

# Foundation Formula Overview & K-12 FY2022 Operating Budget

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Senate Finance Committee  
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**AN EXCELLENT EDUCATION FOR EVERY STUDENT EVERY DAY**



# Our Mission, Vision, and Purpose

## OUR MISSION

- › An excellent education for every student every day.

## OUR VISION

- › All students will succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them.
  - Alaska Statute 14.03.015

## OUR PURPOSE

- › DEED exists to provide **information**, **resources**, and **leadership** to support an excellent education for every student every day.

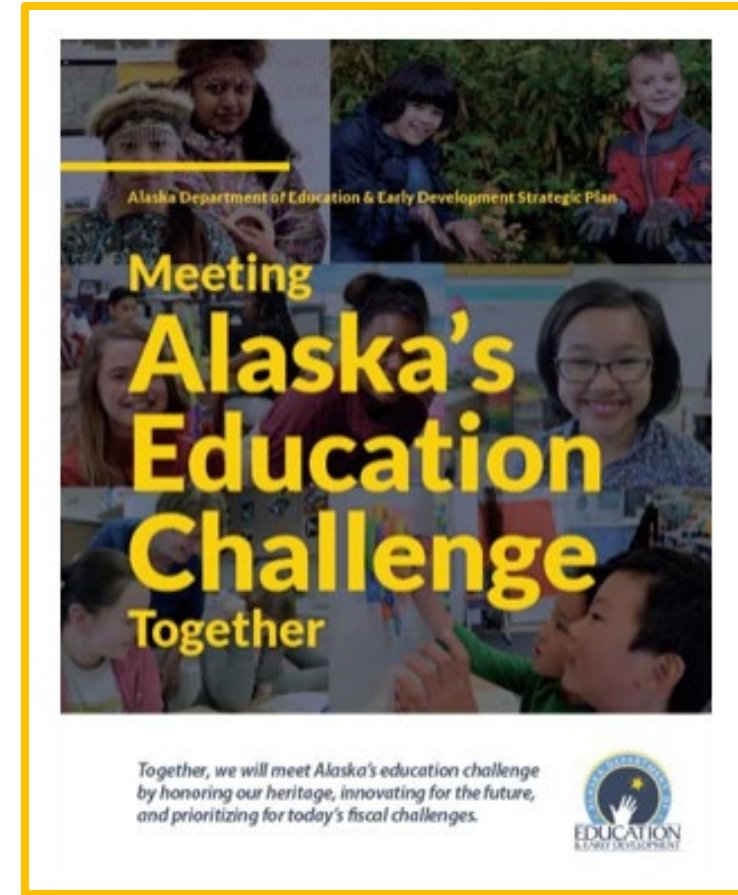




# Our Strategic Priorities: Alaska's Education Challenge

## Five Shared Priorities:

1. Support all students to read at grade level by the end of third grade
2. Increase career, technical, and culturally relevant education to meet student and workforce needs
3. Close the achievement gap by ensuring equitable educational rigor and resources
4. Prepare, attract, and retain effective education professionals
5. Improve the safety and well-being of students through school partnerships with families, communities, and tribes



[education.alaska.gov/akedchallenge](http://education.alaska.gov/akedchallenge)

# Public School Funding Formula

- FY2021 Statewide Enrollment Counts
- Foundation Payment Process and Advances
- Federal Impact Aid Disparity Test
- Additional State-Funded Formula Programs



# Public School Funding

- › Public school funding is established under AS 14.17
- › Funding consists of State Aid, Required Local Contribution, and Federal Impact Aid
- › The amount of State Aid a school district is eligible to receive during the Fiscal Year is calculated annually through the school funding formula (AS 14.17.410)
- › To begin the funding calculation, an average daily membership (ADM) for each school must be determined

[education.alaska.gov/schoolfinance](https://education.alaska.gov/schoolfinance)

[Public School Funding Program Overview](#)



## Annual Count Period

**Each Fall, every district is required to conduct a 20-day student count to determine their Average Daily Membership (ADM).**

**Districts must submit their student count data (ADM) to the department two weeks after the count period ends (AS 14.17.600).**

