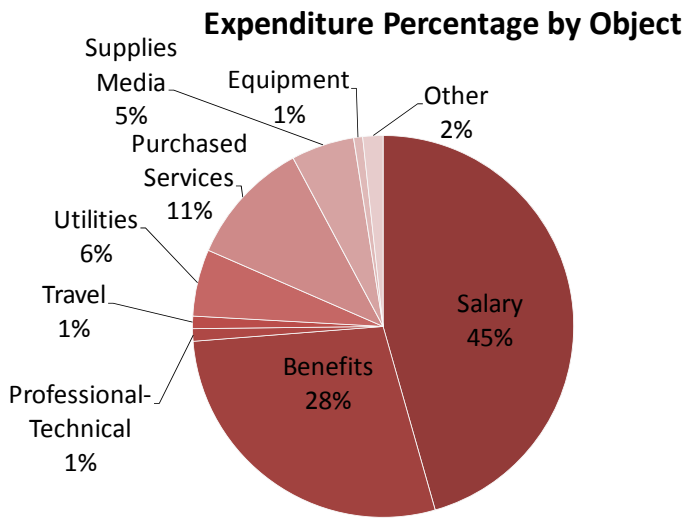
Methods and Materials

For this study, we use an Alaska-specific Input-Output (I-O) model created by Dr. Scott Goldsmith of ISER². This model is custom designed for the Alaska economy to “measure the...economic importance of selected activities on the Alaska economy and to measure the economic impact of changes in the level of these activities.”²

To estimate the economic significance of KPBSD in the KPB, we start with all district expenditures, as reported in the *Kenai Peninsula Borough School District 2009-2010 Budget*. Expenditures are allocated to (1) the industries that produce the commodities purchased, (2) to households, in the case of salaries and other payments to households, or (3) to “out of state” – money that flows out of the Alaska economy to purchase goods produced elsewhere. This list of expenditures by industry is the change in final demand that is the input data for the I-O model. The model calculates how this money continues to flow through the economy, as businesses and households re-spend the money they receive, giving totals for indirect and induced spending, payroll and jobs.

The I-O model we are using divides Alaska into four regions; both Anchorage and the Kenai Peninsula Borough are in the Southcentral Region. Some school district expenditures occur in Anchorage, as are some of the indirect expenditures, so some of the direct, indirect and induced spending, payroll and jobs occur in Anchorage. There is very little leakage of spending into other regions of the state.

The school district budget is not always sufficiently detailed to allow us to allocate spending to industries. For example, allocating travel was not efficient due to the myriad of transportation methods, destinations, and student versus staff differences. The charts to the left show school district expenditures by object (top chart) and how expenditures were allocated to industries for this analysis (bottom chart). We were able to allocate over 90% of the district’s total spending.



² Goldsmith, S. (1998). *The ISER Alaska Input-Output Model*. Anchorage, AK: Institute of Social and Economic Research, University of Alaska Anchorage.

Results

In the 2009/2010 school year, the KPBSD budgeted \$142 million in expenditures, including salaries, benefits, purchased services and goods. We were able to allocate about \$136 million to households and industries. Of that, about \$27 million flowed out of Alaska and just under \$109 was actually spent Southcentral Alaska.

In addition to district employment of 1,217, district spending supports 251.4 jobs, for a total of 1468.4 direct jobs. Re-spending of payroll through the economy by both district employees (1217 jobs) and workers whose jobs are directly supported by district non-personnel spending (“direct employment” of 251.4 jobs) supports an additional 628.6 jobs – 0.43 indirect /induced jobs for each district/direct job. These 880 direct and indirect jobs represent the borough employment that is dependent on school district spending to exist. Almost \$100 million of payroll is associated with these 2,097 district, direct, indirect and induced jobs.

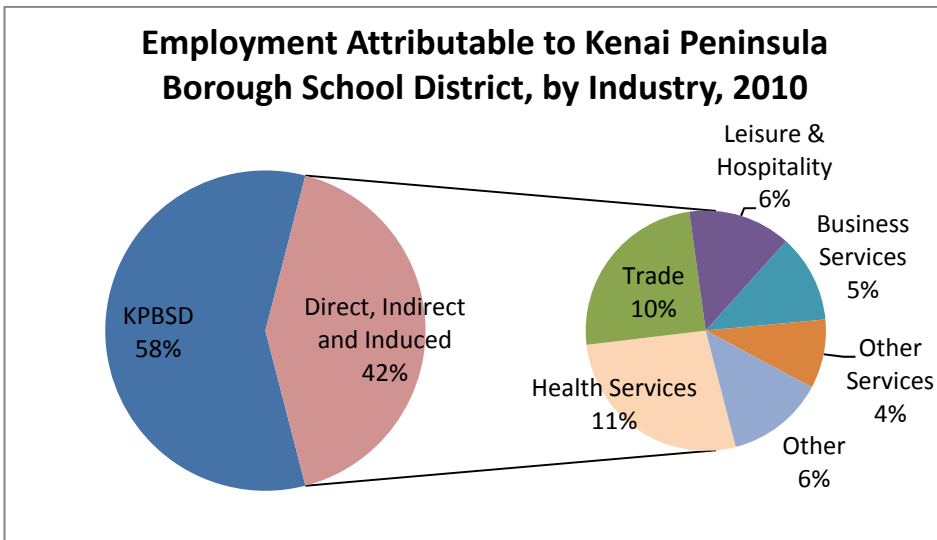
Kenai Peninsula Borough School District Economic Significance, 2009-2010 School Year

	District	Direct	Indirect and Induced	Total
Payroll	\$64,154,347	\$11,026,875	\$22,683,347	\$97,864,569
Employment	1217	251.4	628.6	2097

In another sense, every one-dollar of district in-state spending creates an additional 31 cents of payroll spending in the Alaska economy. There is \$33,710,222 in payroll generated by the employment and spending of the district on top of the \$64,154,347 of direct wages paid by the borough. The extra payroll represents \$33.7 million dollars

the school district spending keeps flowing through the Alaska economy.

While some of the jobs are in lower-wage industries such as eating and drinking establishments and retail trade, others are in higher-wage areas such as health and business services.



Conclusion

The Kenai Peninsula Borough School District is an important part of the Kenai economy. The district provides employment to 1,217 people with a payroll of \$64,154,347, making it the largest employer in the borough. Through direct jobs and payroll the district creates an additional 880 jobs, leading to \$33,710,222 of additional payroll.