

Since its creation in 1998 the BSA has been increased eight times, through six statutory amendments. The BSA currently stands at \$5,680.<sup>4</sup> Table 2 provides a calculation of the BSA, adjusted for inflation, for each state fiscal year since FY2011, the last fiscal year in which the BSA was increased.

As you can see from Table 2, the FY2013 actual BSA (\$5,680) is approximately \$286 less than if the BSA had been adjusted for inflation annually since FY2011, while the FY2014 actual BSA (\$5,680) is approximately \$404 less than if the BSA had been adjusted for inflation annually since FY2011.

**Table 2: Inflation Adjustments to the Base Student Allocation, FY2011 - FY2014**

State Fiscal Year	Actual Base Student Allocation <sup>(a)</sup>	Prior Fiscal Year's Rate of Inflation <sup>(b)</sup>	Current Year's BSA Adjusted for the Prior Fiscal Year's Inflation Rate <sup>(c)</sup>	FY2011 BSA Cumulatively Adjusted for Annual Inflation Rate <sup>(d)</sup>	Difference Between the Actual and Adjusted Base Student Allocation
FY2011	\$ 5,680	Not Applicable	Not Applicable	Not Applicable	Not Applicable
FY2012	\$ 5,680	1.92 %	\$ 5,789.06	\$ 5,789.06	\$ (109.06)
FY2013	\$ 5,680	3.05 %	\$ 5,883.24	\$ 5,965.62	\$ (285.62)
FY2014	\$ 5,680	1.99 %	\$ 5,793.03	\$ 6,084.34	\$ (404.34)

**Notes:**

(a) The base student allocation set forth in AS 14.17.470 applies to fiscal years 2011 through 2014.

(b) To adjust the base student allocation (BSA) for inflation we used the annual consumer price index (CPI) figures for Anchorage, provided by the Alaska Department of Labor and Workforce Development, Research and Analysis Section. The CPI represents changes in the prices of a representative sample of goods and services purchased for consumption by urban households. The Anchorage CPI figures are available in six month increments which we used to produce inflation rates by state fiscal year. We estimate the rate of inflation for FY2014 using the rate of inflation for Anchorage for the last six months of calendar year 2012 (the first six months of FY2013). Generally, inflation is the process of continuously rising prices (or the continuously falling value of money) in a particular economy. We calculated the rate of inflation as the percent difference of the CPI of one year to the CPI of the previous year.

(c) To adjust the BSA for a given fiscal year, we applied the rate of inflation experienced the previous fiscal year to the current year's BSA. In other words, the inflation adjusted BSA for FY2013 (\$ 5,883.24) is the actual BSA for FY2013 (\$5,680), adjusted by the FY2012 rate of inflation (3.05 percent).

(d) To adjust the BSA cumulatively for each fiscal year, we applied the rate of inflation experienced the previous fiscal year to the prior year's adjusted BSA. In other words, the inflation adjusted rate for FY2013 (\$ 5,965.62) is the adjusted BSA for FY2012 (\$5,789.06), adjusted by the FY2012 rate of inflation (3.05 percent).

**Sources:** Alaska Department of Labor and Workforce Development, Research and Analysis Section, <http://labor.alaska.gov/research/cpi/cpi.htm>.

**Estimated Fiscal Impact to the State K-12 Foundation Formula Budget of Including Students Who Currently Attend Private or Religious Schools**

Due to limitations on estimating the number of children of elementary and secondary age shown in Table 1, we are restricted to providing an estimate of only the change to the overall Foundation Program budget if the students who currently attend private schools were included in the foundation formula.

In Table 3 we show the total education Foundation Program funding and the average daily membership for each fiscal year, FY2007 through projected FY2014. Since the total amount of available state foundation program aid is dependent on several factors, comparing only the total amount of state foundation formula to the average daily membership is somewhat problematic. In an effort to demonstrate the relative per-student change of foundation program funding over time, we calculated a per-student funding amount, which is also included in Table 3. Generally, from FY2007 through FY2014,

<sup>4</sup> AS 14.17.470.