- › The department uses ADM data to determine a district's State Aid eligibility and funding
  - 2020-2021 school year count period: September 28 – October 23, 2020
  - 2020-2021 school year count period submittal date: November 6, 2020



# FY2021 Statewide School Enrollment Counts

	FY2020 Actual	FY2021 Projected	FY2021 OASIS Update <i>as of 12/18/2020</i>	FY2022 Projected	FY2021 OASIS vs FY2021 Projected	% Change	FY2021 OASIS vs FY2020 Actual	% Change	FY2022 Projected vs FY2021 Projected	% Change
Regular ADM	114,437.88	114,762.45	99,409.54	108,133.22	(15,352.91)	-13.4%	(15,028.34)	-13.1%	(6,629.23)	-5.8%
Correspondence ADM	14,358.93	14,161.46	27,607.26	18,798.30	13,445.80	94.9%	13,248.33	92.3%	4,636.84	32.7%
Total ADM	128,796.81	128,923.91	127,016.80	126,931.52	(1,907.11)	-1.5%	(1,780.01)	-1.4%	(1,992.39)	-1.5%
Adjusted ADM	258,740.92	259,833.75	265,531.84	258,585.13	5,698.09	2.2%	6,790.92	2.6%	(1,248.62)	-0.5%

- › FY2021 Projected: Projected student counts provided by districts in November 2019 in order to prepare the FY2021 Governor’s Budget. Required by AS 14.17.500
- › FY2021 OASIS Update: Student counts or “actuals” provided by districts during the 2020-2021 school year 20-day count period and the results of the department’s reconciliation and review process. Required by AS 14.17.600(a)
- › FY2022 Projected: Projected student counts provided by districts in November 2020 in order to prepare the FY2022 Governor’s Budget. Required by AS 14.17.500



# Hold Harmless Provision

- › Districts that experience a five percent or more enrollment loss trigger the hold harmless provision (AS 14.17.410(b)(1)(E)).
- › Eligibility is determined after the district's adjusted for school size ADM are calculated and totaled up for all schools.
- › The provision is available to school districts over a three-year step-down:
  - 75% in the first year,
  - 50% in the second year, and
  - 25% in the final year, provided the adjusted for school size ADM total stays below the established “base year”.





# Public School Funding Formula

Total Average Daily Membership (ADM)	School Size Table	District Cost Factor  x 1.0 to 2.116	Special Needs Factor  x 1.20	Vocation Education Factor  x 1.015	Special Education Intensives  x 13	Corres- pondence ADM  x 90%
AS 14.17.600	AS 14.17.450	AS 14.17.460	AS 14.17.420 (a)(1)	AS 14.17.420 (a)(3)	AS 14.17.420 (a)(2)	AS 14.17.430

