

State of Alaska FY2003 Governor's Operating Budget

Department of Education and Early Development Foundation Program Component Budget Summary

Component: Foundation Program

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Component Mission

To provide financial support to Alaska's public schools.

Component Services Provided

The Public School Funding Program provides the primary state financial support for the 53 school districts, Mt. Edgecumbe Boarding School and Alyeska Central School, the state's correspondence study program. In FY2003, about \$677million will be distributed to school districts, according to "Basic Need", as determined by AS 14.17.410, less required local contributions and deductions for eligible Impact Aid. AS 14.17.610 requires that payments be distributed to school districts for the first nine months of the fiscal year based on 1/12th of the total funding received during the preceding fiscal year. The last three monthly payments are adjusted to provide each district with its revised entitlement based on current year student count data. The amount requested is based on student count projections, submitted by each school district. The actual funds needed for this program may vary depending on the actual student counts, local contributions and federal impact aid receipts.

Component Goals and Strategies

Distribute state aid in support of public schools operating throughout the state. Pupils who are of school age receive educational services from one of 53 school districts, Mt. Edgecumbe High School or Alyeska Central School, the state's correspondence study program.

Improve projections through analysis of educational data and trends in addition to local district enrollment projections after submission of current year enrollment data.

Key Component Issues for FY2002 – 2003

Public School Funding Program

The governor's budget fully funds the FY2003 public school foundation program. In addition, the Governor is supporting the year two recommendations of the Education Funding Task Force to increase the base student allocation from the current \$4,010 to \$4,118 per adjusted ADM. The Governor will introduce legislation to increase the base student allocation at a cost of approximately \$23 million. Schools need resources to help students meet higher academic standards in reading, writing, and mathematics and to be held accountable for their students performance.

Quality Schools Grants

The Quality Schools Grant is part of the state's public school funding program to help students meet higher academic standards in reading, writing, and mathematics. Student achievement needs to be measured against rigorous standards in these areas at appropriate age levels. The Quality Schools Grants provide resources to schools and school districts to develop intervention plans and programs for students at risk of not meeting these standards. If a student is not making adequate progress, swift and intensive intervention is needed to get the student back on track.

The Governor will request an increase in the statutory amount of the Quality Schools Grant from \$16 to \$74 per adjusted Average Daily Membership. This recommendation comes from the Education Funding Task Force A+ Amended report and is based on the one-time funding approved by the legislature in FY2002 for learning opportunity grants. Improvement in student performance requires a continuous commitment to providing the resources to ensure that all students meet high academic standards. Including this funding in the annual foundation program will allow school districts to plan for and provide meaningful programs to ensure that students at risk of not meeting standards will be able to reach them at the appropriate age levels.

Accountability

The public school funding program contains a provision that school districts spend at least 70% of their operating funds on instruction. Implementation of this requirement requires that the department collect uniform financial data from all

schools districts. The department continues to work with school districts to establish criteria for allocating instructional costs consistently and revising regulations to ensure uniform reporting of financial data.

Major Component Accomplishments in 2001

Distributed approximately \$673.0 million to 53 school districts, Mt. Edgecumbe and Alyeska Central School to provide educational services to 132,256 Alaska students.

Statutory and Regulatory Authority

AS 14.17
4 AAC 09

Foundation Program

Component Financial Summary

All dollars in thousands

| | FY2001 Actuals | FY2002 Authorized | FY2003 Governor |
|----------------------------------|------------------|-------------------|------------------|
| Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 0.0 | 0.0 | 0.0 |
| 72000 Travel | 0.0 | 0.0 | 0.0 |
| 73000 Contractual | 68.8 | 68.8 | 68.8 |
| 74000 Supplies | 0.0 | 0.0 | 0.0 |
| 75000 Equipment | 0.0 | 0.0 | 0.0 |
| 76000 Land/Buildings | 0.0 | 0.0 | 0.0 |
| 77000 Grants, Claims | 672,317.2 | 683,944.0 | 677,750.6 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 672,386.0 | 684,012.8 | 677,819.4 |
| Funding Sources: | | | |
| 1004 General Fund Receipts | 643,179.4 | 651,409.0 | 644,549.9 |
| 1043 Impact Aid for K-12 Schools | 20,791.0 | 20,791.0 | 20,791.0 |
| 1066 Public School Fund | 8,415.6 | 11,812.8 | 12,478.5 |
| Funding Totals | 672,386.0 | 684,012.8 | 677,819.4 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2001 Actuals | FY2002 Authorized | FY2002 Cash Estimate | FY2003 Governor | FY2004 Forecast |
|-------------------------------------|------------------------|------------------|-------------------|----------------------|------------------|------------------|
| <u>Unrestricted Revenues</u> | | | | | | |
| Unrestricted Fund | 68515 | 643,179.4 | 651,409.0 | 651,409.0 | 644,549.9 | 644,549.9 |
| Unrestricted Total | | 643,179.4 | 651,409.0 | 651,409.0 | 644,549.9 | 644,549.9 |
| <u>Restricted Revenues</u> | | | | | | |
| Public Law 81-874 | 51130 | 20,791.0 | 20,791.0 | 20,791.0 | 20,791.0 | 20,791.0 |
| Public School Fund | 51225 | 8,415.6 | 11,812.8 | 11,812.8 | 12,478.5 | 12,478.5 |
| Restricted Total | | 29,206.6 | 32,603.8 | 32,603.8 | 33,269.5 | 33,269.5 |
| Total Estimated Revenues | | 672,386.0 | 684,012.8 | 684,012.8 | 677,819.4 | 677,819.4 |

