

BASE

Base Allocation for Student Excellence

HB 272 Increasing the Base Student Allocation (BSA)

Representative Andi Story

Ariel Svetlik, staff

Bound by our Constitution

Article 7 - Health, Education and Welfare

§ 1. Public Education

“The legislature shall by general law establish and ***maintain*** a system of public schools open to ***all*** children of the State...”

Basic Economic Investment

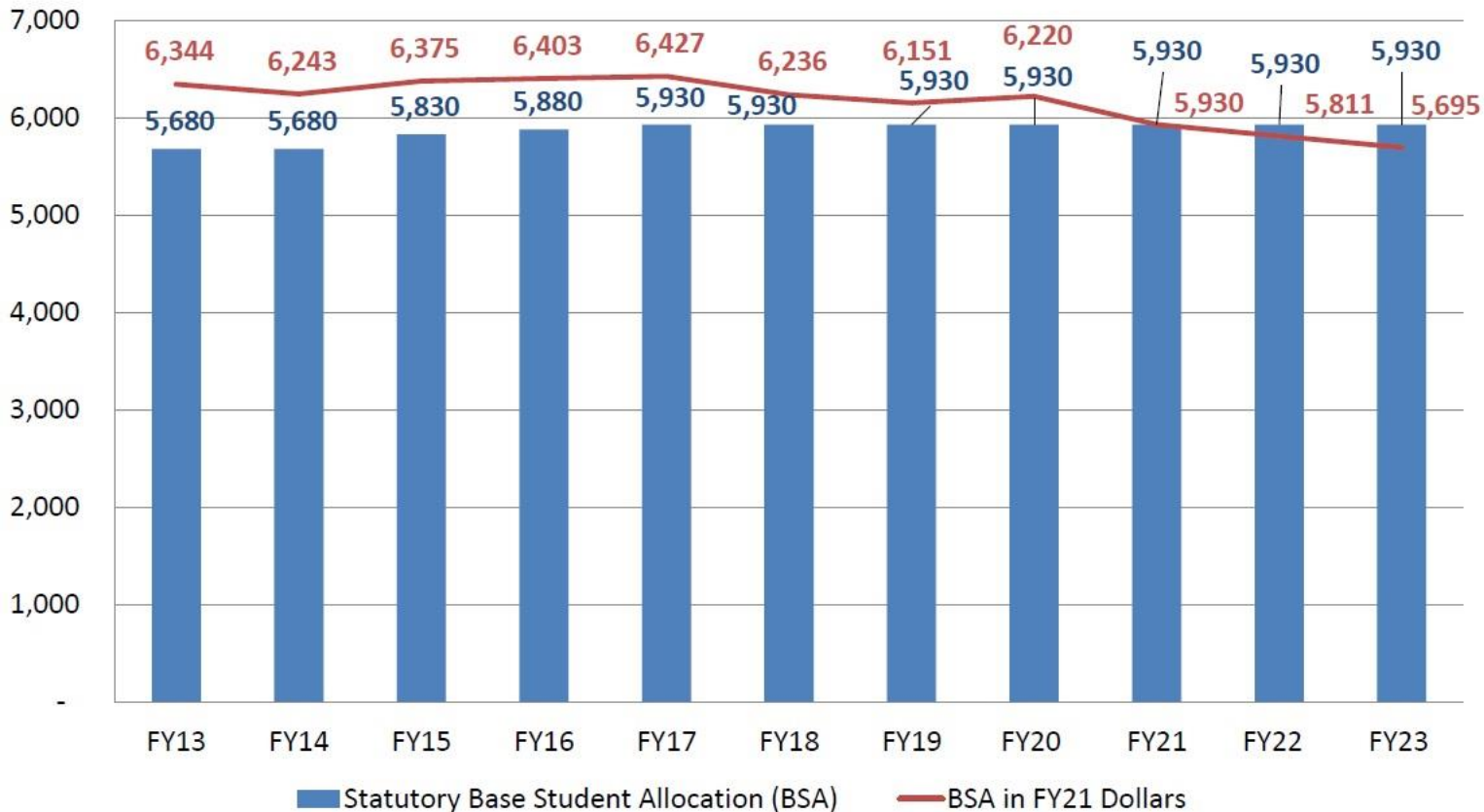
- As Alaska retains and attracts families, businesses, prospective employers, potential residents look for good schools.
- Like other infrastructure, lack of support leads to reduced capacity.
- Alaska's aging workforce requires a stream of graduates.

