

Public School Funding in Alaska

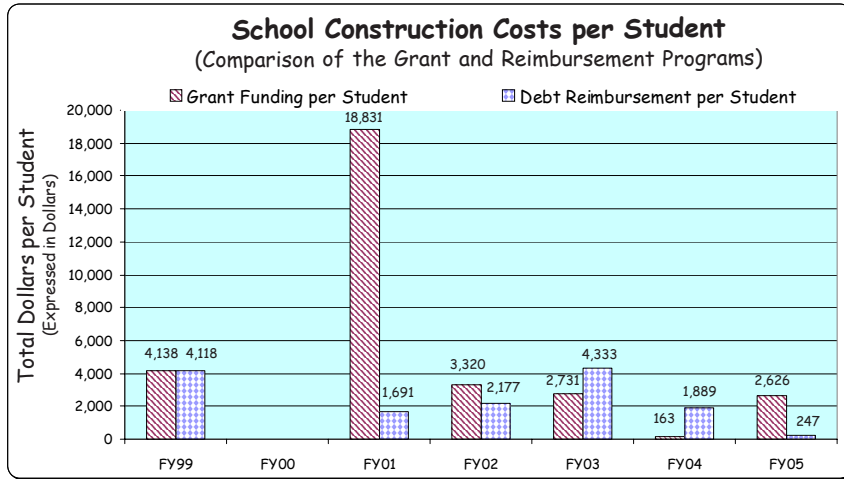
A Review of the Past and Present

Alaska has 53 school districts: 34 city and borough school districts and 19 Regional Educational Attendance Area (REAA) school districts. The size of school districts varies between 14 and 49,340 students. During the 2004 - 2005 school year, it is projected that 10,700 students will enroll in correspondence study programs. In FY05, school funding, including pupil transportation costs, was 34.87% of the state's General Fund operating budget.

Since FY99, the K-12 public school funding formula has distributed state dollars based on a per student allocation (currently \$4,576) multiplied by the number of students enrolled in each school, then ad-

justed for the size of the school and where it is located in our state.

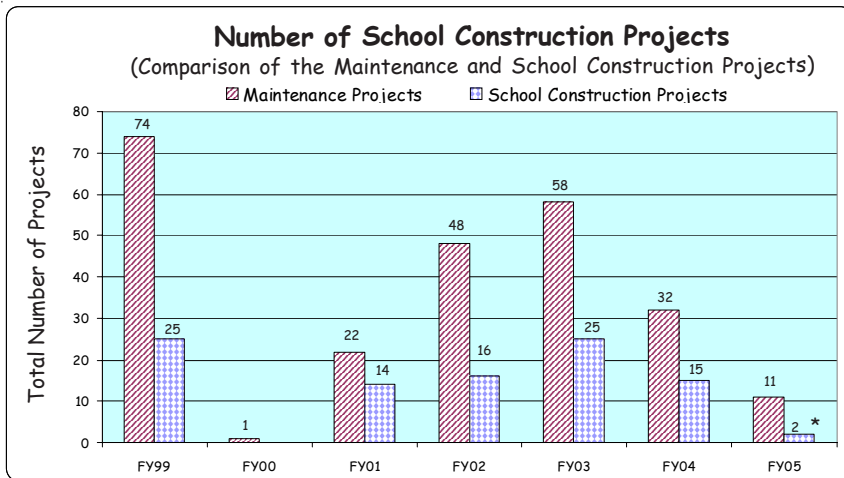
The impetus for the current approach was a Hellenthal and Associates survey commissioned by Governor Knowles in October, 1995. When asked their opinion on the best way to fund local schools, over 70% of the 1,200 statewide voters surveyed supported funding education on a per student amount rather than the instructional unit method that was in place at that time. The legislature listened and in 1998 changed how K-12 public education was funded. The per student dollar amount was set at \$3,940 in 1999 and has been increased three times, most recently in 2004.



NOTE: FY03 grants include an appropriation, matched locally by 30%, to the Anchorage School District (\$12.8 M). If this grant were not included in the ADM calculation, the FY03 Grant Funding per ADM would be \$11,759.

