

## 2.2 ENSURING EQUITABLE FUNDING FOR ALASKA'S PUBLIC SCHOOLS

AASB urges the Alaska Legislature to take the following actions:

- a. Revise the hold-harmless threshold from 5% to 2.5% for reductions in average daily membership.
- b. Adopt a new three-year hold-harmless provision for school districts that consolidate existing facilities to increase efficiency.
- c. Provide temporary funding assistance for up to two years for schools with fewer than the minimum number of students.
- d. Provide partial foundation funding for small, rural schools with 7-9 students at the following rates for up to two years:

Seven (7) students = 70% funding

Eight (8) students = 80% funding

Nine (9) students = 90% funding

- e. Maintain the current minimum student count of 10 students as the base level of funding for school building in the Public School Funding Program formula.<sup>a</sup>

**Rationale.** Passage of HB 273 by the 25th Alaska Legislature included a provision that if a school district's ADM adjusted for school size decreases by 5 percent or more from one fiscal year to the next, the school district may use the last fiscal year before the decrease as a base fiscal year to offset the decrease. The provision includes a step-down clause holding districts harmless for a portion of the ADM decrease during the next three fiscal years if the 5 percent enrollment decline continues and none of the decline is attributable to a loss of students caused by a boundary change under [AS 29](#).

Under [AS 14.17.250](#), school districts that experience enrollment declines of anywhere between 2 and 5 percent would be impacted severely because they would not qualify for the step-down provision.

During the 2014-2015 school year, there were 65 schools identified with student counts between 10 and 24 students. If the minimum count were raised to 25, all of these schools would not be funded at the minimum level.

Under [Article VII, Section 1 of the Alaska Constitution](#), the state has a duty to establish and maintain a system of public schools open to all children in the state. A legal opinion for the Citizens for the Educational Advancement of Alaska's Children notes that closing small schools would result in disparate treatment of children in two ways: "First, the overall amount of funding available and the educational resources available to provide these children with an adequate education will be reduced. Second, there will be dramatic disparities in the educational opportunities available to these students who will be deprived of the educational resources of the school environment, classroom supports, and a classroom teacher. The evidence-based scientific research supports the need for students to be educated with their peers in a classroom with a qualified teacher. The state will be unable to point to any scientific, research-based alternative as a substitute for educating children in a school with a qualified teacher and administrative support. Without such an alternative, the proposed legislation will violate the State Constitution."

*Adopted 2024, (Sunsets 2029)*