Sustains Basic Student Services

- Two-year bump in per pupil funding to help offset inflation.
- Immediate partial relief for uncontrollable rising fixed costs.
- Frees funds to sustain direct student service.
- Provides two-year predictability and mitigates lay-off cycles.

Base Student Allocation (BSA) History

Base Student Allocation, FY13-FY23



Legislative Finance Division

Inflation is taking away from students.

- Over the last decade overall BSA funding has been adjusted by only a **quarter of one percent** per year.
- In that period, the inflation-adjusted value of BSA funding dropped nearly ten percent, from \$6,344 to \$5,695 in FY21 dollars.

Necessary and Fair

- The BSA has been flat funded for six years, since FY17.
- Alaska Inflation has grown 8% in that period, and almost 15% in the last ten years.
- FY23 adjustment of \$223 (\$6,153 per pupil) – Less than a 4% increase.
- FY24 adjustment of \$55 (\$6,208 per pupil) – Less than a 1% increase.



Provided by Legislative Finance

Alaska's Costs are Comparable to The National Average

- According to the Institute of Social and Economic Research, when unique expenses of cost-of-living and remote geography are factored in, Alaska's average annual per pupil costs are about \$12,000 per student according to the last US Census (2016)*.
- This is slightly below the national average.

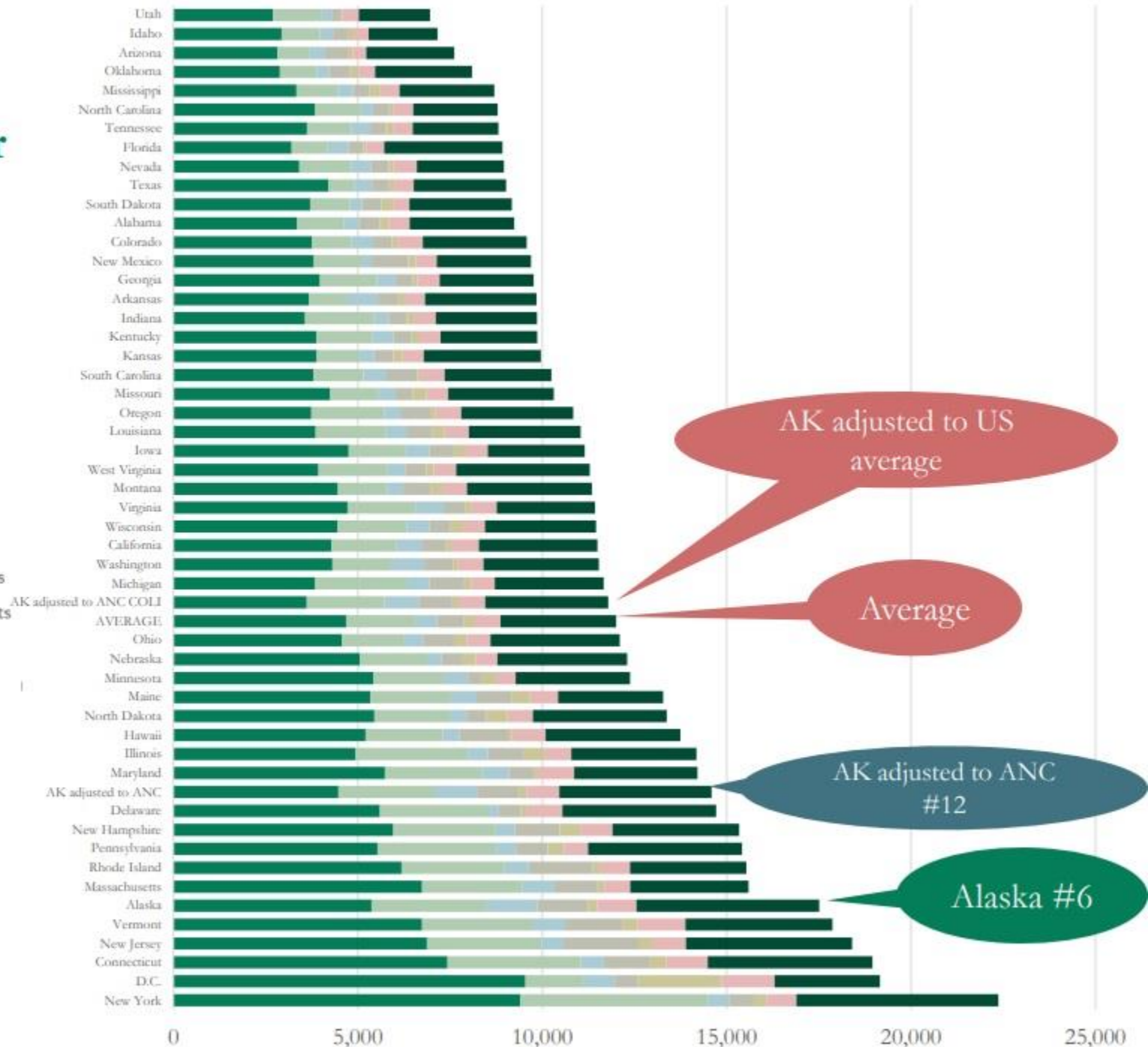
From ISER report No. 2019-04, "How much does Alaska Spend on k-12 education?"

