

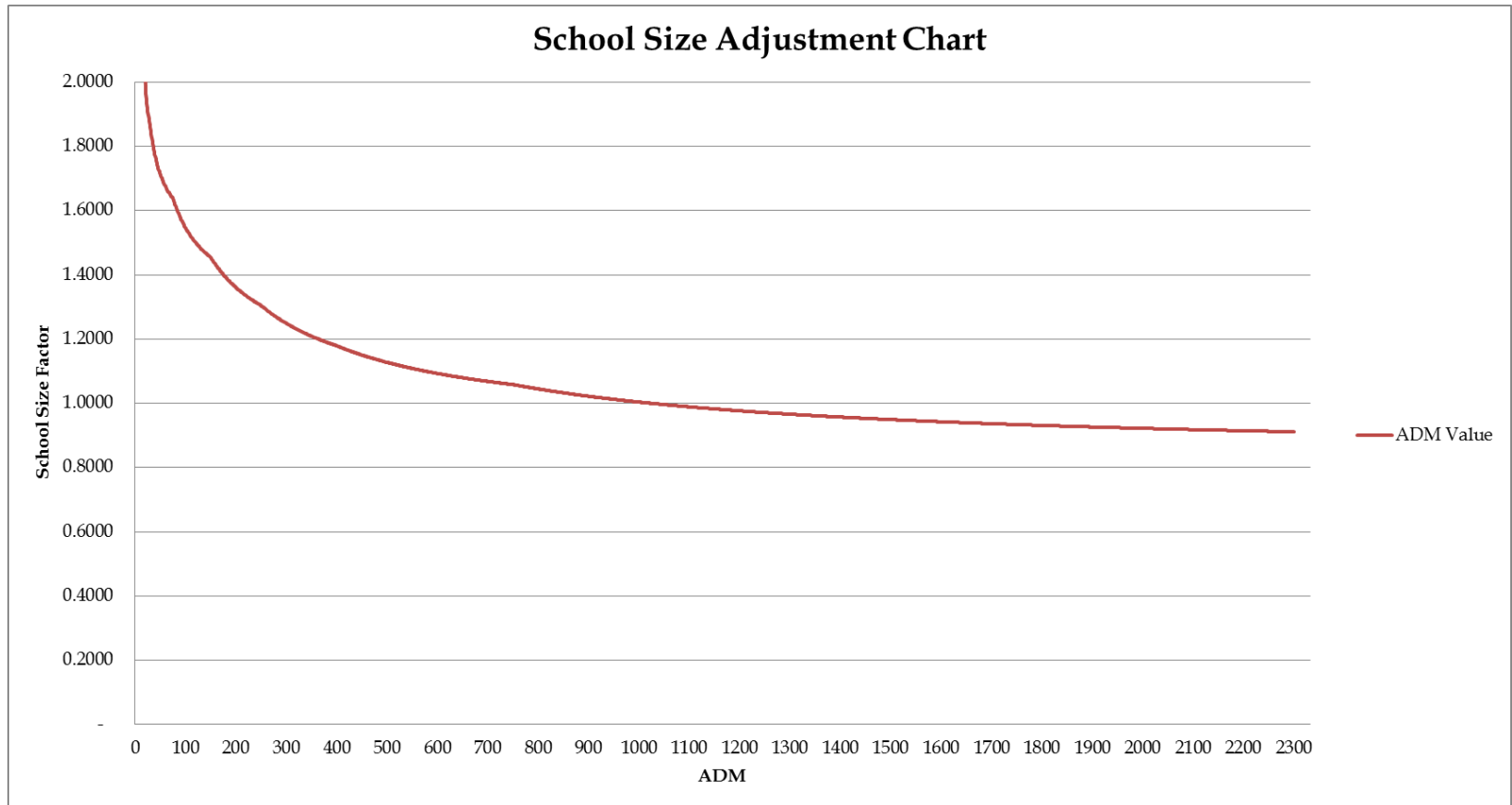
# SB 216: School Consolidation Transition

