

# ALASKA STATE LEGISLATURE

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### **Sponsor Statement**

### **SB 216**

Over the last four years, the State of Alaska has made it a priority to lower the cost and size of government by eliminating redundant services and addressing departmental inefficiencies. The Legislature can play a critical role in these efforts by eliminating deterrents to addressing these inefficiencies. Senate Bill 216 would eliminate one of the inefficiencies in the school funding formula. Inside the funding formula is the school size factor which currently disincentivizes school districts from consolidating, because they would abruptly lose revenue from the State, even though the schools are operating significantly below their enrollment capacities.

The school size factor is an adjustment factor in the school funding formula, that is applied to the base student allocation. This creates a multiplier in the funding formula that gets applied to every school in a district based on their average daily membership (ADM). Simply put, the larger the student count, the smaller the multiplier; the smaller the student count, the larger the multiplier. This results in large school districts receiving less money per student because their schools tend to have larger student counts, and smaller school districts receiving more money per student because their schools tend to have smaller student counts. The school size factor can prove a challenge for districts that may wish to consolidate schools within the same community/district because of the funding loss to a school district. When a larger school district consolidates multiple small schools to create one larger school, they receive less money per student to fund that school, due to the school size factor formula. For districts that may be experiencing reduced student enrollment and, therefore, excess capacity, consolidation should be an option. However, as it stands, most districts are unwilling or unable to consider consolidation due to the potential of receiving less money per student.

SB 216 works to remove the disincentive for districts to consolidate schools by establishing a new funding mechanism for school consolidation. It does this by keeping their funding the same for two years, as if they were still separate schools (pre-consolidation). Then slowly levels off their funding over the following two years, providing them with ample time to adjust before they receive their new consolidation funding amount (post consolidation).

Additionally, SB 216 allows for communities that have one K-12 school with 425 students or more, to be considered one elementary school and one secondary school and receive funding appropriately.

We appreciate your support for this legislation.