

SB

216

<TARGET><BILL>SB 216</BILL><SUBJECT>SB
216</SUBJECT><COMM>SEDC30</COMM></TARGET>

ALASKA STATE LEGISLATURE
SENATE FINANCE COMMITTEE

Senator Anna MacKinnon, Co-Chair
State Capitol, Room 516
Juneau, Alaska 99801-1182
Phone: (907) 465-3777
Sen.AnnMacKinnon@akleg.gov



Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, Alaska 99801-1182
Phone: (907) 465-4453
Sen.Lyman.Hoffman@akleg.gov

MEMORANDUM

DATE: March 21, 2018

TO: Senator Gary Stevens, Chair
Senate Education Committee

FROM: Senator Lyman Hoffman, Co-Chair
Senate Finance Committee

Senator Anna MacKinnon, Co-Chair
Senate Finance Committee

RE: Senate Bill 216 Hearing Request

Handwritten signature of Lyman Hoffman in blue ink.

Handwritten signature of Anna MacKinnon in black ink.

We are requesting a hearing as soon as your committee schedule will permit for Senate Bill 216 relating to state aid for schools that consolidate within a district and clarifies how to count a school with over 425 students.

This bill provides a "consolidation transition" that allows a school district to gradually move from their current state aid amount to a lower state aid amount after consolidation of schools, within a community, and describes how and when the consolidation transition can be used. It also specifies how state aide during the transition period will be calculated. SB 216 also allows a school that services grades K-12 in a single building and has an average daily membership (ADM) greater than 425 to be considered two separate schools for calculating state aid.

Thank you for your consideration and attention to this request. Senator von Imhof's office will be presenting this bill. Please do not hesitate to contact Jonathan King in her office at 465-6011 or Brittany Hartmann in Senator MacKinnon's office at 465-6412.

ALASKA STATE LEGISLATURE
SENATE FINANCE COMMITTEE



Senator Anna MacKinnon, Co-Chair
State Capitol, Room 516
Juneau, Alaska 99801-1182
Phone: (907) 465-3777
Sen.Anna.MacKinnon@akleg.gov

Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, Alaska 99801-1182
Phone: (907) 465-4453
Sen.Lyman.Hoffman@akleg.gov

Sponsor Statement
SB 216

Over the last four years, the State of Alaska has made it a priority to lower the cost and size of government by eliminating redundant services and addressing departmental inefficiencies. The Legislature can play a critical role in these efforts by eliminating deterrents to addressing these inefficiencies. Senate Bill 216 would eliminate one of the inefficiencies in the school funding formula. Inside the funding formula is the school size factor which currently disincentivizes school districts from consolidating, because they would abruptly lose revenue from the State, even though the schools are operating significantly below their enrollment capacities.

The school size factor is an adjustment factor in the school funding formula, that is applied to the base student allocation. This creates a multiplier in the funding formula that gets applied to every school in a district based on their average daily membership (ADM). Simply put, the larger the student count, the smaller the multiplier; the smaller the student count, the larger the multiplier. This results in large school districts receiving less money per student because their schools tend to have larger student counts, and smaller school districts receiving more money per student because their schools tend to have smaller student counts. The school size factor can prove a challenge for districts that may wish to consolidate schools within the same community/district because of the funding loss to a school district. When a larger school district consolidates multiple small schools to create one larger school, they receive less money per student to fund that school, due to the school size factor formula. For districts that may be experiencing reduced student enrollment and, therefore, excess capacity, consolidation should be an option. However, as it stands, most districts are unwilling or unable to consider consolidation due to the potential of receiving less money per student.

SB 216 works to remove the disincentive for districts to consolidate schools by establishing a new funding mechanism for school consolidation. It does this by keeping their funding the same for two years, as if they were still separate schools (pre-consolidation). Then slowly levels off their funding over the following two years, providing them with ample time to adjust before they receive their new consolidation funding amount (post consolidation).

Additionally, SB 216 allows for communities that have one K-12 school with 425 students or more, to be considered one elementary school and one secondary school and receive funding appropriately.

We appreciate your support for this legislation.