Presented by

Senator Natasha von Imhof, District L

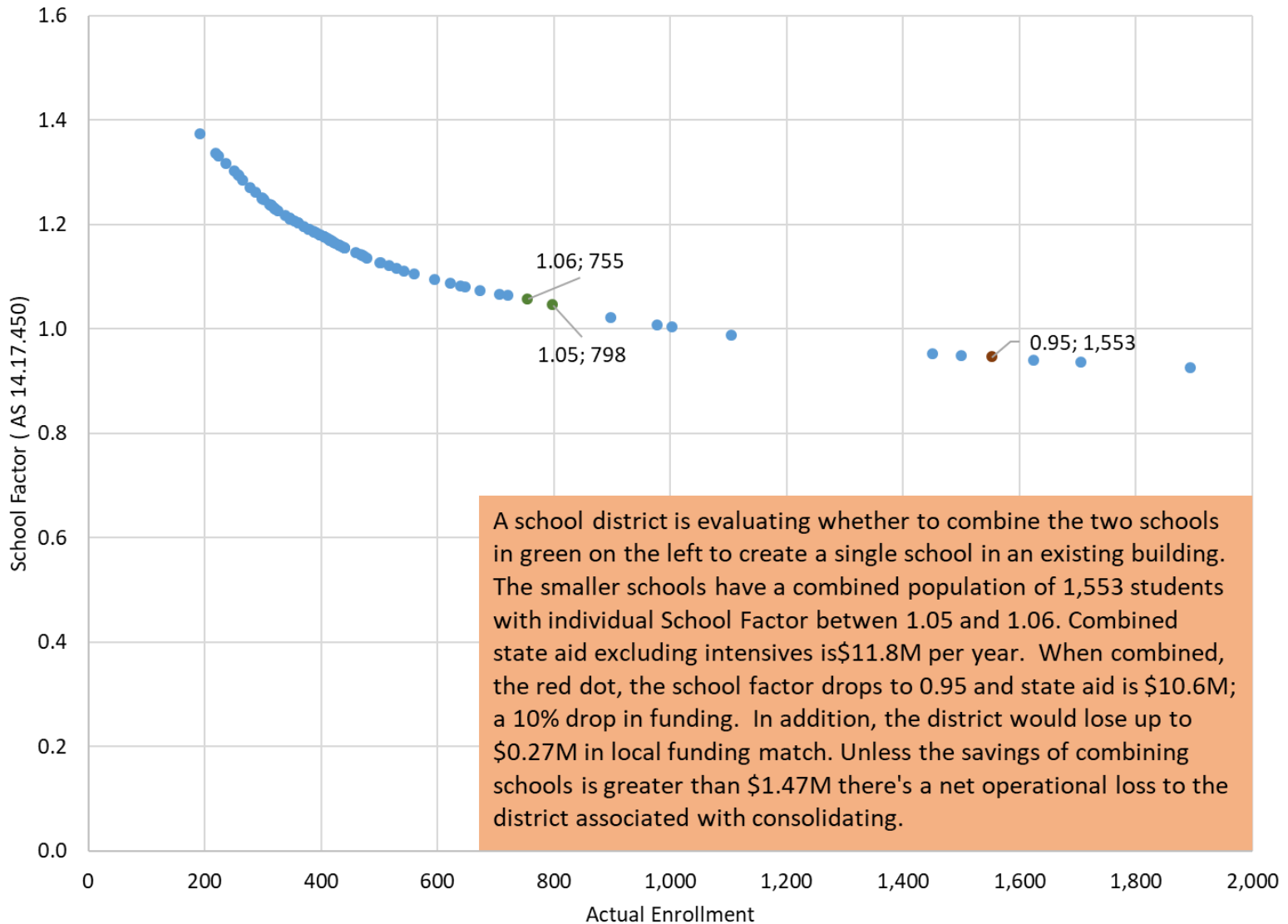
Jonathan King, Finance Aide

# Alaska's School Size Factor Adjustment AS 14.17.150(a)



# Effect of the School Size Factor on Consolidation

## Example 1



# What the Bill Does

## Section 1

Section 1 removes a disincentive to school consolidation:

- Four-year transition period for consolidating schools
- Years 1 and 2 preserve 100% pre-consolidation per student funding.
- Year 3 provides standard funding plus 66% of pre/post difference.
- Year 4 provides standard funding plus 33% of pre/post difference.
- After Year 4 provide standard funding per AS 14.17.410.

In addition, Section 1 includes a number of provisions designed to put sideboards around districts' abilities to take inappropriate advantage of the consolidation transition.