= District Adjusted ADM



# Public School Funding Formula

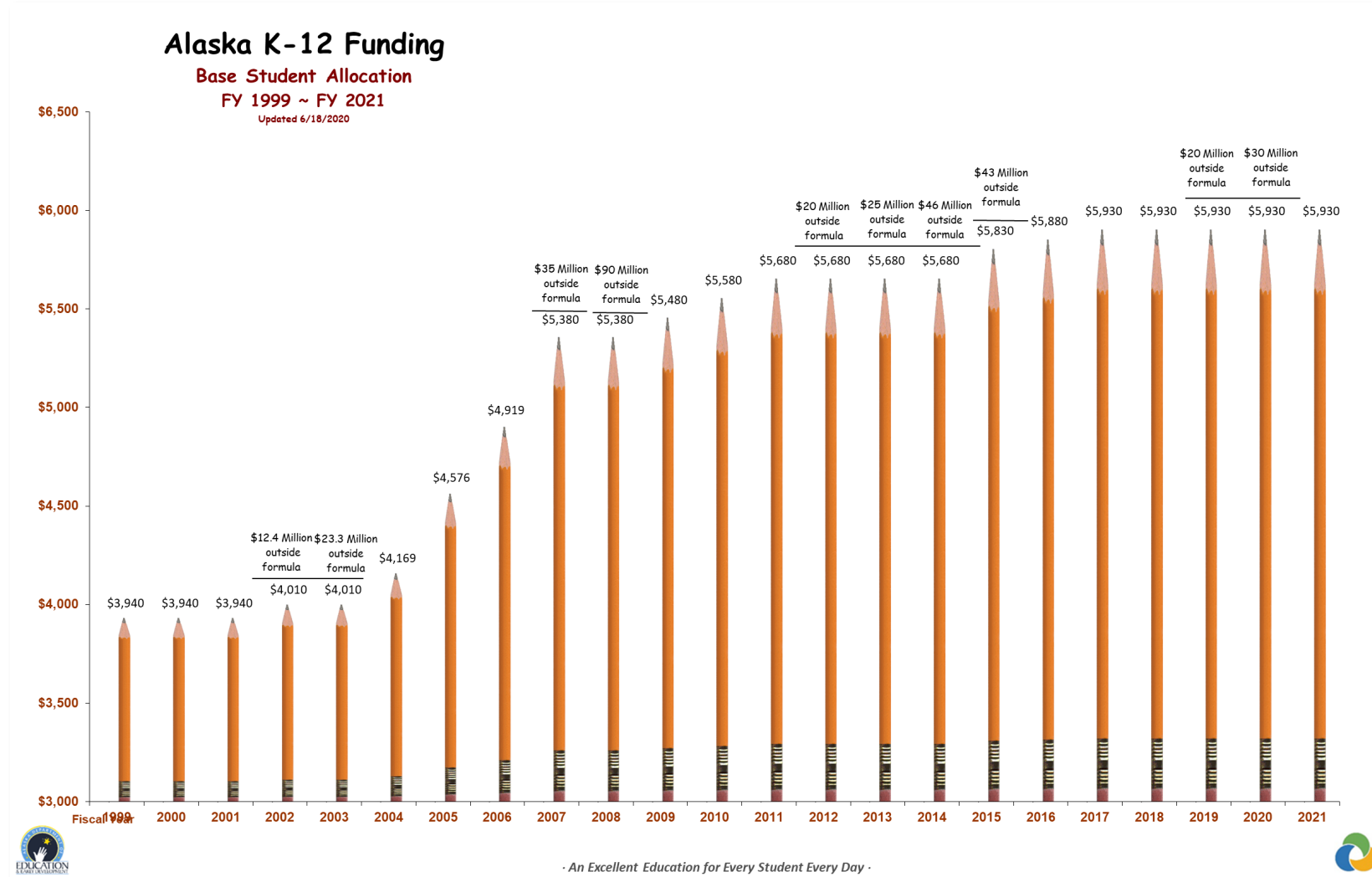
District Adjusted ADM	Base Student Allocation (BSA)	Basic Need	Required Local Contribution	Deductible Impact Aid	State Aid	Quality Schools
	x \$5,930	=	Less	Less	=	Plus
	AS 14.17.470		AS 14.17.410 (b)(G)(2)		AS 14.17.410 (b)(1)	AS 14.17.480