This chart illustrates the cost of the grant and debt reimbursement programs per student. The cost for the debt reimbursement program is based on the total estimated state reimbursement of a

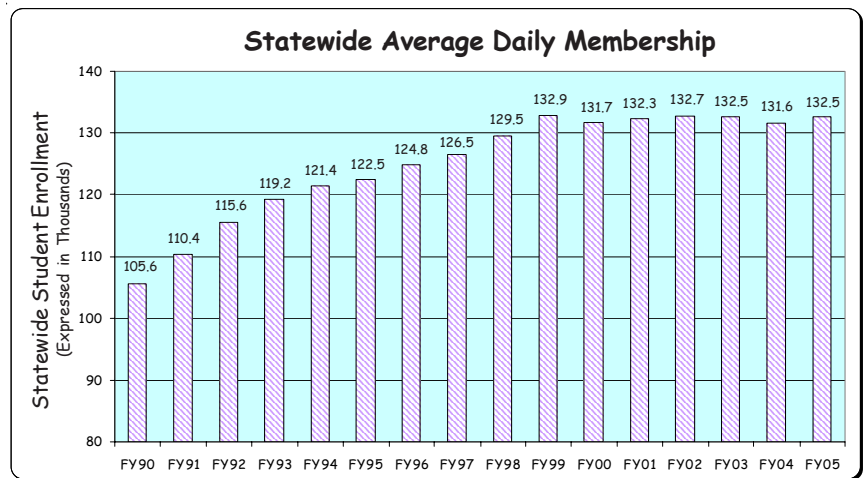
project for the life of the bonds, normally 20 years. In actual practice, the legislature reimburses a school district 70% of the *annual* debt payment each year; an average per student cost of \$550/student.



NOTE: The exact number of school construction projects approved in FY05 is not known at this time. Several local elections to approve bond sales for new school projects are scheduled to occur prior to December 31, 2004.

Over the past seven years, 246 major maintenance projects and 97 new school construction projects have been funded by General Fund dollars. These projects range from roof replacements to

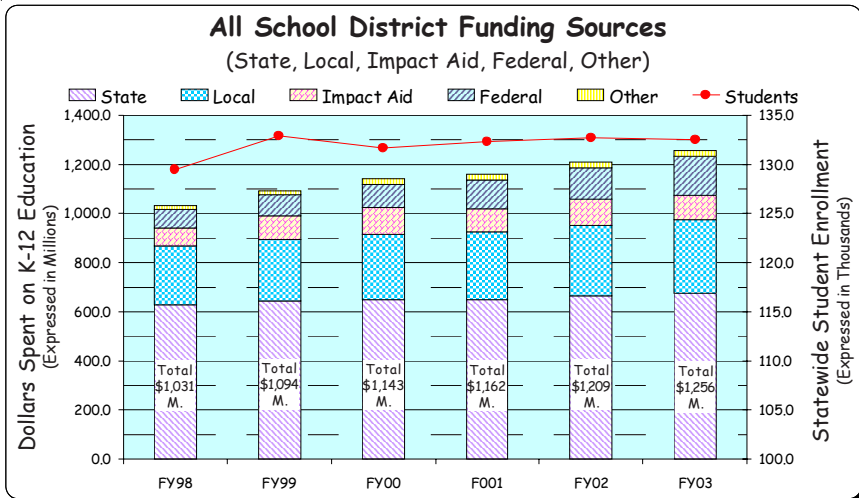
fire system upgrades to a classroom addition to a complete new educational facility. Each project must meet standards adopted by DEED and be identified by the school district as a priority for the area.



NOTE: Student enrollment rose steadily until 1999 at which time the ADM leveled off. The number of students enrolled in correspondence study programs has increased 35.8% over the past six years.

The number of students enrolled in a school district during a certain 20-day period in October is calculated as the district's Average Daily Membership (ADM). The number of students directly

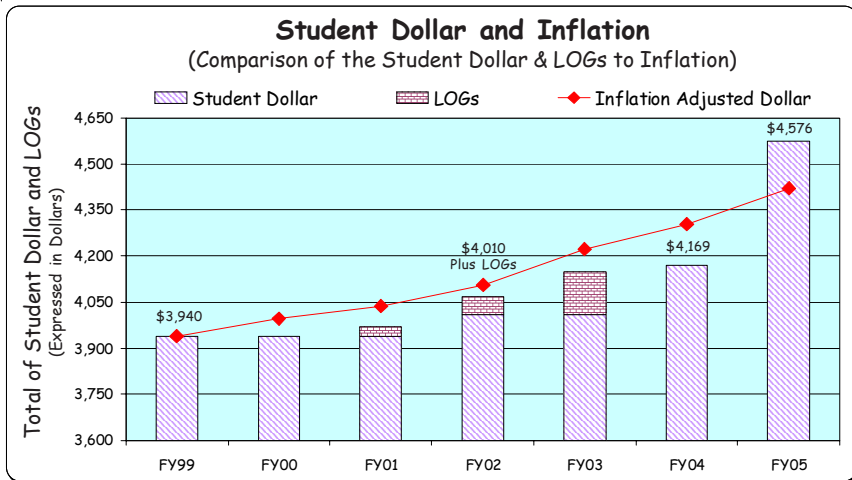
impacts the overall level of state K-12 education funding. As our state education funding is based on a per student basis, a school district's state aid increases as its enrollment increases and vice versa.