# What the Bill Does Not Do

## Section 1

### The Bill does **not**:

- Change the school size formula (AS 14.17.450);
- Change state aid calculations (AS 14.17.410) for any school or district that is not involved in a consolidation;
- Encourage districts to close schools in single school communities;
- Encourage districts to build new schools for the purposes of consolidating existing schools;
- Allow schools to reopen and reconsolidate schools in order to take inappropriate advantage of the consolidation transition.

# What the Bill Does

## Section 2

Section 2 provides an incentive for single community schools to fully utilize the capacity of K-12 school buildings in rural Alaska.

- Corrects a provision in AS 14.17.905 where communities with a single K-12 schools lose funding when their average daily membership (ADM) exceeds 425 even when the facility's capacity exceeds 425.

Under the current provision, schools in this circumstance are treated as 2 facilities when their ADM is 425 and below, but when they reach 426 they are treated at one facility for funding purposes. This switch lowers state aid by hundreds of thousands of dollars and could increase the incentive to build another facility to recapture lost funding.

# THANK YOU

Please find our contact information below:

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# Consolidation Example 2

In the example below, consolidating 5 elementary schools into 4 elementary schools reduces state aid to the district by \$647,000 and total aid by \$798,000. The district is unlikely to consolidate unless net savings are higher than that latter amount.

Elementary Consolidation Model		DCF					
		1.00					
		<b>Current School ADM Revenue Allocation</b>					
Line #	Rel. Stat.	School #1	School #2	School #3	School #4	School #5	Total
1	14.17.410(1)(A) Unadjusted ADM (Student Count)	360	340	320	375	325	1,720
2	14.17.410(1)(A) School Size Adjustment (Line 1*Formula)	433	413	394	447	399	2,086
3	14.17.410(1)(B) District Cost Factor Adj (Line 2*\$D\$2)	433	413	394	447	399	2,086
4	14.17.410(1)(C) SPED Adjustment (line 2 x 1.2)	519	496	473	537	479	2,504
5	14.17.410(1)(C) CTE Adjustment (line 3 x 1.015)	527	504	480	545	486	2,541
6	14.17.410(1) Basic Need (line 4 x \$5,930)	\$ 3,126,002	\$ 2,985,881	\$ 2,845,760	\$ 3,231,093	\$ 2,880,790	\$ 15,069,525
		<b>School Consolidation Revenue Allocation</b>					
		School #1	School #2	School #3	School #4	School #5	Total
7	14.17.410(1)(A) Unadjusted ADM (Student Count)	-	440	440	420	420	1,720
8	14.17.410(1)(A) School Size Adjustment (Line 1*Formula)	-	508	508	490	490	1,997
9	14.17.410(1)(B) District Cost Factor Adj (Line 2*\$J\$7)	-	508	508	490	490	1,997
9	14.17.410(1)(C) SPED Adjustment (line 2 x 1.2)	-	610	610	588	588	2,396
11	14.17.410(1)(C) CTE Adjustment (line 3 x 1.015)	-	619	619	597	597	2,432
12	14.17.410(1) Basic Need (line 4 x \$5,930)	\$ -	\$ 3,672,041	\$ 3,672,041	\$ 3,539,143	\$ 3,539,143	\$ 14,422,367
13	Distribution of displaced students	(360)	100	120	45	95	-
14	<b>Change in Revenue after Consolidation</b>						
15	Change in Formula Funding (line 5 - line 10)	\$ (647,158)					
16	Change in Local Funding	(149,248)					
17	Change in Quality Schools Grant	(1,746)					
18	Total Change in Funding (Sum 15-17)	\$ (798,151)					

# Expected State Savings Example 2, Continued

- A district with a District Cost Factor of 1.0 consolidates 5 schools with 1,720 students into 4 schools
  - Total state aid (pre-consolidation excluding intensive services factor) is \$15.07M per year.
  - After consolidation, state aid continues at \$15.07M in Years 1 and 2.
  - In Years 3, 4 and 5, state aid adjusts in equal increments until it reaches the natural level of \$14.42M per year for the 1,720 students.

