



ALASKA STATE LEGISLATURE

LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Legislative Finance Division

430 Main St., Juneau, Alaska
(907) 465-3795

November 5, 2021

Dear Chair Spohnholz,

Two questions were raised in the October 28th House Ways and Means Meeting which were deferred to a follow-up response.

- 1. Can we get the nominal value of the Base Student Allocation (BSA) over time compared with that value adjusted for inflation? What would the BSA be today if adjusted for inflation?***

In nominal terms, the BSA increased from FY15-FY17 and remained flat in FY18-FY22. Overall, it has decreased in real terms. If the BSA were to grow from FY15 to FY22 at the rate of inflation, the FY22 BSA would be \$6,355. If the BSA were to grow at 2% per year from FY15-FY22, the FY22 BSA would be \$6,696.

This table shows historical BSA amounts in nominal and real terms.

K-12 Formula Funding--Basic Information	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Nominal BSA	5,830	5,880	5,930	5,930	5,930	5,930	5,930	5,930
BSA (Real FY22 Dollars)	6,355	6,382	6,406	6,218	6,131	6,200	6,063	5,930
BSA Increase With Inflation From 2015	5,830	5,855	5,883	6,061	6,147	6,079	6,181	6,355
BSA Growing 2% per year from 2015	5,830	5,947	6,066	6,187	6,311	6,437	6,566	6,697

**FY22 assumes Callan projected inflation of 2%*

Additional funding to school districts was also provided outside of the formula in the following years and amounts: FY15 - \$43 million, FY19 - \$20 million, and FY20 - \$30 million.

- 2. How can school districts spend foundation formula funding?***

Foundation formula funding is discretionary and can be spent by school districts for any education purpose. This includes instructional and non-instructional functions and a

wide range of costs such as: salaries and benefits, administrative, maintenance, technology, contractual, utilities, insurance, supplies, and equipment costs.

Revenue (including foundation formula revenue) in the operating fund is co-mingled with other sources and can be transferred to other funds, such as the Student Transportation Fund, the Food Services Fund, or the Capital Projects Fund, as needed.

Additional information on actual and budgeted expenditures is available at:
[https://education.alaska.gov/schoolfinance/budgetsactual.](https://education.alaska.gov/schoolfinance/budgetsactual)

Sincerely,

Kelly O'Sullivan
Legislative Finance Division