= State Aid

AS 14.17.410



# Base Student Allocation (BSA) Funding





# FY2021 Statewide Enrollment Comparison

	FY2020 Actual	FY2021 Projected	FY2021 OASIS Update <i>as of 12/18/2020</i>	FY2022 Projected	FY2021 OASIS vs FY2021 Projected	% Change	FY2021 OASIS vs FY2020 Actual	% Change	FY2022 Projected vs FY2021 Projected	% Change
Regular ADM	114,437.88	114,762.45	99,409.54	108,133.22	(15,352.91)	-13.4%	(15,028.34)	-13.1%	(6,629.23)	-5.8%
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Total ADM	128,796.81	128,923.91	127,016.80	126,931.52	(1,907.11)	-1.5%	(1,780.01)	-1.4%	(1,992.39)	-1.5%
Adjusted ADM	258,740.92	259,833.75	265,531.84	258,585.13	5,698.09	2.2%	6,790.92	2.6%	(1,248.62)	-0.5%
Basic Need	\$1,534,410.7	\$1,540,786.6	\$1,574,603.8	\$1,533,409.8	\$33,817.2	2.2%	\$40,193.1	2.6%	(\$7,376.7)	-0.5%
Required Local Effort	(257,895.3)	(262,398.8)	(262,432.8)	(274,384.2)	(34.0)	0.0%	(4,537.6)	1.8%	(11,985.4)	4.6%
Deductible Impact Aid	(82,363.5)	(74,502.9)	(83,320.0)	(74,924.1)	(8,817.0)	11.8%	(956.5)	1.2%	(421.1)	0.6%
Quality Schools Grant	4,178.8	4,157.3	4,286.9	4,137.4	129.6	3.1%	108.1	2.6%	(19.9)	-0.5%
Military Flow Through and Other	22,682.9	26,027.3	26,027.3	26,027.3	0.0	0.0%	3,344.4	14.7%	0.0	0.0%
<b>Total</b>	<b>\$1,221,013.6</b>	<b>\$1,234,069.4</b>	<b>\$1,259,165.2</b>	<b>\$1,214,266.2</b>	<b>\$25,095.8</b>	<b>2.0%</b>	<b>\$38,151.6</b>	<b>3.1%</b>	<b>(\$19,803.2)</b>	<b>-1.6%</b>



# Foundation Payments Process

**Districts receive foundation payments based on the previous year's student count for the first nine months of the school year (AS 14.17.610(a)).**

- › Final payments for the last three months of the school year (April – June) are used to 'true-up' to this year's student count.
- › This ensures that when the fiscal year ends, districts have been paid what is due based on their current year, actual reconciled average daily membership (ADM) counts.



## Foundation Payments: Advances

**Districts experiencing a large increase in student enrollment can request an advance on their anticipated finalized state aid funding (AS 14.17.610(c)).**

- › To request an advance, a district must provide a written request to the department that includes at least the following information:
  - Copies of the last bank statements for all accounts.
  - Cash reconciliation prepared in the last 30 days.
  - A listing of investments with maturity dates.



# Federal Impact Aid Disparity Test

In order to qualify for this provision, the State must demonstrate an equalized funding formula, in which there is not more than a 25% disparity between districts revenue per Adjusted Average Daily Membership (AADM).

**Failure to pass the annual disparity test results in a cost of at least \$255 million to the State of Alaska.**



# Additional State-Funded Formula Programs

## › Pupil Transportation

- Funding determined based on statutory formula (AS 14.09.010)
- Funded on regular (brick and mortar) ADMs only; does not include correspondence students
- FY2021 Appropriation = \$76,997.7
- FY2021 Estimated Actuals = \$65,341.9

## › Residential Schools Program

- Funding determined based on statutory formula (AS 14.16.200)
  - › Per pupil monthly stipend rate x 9 months x actual student count = residential stipend.  
Plus one round-trip transportation reimbursement per student, at the least expensive means, between the student's community of residence and the school
- FY2021 Appropriation = \$8,275.7
- FY2021 Estimated Actuals = \$2,363.6