<b>State Savings Over a Five Year Cycle</b>			
Year	Schools	State Aid (\$M)	Annual Reduction in State Aid (\$M)
Base	5	15.07	\$0.00
1	4	15.07	\$0.00
2	4	15.07	\$0.00
3	4	14.85	\$0.22
4	4	14.64	\$0.43
5	4	14.42	\$0.65

# Year 1-2 Calculations Based on Example 2

Year 1-2 Calculation			
Calculation Line	Bill Line	Notation	Calculation
A	Pg. 3, Ln 22/23	Adjusted Base Year ADM (Line 5)	2541.24
B	Pg. 3, Ln 23/24	Unadjusted Base Year ADM (Line 1)	1720.00
C	Pg. 3, Ln 21	<i>Line A/Line B</i>	<i>1.48</i>
D	Pg. 3, Ln 26/27	Adjusted Current Year ADM (Line 11)	2432.10
E	Pg. 3, Ln 27/28	Unadjusted Current Year ADM (Line 7)	1720.00
F	Pg. 3, Ln 25	<i>Line D/Line E</i>	<i>1.41</i>
G	Pg. 3, Ln 25	<i>Line C-Line F</i>	<i>0.06</i>
H	Pg. 3, Ln 30/31	<i>Line B*Line G</i>	<i>109.13</i>
I	Pg. 3/4, Ln 31/1	<i>Line D+Line H</i>	<i>2541.24</i>
J	Pg 1, Line 10	Base Student Allocation	\$5,930
Line K	Pg 1, Line 10	Line J*Line I	\$15,069,525
Prior Funding Amount		Line 6	\$15,069,525
Difference in Funding From Consolidation (Proposed 14.17.410(1)(H))			\$0

# Year 3 Calculations Based on Example 2

Year 3 Calculation			
Calculation Line	Bill Line	Notation	Calculation
A	Pg. 3, Ln 22/23	Adjusted Base Year ADM (Line 5)	2541.24
B	Pg. 3, Ln 23/24	Unadjusted Base Year ADM (Line 1)	1720.00
C	Pg. 3, Ln 21	<i>Line A/Line B</i>	<i>1.48</i>
D	Pg. 3, Ln 26/27	Adjusted Current Year ADM (Line 11)	2432.10
E	Pg. 3, Ln 27/28	Unadjusted Current Year ADM (Line 7)	1720.00
F	Pg. 3, Ln 25	<i>Line D/Line E</i>	<i>1.41</i>
G	Pg. 3, Ln 25	<i>Line C-Line F</i>	<i>0.06</i>
H	Pg. 3, Ln 30/31	<i>Line B*Line G</i>	<i>109.13</i>
<i>h</i>	Pg. 4, Ln XX	<i>Line H*.66</i>	<i>72.03</i>
<i>I</i>	Pg. 3/4, Ln 31/1	<i>Line D+Line h</i>	<i>2504.13</i>
J	Pg 1, Line 10	Base Student Allocation	\$5,930
Line K	Pg 1, Line 10	Line J*Line I	\$14,849,491
Prior Funding Amount		Current Year Funding+66% of BY-CY	\$14,849,491
Difference in Funding From Consolidation (Proposed 14.17.410(1)(H))			\$0

# Year 4 Calculations Based on Example 2

Year 4 Calculation			
Calculation Line	Bill Line	Notation	Calculation
A	Pg. 3, Ln 22/23	Adjusted Base Year ADM (Line 5)	2541.24
B	Pg. 3, Ln 23/24	Unadjusted Base Year ADM (Line 1)	1720.00
C	Pg. 3, Ln 21	<i>Line A/Line B</i>	<i>1.48</i>
D	Pg. 3, Ln 26/27	Adjusted Current Year ADM (Line 11)	2432.10
E	Pg. 3, Ln 27/28	Unadjusted Current Year ADM (Line 7)	1720.00
F	Pg. 3, Ln 25	<i>Line D/Line E</i>	<i>1.41</i>
G	Pg. 3, Ln 25	<i>Line C-Line F</i>	<i>0.06</i>
H	Pg. 3, Ln 30/31	<i>Line B*Line G</i>	<i>109.13</i>
<i>h</i>	Pg. 4, Ln XX	<i>Line H*.33</i>	<i>36.01</i>
<i>I</i>	Pg. 3/4, Ln 31/1	<i>Line D+Line h</i>	<i>2468.12</i>
J	Pg 1, Line 10	Base Student Allocation	\$5,930
Line K	Pg 1, Line 10	Line J*Line I	\$14,635,929
Prior Funding Amount		0 Current Year Funding+3% of BY-CY	\$14,635,929
Difference in Funding From Consolidation (Proposed 14.17.410(1)(H))			\$0