Source: Audited School District Reports (The most current DEED audited information is FY03.)
Impact Aid: Federal Revenue as listed on DEED Audit Reports (Impact Aid plus other minor federal grants)
Federal: Federal Title I, Title VI, Migrant Ed, & other special revenue funds as listed on DEED Audit Reports

Several revenue sources are available to school districts: state, local, impact aid, federal, and other revenue sources. When all revenue sources are

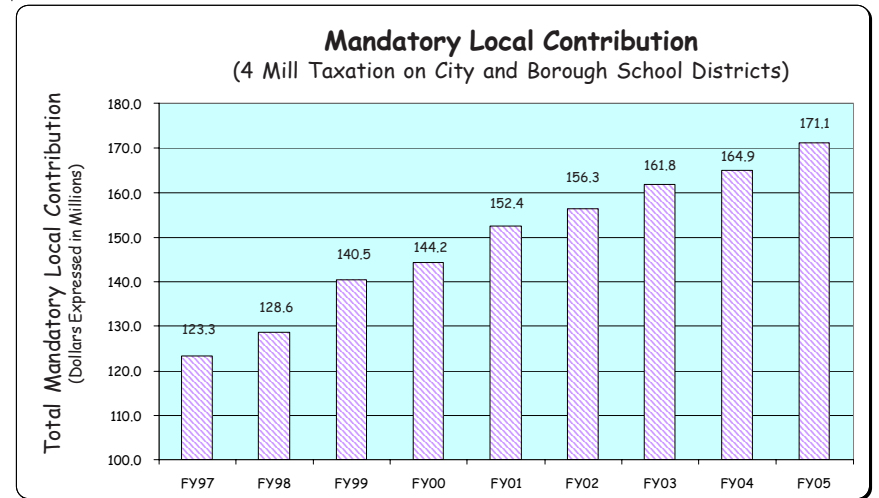
totalled, K-12 public education funding has increased 21.8 percent between FY98 and FY03 while the statewide student enrollment has remained fairly stable.



NOTE: The cumulative total of LOGS and Discretionary Funds equaled \$47.9 million. The *Inflation Adjusted Dollar* reflects calculations by Legislative Research (2/3/04). The FY05 Student Dollar exceeds inflation by \$154.

The Student Dollar is the basis for the K-12 Education Funding Formula. In 1999, the student dollar equaled \$3,940. State Learning Opportunity Grants

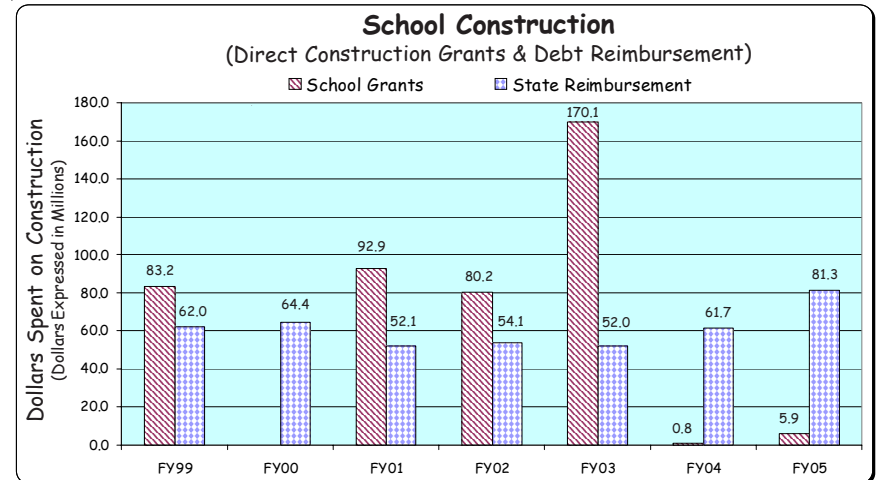
(LOGs) supplemented the student dollar in FY01 - FY03. At the request of most school districts, LOGs were rolled into the education funding formula in FY04.



NOTE: Due to a change in the Education Funding Formula in FY02, the State has provided over \$44.2 million in tax relief to residents in organized Alaska. Alaskans living in city and borough school districts voluntarily contributed \$142.2 million over and above the mandatory requirement in FY04.

State law requires residents in city and borough school districts to contribute 4 mills of their taxable property within their district to help support their schools.

Since 1997, the total required local contribution has increased 39 percent. As the required local contribution increases, state aid decreases correspondingly.



NOTE: Direct school construction grants are primarily awarded to REAAs or small city school districts and require a minimum 2% local match with the state funding the remaining 98%. Debt reimbursement requires a 30% match.

School construction and major maintenance projects are supported by direct state grants or state reimbursement of debt assumed by voters in city and bor-

ough school districts. Between FY99 - FY05, \$433.1 million in state grants was awarded while \$427.6 million went to school districts as debt reimbursement.