# FY2022 Operating Budget

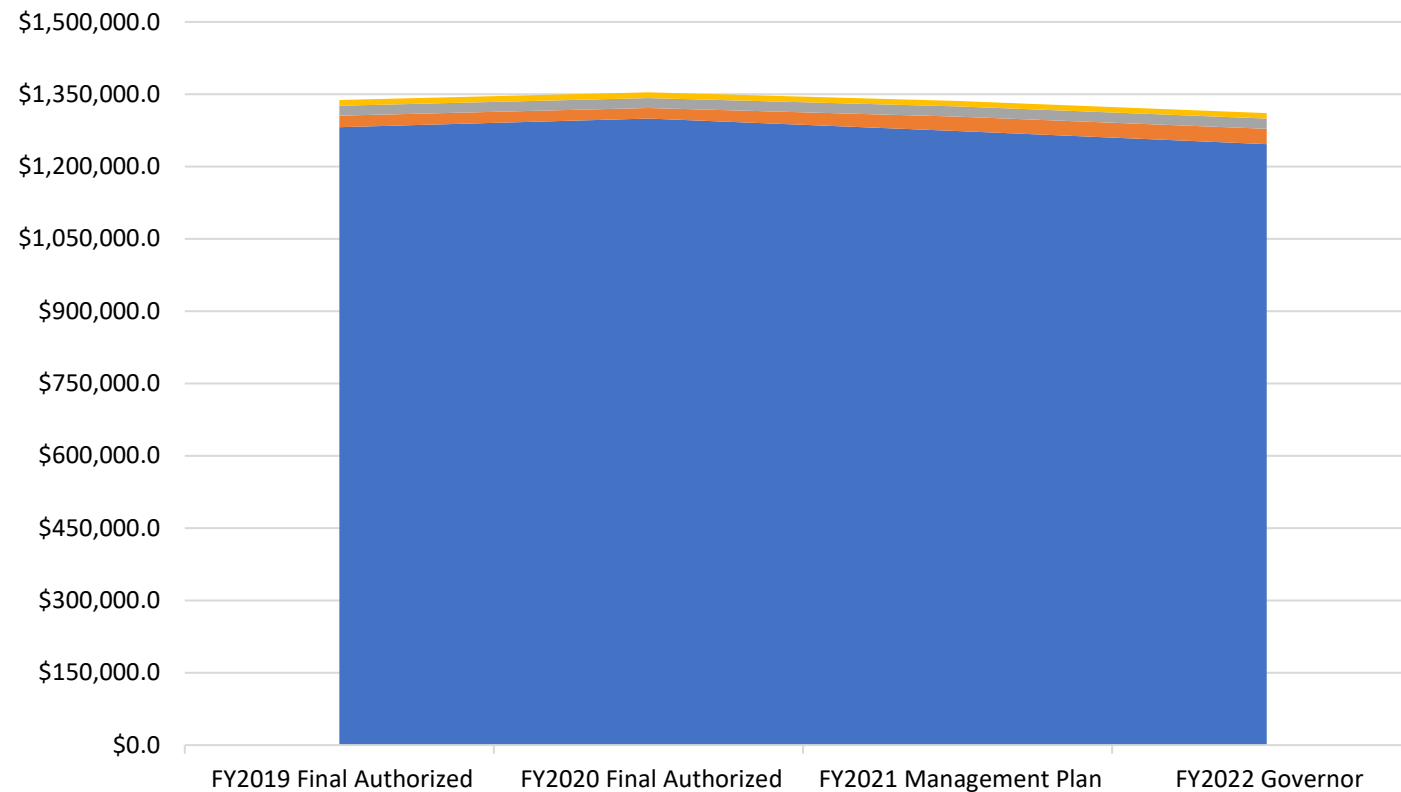
- Formula Funding
- Non-Formula Funding
- Budget Highlights



