ALASKA PUBLIC SCHOOL FUNDING - FOUNDATION FORMULA HISTORY

Handout #2

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Documented history from DEED Division Binders and online folders

1900 - 1931	"Most funds for school operations came from license monies collected in incorporated communities and from grants from the Territorial Legislature." (p.15 School Finance in Alaska. CNER 1976)
1931	Territorial Legislature reimbursed school districts based on current operating expenditures based on the number of students enrolled. The lower the enrollment the higher the amount reimbursed as higher costs associated with smaller schools sites.
1962	Legislation for first Foundation formula for State and Local funding. (Chapter 64 SLA 1962).
1964 -1970	First Foundation Funding Program for Alaska was enacted and utilized.
1970	Area Cost Differentials included.
1972 -1973	Contracting Base Schools with the adjacent school districts.
1975	Anchorage on-base contract signed (April).
1976	State Operated School System ends.
	Foundation Formula is equalized to include Impact Aid.
	21 REAA's are included in Foundation.
1977	First Disparity test to substantiate equalization.
1978	Letter approves equalization for Alaska based on Disparity test.
1987	US-Ed sets the Impact Aid ratio of ADA to membership at .9295.
1988-1989	Public School Funding laws were substantially revised by working cooperatively with US-Ed to ensure Alaska laws were in compliance with Federal Impact Aid laws and regs. These changes were created specifically to meet the federal requirment for equalization.
1988	Impact Aid Disparity test shifts calculations from expenditures to revenues.
1989	Alaska was notified by feds that Impact Aid funds were taken in excess of the maximum allowable and must reimburse district's the FY1988 funds that were withheld.
1999	Foundation Formula is overhauled and no longer uses categorical funding or units for calculation of basic need. A funding floor is established for those districts who lost funding on transition to new formula under SB36.
2002-2012	SB182 Required Local is updated that a comparison is done between 1999 F/V and the current F/V. If there is an increase then 1/2 of the difference is taken and applied to the 1999 F/V and then multiplied by the mill rate.
2009-2013	A legislative Task Force amended the formula implementing the cost factors over a 5-year period; BSA increased by $100/yr for three years; Hold Harmless was established.
2012-2013	Formula was amended to include a CTE or vocational factor of 1.01 which was increased to 1.015 the next fiscal year.
2013	Required Local was amended so all districts would calculate the F/V by 2.65 mill rate. This was due to the high cost to the state as a result of SB182.
2015-2017	Legislature increased the BSA by $50/yr increments over 3-years. Correspondence multiplier was increased from 80% to 90%.
2018	Legislature added a provision to hold a district harmless up to seven years should they consolidate schools within a community.