



LOWER YUKON SCHOOL DISTRICT

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2/13/22

When the current Foundation formula statute was enacted (CH83 SLA98), it was known and documented in the legislative record that there would be a detrimental funding impact to Lower Yukon School District once the school population of Hooper Bay crossed the 425 ADM threshold. This was an unintended consequence of the formula that only impacted Hooper Bay. The issue was not addressed at the time as only the Lower Yukon School District would be negatively impacted, and it would be many years before Hooper Bay crossed the population threshold to trigger the formula penalty.

As the average daily membership (ADM) count continued to grow in Hooper Bay, the anticipated consequence was realized. When Hooper Bay has an ADM of exactly 425, Hooper Bay School gets a K-6 and 7-12 adjustment, and the formula generates \$8.7 million in funding. When the ADM increases to 425.01- with just a fraction of a student over the threshold- Hooper Bay School only gets a singular K-12 adjustment- and the funding formula generates \$7.7 million in funding. The additional 0.01 student ADM creates a penalty of \$1 million per year. The penalty clearly created a hardship and inequity in education funding that detrimentally impacted rural Alaskan students.

In 2018, the Lower Yukon School District successfully raised the matter before the legislature and AS 14.17.905 was amended to remedy the inequity (CH82 SLA18). The Foundation formula now reads "*A community with an ADM greater than 425: ADM is adjusted once for each facility administered as a separate school; unless it's the only school in the community then it's adjusted as two schools.*" Hooper Bay School was the only school in the community serving grades K-12, and the sentence above- "unless it's the only school in the community then it's adjusted as two schools"- allows Hooper Bay to be funded with two school adjustments- a K-6 adjustment and a 7-12 adjustment, which was the same funding methodology that the school was funded when the ADM was below 425. This restored the full funding and eliminated the \$1 million penalty.

Subsequent to the legislative fix, the community of Hooper Bay fulfilled their desire to open an innovative charter school. As a result, the legislative fix from 2018 (CH82 SLA18) was undone. Formation of the Hooper Bay Charter School has the effect of changing the way the department calculates funding to the district as there are now two schools in the community, and the total ADM in the community is greater than 425. Hooper Bay School no longer gets two adjustments, and instead gets the lesser K-12 adjustment which generates the funding penalty. The students are exactly the same and the population is exactly the same, but because there are two schools in Hooper Bay, the funding formula generates a penalty of \$1 million per year to the district.

The funding formula is clearly discriminatory to Hooper Bay, and punishes the Lower Yukon School District for having a charter school. The Lower Yukon School District requests your assistance to remedy this persistent Foundation formula glitch that directly impacts our District. The enclosed language revision would accomplish our request. The fix is simple- by adding three words, the funding to the District would be restored and the inequitable impact of the funding language would be remedied. The

CHILDREN FIRST

Alakanuk Emmonak Hooper Bay Kotlik Marshall Mt. Village Pilot Station Russian Mission Scammon Bay Sheldon Point

language has been reviewed by the Department of Education and Early Development, and Heidi Teshner, Director of Finance and Support Services, confirmed this language would fix the funding inequity at Hooper Bay and would not negatively impact any other location.

Lower Yukon School District supported, in good faith, the origination of the charter school and helped the charter school open with the encouragement of the Department of Education and Early Development, as the Department of Education and Early Development has been clear in their support of school choice. The Native Alaska village of Hooper Bay and the Lower Yukon School District should not be penalized for providing school choice. For fiscal year 2021 and fiscal year 2022, the Lower Yukon School District has incurred a funding penalty of \$2 million. This runs contrary to the belief in school choice and equitable funding.

Sec. 14.17.905. Facilities constituting a school.

(a) For purposes of this chapter, the determination of the number of schools in a district is subject to the following:

(1) a community with an ADM of at least 10, but not more than 100, shall be counted as one school;

(2) a community with an ADM of at least 101, but not more than 425, shall be counted as

(A) one elementary school, which includes those students in grades kindergarten through six; and

(B) one secondary school, which includes students in grades seven through 12;

(3) in a community with an ADM of greater than 425, each facility that is administered as a separate school shall be counted as one school, except that each alternative school with an ADM of less than 175 shall be counted as a part of the school in the district with the highest ADM.

(b) Notwithstanding (a) (3) of this section and for purposes other than calculations under AS 14.17.450, a charter school shall be counted as a separate school if the charter school has an ADM of at least 150 students.

(c) Notwithstanding (a) (2) and (a) (3) of this section, in a community with an ADM of greater than 425 that has only one facility administered as a school for students in grades kindergarten through 12, the number of schools for the community shall be counted under (a) (2) of this section, **excluding charter schools**.