

HB 273

Increasing the Base Student Allocation and Accounting for
Inflation

Representative Andi Story and Ariel Svetlik

HB 273

Increasing the Base Student Allocation According to Inflation

- Years of flat funding have led to a financial loss for Alaska's Students.
- We have a Constitutional obligation to Alaska's families and economy to ensure strong schools.
- This bill creates steady and reliable funding for children's education and services.
- School communities will better be able to deliver on student needs, knowing that education allocations will be tied to real costs.
- Efficiencies in school staff time leads to more time focused on school students.

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- HB 273 introduces inflation proofing to the Base Student Allocation (BSA) in the foundation formula.
- This ties the growth of education funding to the Consumer Price Index (CPI) for Urban Alaska from the United States Borough of Labor Statistics.
- This helps families and communities, by offering steady and reliable funding to children's services.

BSA Projected Inflation Percentages

	CY	CPI	CPI % Change	FY		
CPI Urban Alaska by Calendar Year	CY12	205.9				
	CY13	212.4	3.14%			
	CY14	215.8	1.61%			
	CY15	216.9	0.51%			
	CY16	217.8	0.42%	FY18		
	CY17	218.9	0.48%	FY19		
	CY18	225.5	3.05%	FY20		
	CY19	228.7	1.39%	FY21		
	CY20	226.2	-1.10%	FY22	1.11%	CY18-CY20
	CY21	237.2	4.88%	FY23	1.72%	CY19-CY21
Callan Inflation Assumption - 2%	CY22		2.00%	FY24	1.93%	CY20-CY22
	CY23		2.00%			
	CY24		2.00%			

*This bill will use CPI of Urban Alaska for calculations, not Callan Inflation.

Inflation Proofing Formula

- For example: $\text{FY23 BSA increase} = (\text{CY20 inflation} + \text{CY219 inflation} + \text{CY18 inflation})/3 \times \text{FY22 BSA amount}$
- $5930 \times 1.0111 = 5996$
- The BSA would increase by \$66 per student, an increase of 1.11%
- By averaging three years, the formula smooths out big swings in inflation.
- And by adding a lag year, school communities will know their allocation ahead of time, which helps them to craft their budgets and meet student needs.

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- This is a fundamental statewide economic issue.
- The best way to attract new residents, build a skilled workforce, and maintain a strong economy is to assure good schools, pre-school through college. An investment in our children now, pays back down the road.
- By ensuring a fair base to our schools' funding, we are investing in Alaska's future.

Thank you!

Representative Andi Story
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