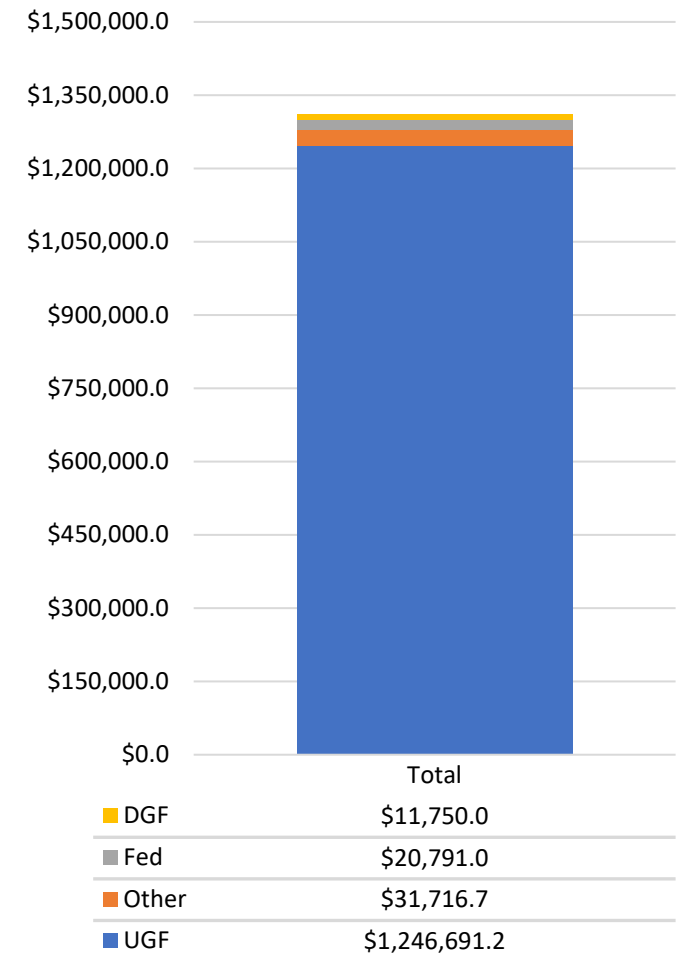
# Formula Funding

(\$ thousands)