*Latest Data Available

Alaska 2016 spending per pupil adjusted to US average living costs

- Instruction employee salaries
- Instruction employee benefits
- Instruction staff support
- Pupil support
- General admin.
- School admin.
- Other

Source: U.S. Census Bureau
2016 Annual Survey of
School System Finances



*From ISER report No. 2019-04, "How much does Alaska Spend on k-12 education?"

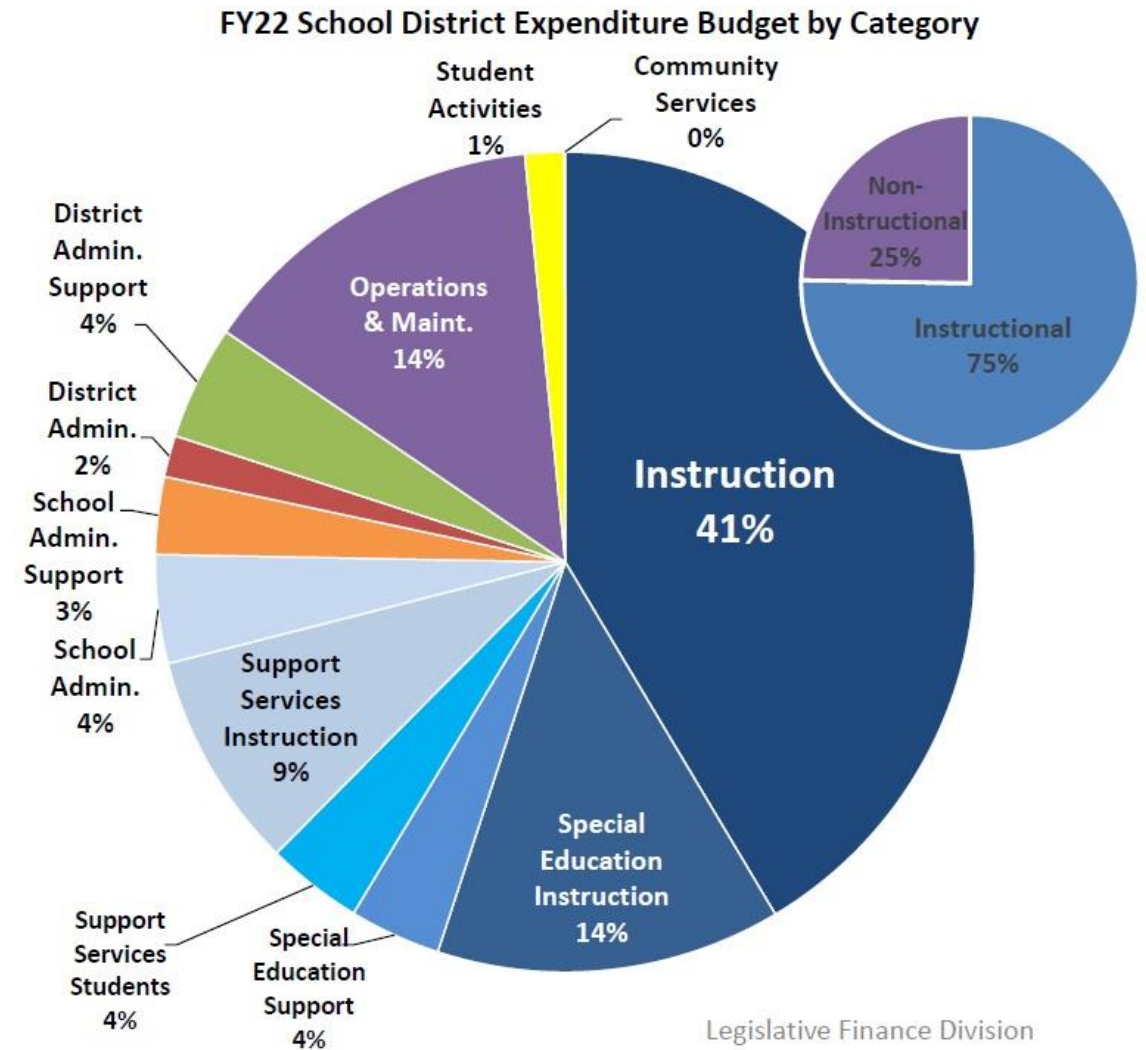
Alaska's Unique Challenges

What Drives the Costs?

- 58 schools have less than 25 students.
 - *Hootch v. Alaska* (1975) affirmed that boarding schools are inadequate proxies for local schools.
- Highest healthcare costs in the US.
- Geographic costs
 - The price of goods is higher in remote places.
- Fuel and Electricity
 - Costs more in remote places.
 - Schools don't benefit from the Power Cost Equalization (PCE) program.
- Rural districts must offer competitive pay to attract educators.

Funding Goes to Kids

- Districts dedicate nearly 75 percent of funding to direct student instruction, student services, and student activities.
- 15 percent is consumed by maintenance and utilities.
- Less than 15 percent is spent on administration and management.



Thank you!

Representative Andi Story
Ariel Svetlik, Staff

Appendix

HB 272 – The Formula

- We added the \$30 that was vetoed in FY20 back into the formula into FY21, increasing the BSA by 117 from FY20
- We inflation proofed the following Fiscal Years, using an average of inflation of the three previous Calendar Years inflation measured through the CPI of Urban Alaska
- For example: $FY23 \text{ BSA increase} = (CY21 \text{ inflation} + CY20 \text{ inflation} + CY19 \text{ inflation})/3$

Projected Budget Impact - \$30 million increase to FY20 Foundation BSA Plus Inflation Each Subsequent Fiscal Year

		FY	BSA Inc
5,930	FY20 BSA		
6,046	FY21 BSA with \$30M Change	FY22	116
6,113	FY22 BSA with Inflation*	FY22	67
6,153	FY23 BSA with Inflation**	FY23	40
6,208	FY24 BSA with Inflation**	FY24	55
	Total		279

*3 Year Average of Prior CYs

** These numbers include a projection of 2% growth, based on Callan’s Futures for the calculated Years of CY22 and CY2.