

The Relationship Between State Foundation Funding and Borough Local Contributions

Kenai Peninsula Borough and
Kenai Peninsula Borough School District
March 5, 2019



- Minimum Contribution calculation AS 14.17.410 (b) (2)
- Maximum "Funding to the Cap" calculation AS 14.17.410 (c)
- 3 scenarios:
 - No change to calculations
 - AS 14.17.400 Basic Need reduced pro rata
 - HB 59 - Removing oil and gas property levy for municipalities



Required Local Contribution

AS 14.17.410 (b) (2) the required local contribution of a city or borough school district is the equivalent of a 2.65 mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Commerce, Community, and Economic Development under AS 14.17.510 and AS 29.45.110, not to exceed 45 percent of a district's basic need for the preceding fiscal year as determined under (1) of this subsection.



Allowable Contribution

AS 14.17.410 (c) In addition to the local contribution required under (b)(2) of this section, a city or borough school district in a fiscal year may make a local contribution of not more than the greater of

(1) the equivalent of a two mill tax levy on the full and true value of the taxable real and personal property in the district as of January 1 of the second preceding fiscal year, as determined by the Department of Commerce, Community, and Economic Development under [AS 14.17.510](#) and [AS 29.45.110](#); or

(2) 23 percent of the total of the district's basic need for the fiscal year under (b)(1) of this section and any additional funding distributed to the district in a fiscal year according to (b) of this section.



Required Local Contribution - no change

2017 Full Tax Value of Real, Personal & Oil Property x 2.65 mills =
10,374,523,920 x 0.00265 = \$27,492,488

Not to exceed 45% of the School District's previous years basic need



Maximum Allowable Contribution (“the Cap”) – no change

23% of School District's Current year Basic need + quality schools + one time funding =

$$23\% \times \$108,889,577 = \$25,044,603$$

Basic Need	106,502,207
One-time funding	2,100,012
Quality Schools	<u>287,358</u>
	= 108,889,577



Total Allowable Required and Maximum Contribution with no Changes to funding formula

Required Local contribution	\$27,492,488
Additional Allowable amount	<u>\$25,044,603</u>
Total KPB can contribute to KPBSD in FY2020	<u><u>\$52,537,091</u></u>



State Aid for Districts

AS 14.17.400

(a) The state aid for which a school district is eligible in a fiscal year is equal to the amount for which a district qualifies under AS 14.17.410.

(b) If the amount appropriated to the public education fund for purposes of this chapter is insufficient to meet the amounts authorized under (a) of this section for a fiscal year, the department shall reduce pro rata each district's basic need by the necessary percentage as determined by the department. If the basic need of each district is reduced under this subsection, the department shall also reduce state funding for centralized correspondence study and the state boarding school by the same percentage.



Required Local Contribution –
With Basic Need reduced pro rata per AS 14.17.400

2017 Full Tax Value of Real, Personal and Oil Property x 2.65 mills =
10,374,523,920 x 0.00265 = \$27,492,488

Not to exceed 45% of the School District's previous years basic need



Maximum Allowable Contribution (“the Cap”) – With Basic Need reduced pro rata per AS 14.17.400

23% of School District's Current year Basic need + QS or
full value x 2 mills which ever is greater =

$$10,374,523,920 \times 2 \text{ mills} = \$20,749,048$$



Total Allowable Required and Maximum Contribution With Basic Need reduced pro rata per AS 14.17.400

Required Local contribution	\$27,492,488
Additional Allowable amount	<u>\$20,749,048</u>
Total KPB can contribute to KPBSD in FY2020	<u><u>\$48,241,536</u></u>



Required Local Contribution –
with HB 59 - Removing Oil and Gas Property levy for
municipalities

2017 Full Tax Value of Real and Personal Property x 2.65 mills =
8,855,917,600 x 0.00265 = \$23,468,182

Not to exceed 45% of the School District's previous years basic need



Maximum Allowable Contribution (“the Cap”) – with HB 59 - Removing Oil and Gas Property levy for municipalities

23% of School District's Current year Basic need + quality schools =

$$23\% \times \$87,931,670 = \$20,224,284$$

Reduced Basic Need pro-rated + QS = \$87,931,670

Full value of 8,855,917,600 x 2 mills = 17,711,835,
less than 23% of basic need



Total Allowable Required and Maximum Contribution with HB 59 - Removing Oil and Gas Property levy for municipalities

Required Local contribution	\$23,468,182
Additional Allowable amount	<u>\$20,224,284</u>
Total KPB can contribute to KPBSD in FY2020	<u>\$43,692,466</u>



	No Change	<u>With reducing basic need pro rata per AS 14.17.400</u>	<u>HB 59 - Removing Oil and Gas Property levy for municipalities</u>
Required Local contribution	\$27,492,488	\$27,492,488	\$23,468,182
Additional Allowable amount	<u>\$25,044,603</u>	<u>\$20,749,048</u>	<u>\$20,224,284</u>
Total KPB can contribute to KPBSD in FY2020	<u>\$52,537,091</u>	<u>\$48,241,536</u>	<u>\$43,692,466</u>



	No Change	<u>With reducing basic need pro rata per AS 14.17.400</u>	<u>with HB 59 reducing 43.56 for municipalities</u>
Foundation State Aid FY2020	\$79,009,719	\$60,151,824	\$64,176,130
Quality Schools FY2020	\$287,358	\$287,358	\$287,358
One-Time Funding FY2020	<u>\$2,100,012</u>	<u>\$0</u>	<u>\$0</u>
Total State funding FY2020	\$81,397,089	\$60,439,182	\$64,463,488
Maximum Allowable local contribution	<u>\$52,537,091</u>	<u>\$48,241,536</u>	<u>\$43,692,466</u>
Total State and Borough Maximum Allowable	\$133,934,180	\$108,680,718	\$108,155,954
Decreases in allowable funding		\$25,253,462	\$25,778,226