## Funding History



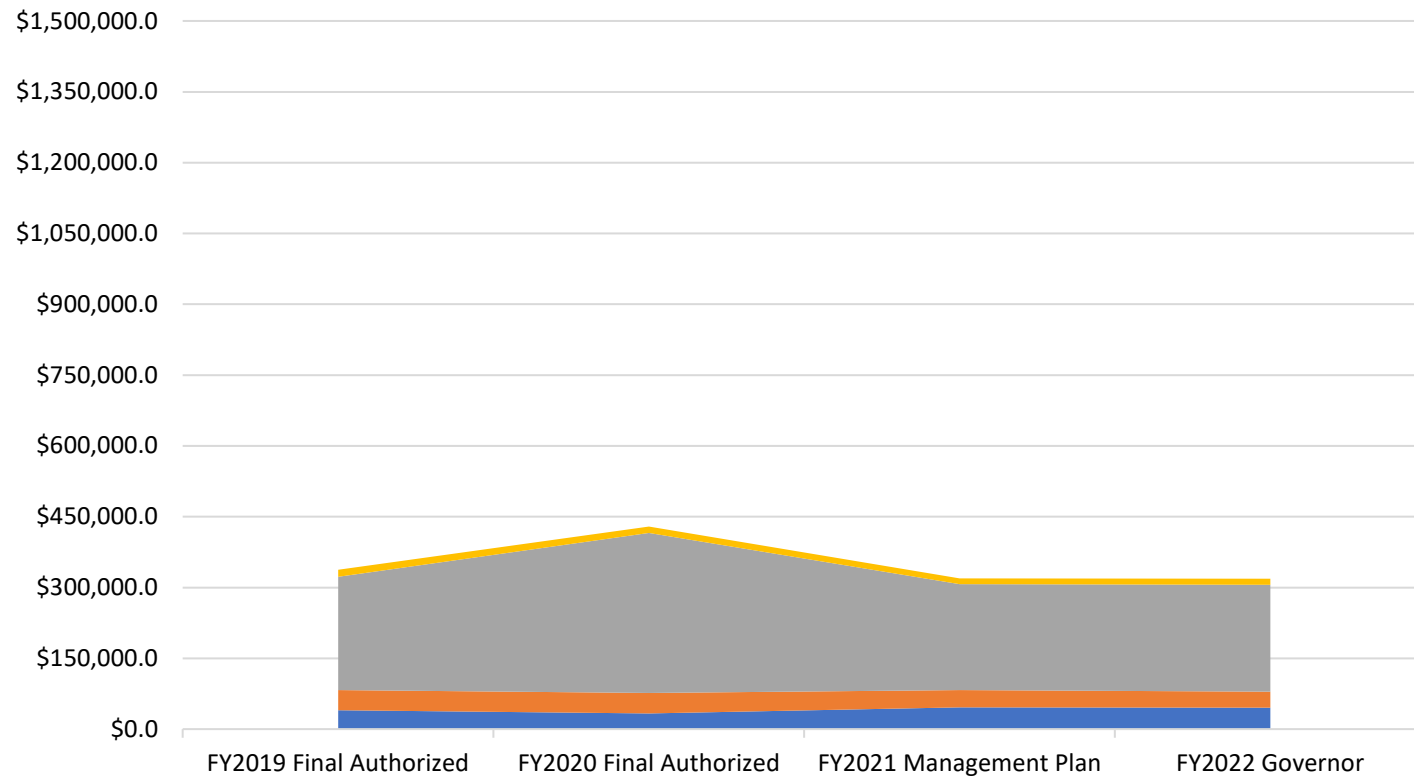
## FY2022 Governor



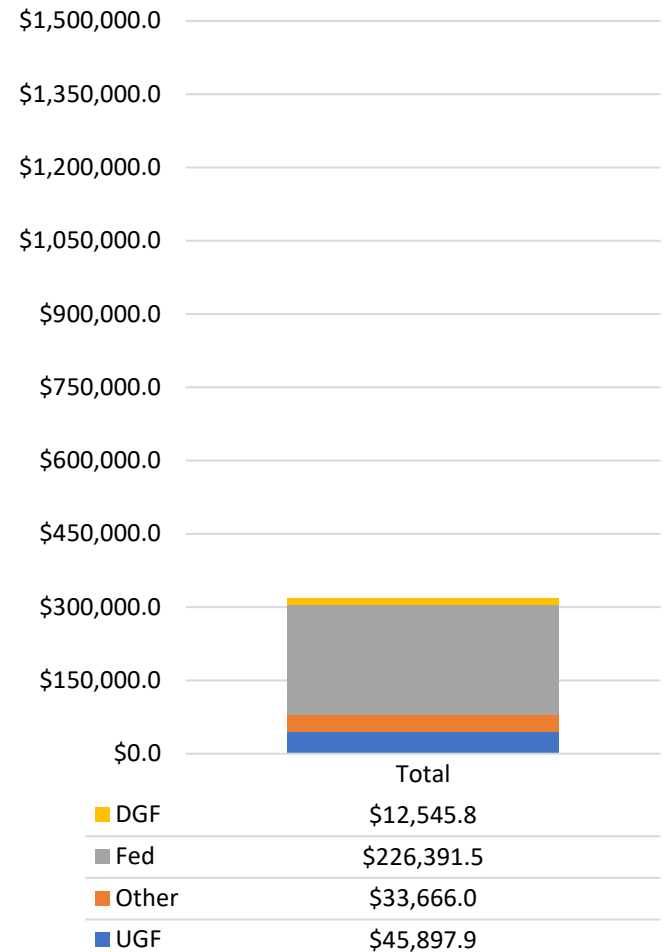


# Non-Formula Funding (\$ thousands)

Funding History



FY2022 Governor





# Budget Highlights

- › K-12 Foundation Formula is fully funded based on the statutory calculation (AS 14.17.410)
  - Base Student Allocation remains at \$5,930 (AS 14.17.470)
  - Total State Aid equals a decrease of \$19.8 million
- › Pupil Transportation is fully funded based on the statutory calculation (AS 14.09.010)
  - Total Pupil Transportation equals a decrease of \$5.6 million
- › School Debt Reimbursement and Regional Educational Attendance Area (REAA) and Small Municipal School District School Fund are funded at 50% of the statutory calculations
  - School Debt Reimbursement totals \$41.7 million (AS 14.11.102)
  - REAA Fund Capitalization totals \$17.1 million (AS 14.11.025)
- › Replace \$933 thousand Inter-agency Receipts with UGF for School Finance and Facilities' portion of the budget that was previously tied to the School Debt Reimbursement Program
- › Reduction of \$230 thousand UGF in Student and School Achievement due to identification of duplicate data analysis - data will continue to be provided to districts by information housed in the department
- › Reductions totaling \$171.5 thousand UGF as department transitions to more virtual conferences and meetings
- › Replace \$431.5 thousand Alaska Student Loan Corporation Receipts with Higher Education Investment funds for administration of State Programs in the Alaska Commission on Postsecondary Education



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