ALASKA STATE LEGISLATURE

SENATE FINANCE COMMITTEE

Senator Anna MacKinnon, Co-Chair
State Capitol, Room 516
Juneau, Alaska 99801-1182
Phone: (907) 465-3777
Sen.Ann.MacKinnon@akleg.gov



Senator Lyman Hoffman, Co-Chair
State Capitol, Room 518
Juneau, Alaska 99801-1182
Phone: (907) 465-4453
Sen.Lyman.Hoffman@akleg.gov

Sectional Analysis SB 216

Section 1: AS 14.17.410(b)

Adds new language to AS 14.17.410(b)(1) to provide a “consolidation transition” that allows a school district to gradually move from their current state aid amount to a lower state aid amount after consolidation of schools, within a community, and describes how and when the consolidation transition can be used.

(H) Specifies how state aide during the transition period will be calculated. The “pre-consolidation” and “post-consolidation” formula remains the same; the bill will only change how quickly the “post consolidation” amount is instituted:

(H)(i)

Consolidation Years 1 & 2: The district will receive the same funding as if the consolidated school was still separate schools.

(H)(ii)

Consolidation Year 3: The district will receive 66% of the difference between funding from pre-consolidation and post-consolidation.

(H)(iii)

Consolidation Year 4: The district will receive 33% of the difference between funding from pre-consolidation and post-consolidation.

Sections (I) – (L) specify conditions where the “consolidation transition” may not be used.

- (I) When the “transitional” state aid amount would result in lower funding than under the traditional funding formula.
- (J) When a school district is already receiving additional state aid due to the Hold Harmless Clause in AS 14.17.410(b)(1)(E).
- (K) If a new facility was constructed in order to consolidate schools.

- (L) If the school was reopened and reconsolidated within the past five years.
- (M) Requires the district to provide the necessary information and calculations for the Department of Education and Early Development for verification, including a student count by school for the schools involved in the consolidation.
- (N) Defines “community” as an organized municipality or an unincorporated area with a population of less than 2,000 people to clarify which schools can be consolidated.

Section 2: AS 14.17.905

Adds a new subsection that allows a school that services grades K-12 in a single building and has an average daily membership (ADM) greater than 425 to be considered two separate schools for calculating state aid.

Section 3: AS 14.17.410(b)

Makes this Act applicable to schools which consolidate on or after the effective date of this bill.

Section 4: Effective Date

Provides for an immediate effective date.



Anchorage School District

Education Center

5530 E. Northern Lights Blvd. • Anchorage, AK 99504 • 907-742-4000 • www.asdk12.org

March 22, 2018

The Honorable Senator Natasha von Imhof
Alaska State Senate
State Capitol Room 514
Juneau AK, 99801

Dear Senator von Imhof,

As the Superintendent of Anchorage School District (ASD), I am writing in support of Senate Bill 216. This legislation would provide a phased period in which school districts could plan for school consolidation when experiencing decreased enrollment. Presently, the funding formula for schools does not take into account the needed transition funding to plan for efficient use of facilities and staffing.

Senate Bill 216 proposes provisions for school districts that will greatly assist with initial consolidations, enabling them to scale down using proven efficiencies, while still providing for the education of students. The present legislation would support districts' expenses for transportation adjustments, staffing changes, and the physical aspects of moving furniture and curriculum as districts engage in school consolidation.

Anchorage has historically provided its maximum allowable funding to support its schools, and school consolidation could save tax money for our city due to reductions in capital costs. The State will benefit as it will support fewer building sites, yet continue to support high quality educational experiences and instruction.

In ASD, we are working diligently to identify and implement efficiencies. Nevertheless, the costliest issue in education relates to staffing and compensation. While the need for teachers will continue, by combining student populations, a smaller number of support staff positions would be necessary. Considering capital and operations is a smart way to plan. Please support Alaska's urban districts by extending the school size factor to allow our district a hold harmless, which will permit us to consolidate schools as well as downsize support services.

On behalf of the Anchorage School Board, we recognize the fiscal realities which you are facing and appreciate your willingness to provide school districts with increased flexibility and discretion in a time of constricting resources. ASD embraces innovation and supports creative solutions. I want to thank you for the opportunity to share my support for your work.

Respectfully,

Deena M. Bishop, Ed.D.
Superintendent

cc: Tam Agosti-Gisler, President, Anchorage School Board

Educating All Students for Success in Life

Anchorage School Board
Starr Marsett, Vice President
Kathleen Plunkett, Clerk

Tam Agosti-Gisler, President
Elisa Snelling, Treasurer
Bettye Davis

Dave Donley
Andy Holleman

Superintendent Dr. Deena Bishop