Foundation Program

Proposed Changes in Levels of Service for FY2003

The governor's budget fully funds the FY2003 public school funding program. The FY03 adjusted average daily membership is projected to increase by only 482.23. Although the basic need and other formula adjustments increase by \$867.1, the level of state aid is reduced due to an increase in required local contribution of (\$5,916.6) and the continuing erosion of the funding floor at (\$1,143.9), for a total reduction of (\$6,193.4) from FY02 Authorized. An increase in Public School Trust Fund revenues available in FY03 of \$665.7 further reduces the general funds needed to fund the current entitlement under the public school funding program.

Based on the year 2 recommendations of the Education Funding Task Force, the governor is proposing legislation to increase the base student allocation in the public school funding program and the amount of learning opportunity grants within the school funding program. This legislation will invest \$23 million in education and include funding for direct student intervention programs, approximately \$12.3 million, within the formula so that school districts can plan and implement effective intervention programs on an annual basis.

The following chart highlights the changes in the Public School Funding Program from FY2002 Authorized to FY2003 Projected Entitlements.

| | FY2002 Authorized | FY2003 Projected | Difference |
|---------------------------------|----------------------|---------------------|-------------|
| Regular ADM | 123,627.62 | 123,821.09 | 193.47 |
| Correspondence ADM | 9,676.85 | 9,634.25 | (42.60) |
| Total ADM | 133,304.47 | 133,455.34 | 150.87 |
| Adjusted ADM | 211,439.92 | 211,922.15 | 482.23 |
| Basic Need | \$849,043.4 | \$849,807.8 | \$764.4 |
| Required Local Effort | (156,051.8) | (161,968.4) | (5,916.6) |
| Deductible Impact Aid | (50,817.5) | (50,722.6) | 94.9 |
| Supplemental Funding Floor | 12,359.6 | 11,215.7 | (1,143.9) |
| Quality Schools Grant | 3,383.0 | 3,390.8 | 7.8 |
| Military Flow Through and Other | 26,096.1 | 26,096.1 | 0.0 |
| Totals | \$684,012.8 | \$677,819.4 | (\$6,193.4) |
| Funding Sources | | | |
| 1004 General fund | 651,409.0 | 644,549.9 | (6,859.1) |
| 1043 P/L 81-874 | 20,791.0 | 20,791.0 | - |
| 1066 Public School | 11,812.8 | 12,478.5 | 665.7 |
| Total | 684,012.8 | 677,819.4 | (6,193.4) |
| Learning Opportunity Grants | 12,372.0 | 12,372.0 | 0.0 |

Public School Funding Program
FY2003 (Projected)

| School District | \$4,010 Basic Need | Required Local Effort | Federal Impact AID | Impact AID Percent | Deductible Impact AID 90.0% | State AID | FY2003 Adjusted Floor | Quality Schools | Total |
|-------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------------------|-------------|--------------------------|--------------------|-------------------|
| Alaska Gateway | 4,810,155 | 0 | 218,813 | 100.00% | 196,932 | 4,613,223 | 213,670 | 19,193 | 4,846,086 |
| Aleutian Region | 1,127,732 | 0 | 283,898 | 100.00% | 255,508 | 872,224 | 151,145 | 4,500 | 1,027,869 |
| Aleutians East | 3,874,342 | 374,238 | 1,077,554 | 51.13% | 495,858 | 3,004,246 | 0 | 15,459 | 3,019,705 |
| Anchorage | 272,263,321 | 67,845,314 | 9,782,377 | 60.55% | 5,330,906 | 199,087,101 | 0 | 1,086,337 | 200,173,438 |
| Annette Island | 2,205,701 | 0 | 1,701,158 | 100.00% | 1,531,042 | 674,659 | 0 | 8,801 | 683,460 |
| Bering Strait | 21,194,534 | 0 | 7,607,030 | 100.00% | 6,846,327 | 14,348,207 | 0 | 84,567 | 14,432,774 |
| Bristol Bay | 2,294,041 | 819,440 | 362,975 | 66.06% | 215,803 | 1,258,798 | 0 | 9,153 | 1,267,951 |
| Chatham | 2,231,324 | 0 | 280,163 | 100.00% | 252,147 | 1,979,177 | 0 | 8,903 | 1,988,080 |
| Chugach | 1,288,493 | 0 | 108,823 | 100.00% | 97,941 | 1,190,552 | 482,622 | 5,141 | 1,678,315 |
| Copper River | 5,714,250 | 0 | 186,430 | 100.00% | 167,787 | 5,546,463 | 0 | 22,800 | 5,569,263 |
| Cordova | 3,309,132 | 695,495 | 39,805 | 63.92% | 22,899 | 2,590,738 | 36,212 | 13,204 | 2,640,154 |
| Craig | 4,112,656 | 413,213 | 269,012 | 43.84% | 106,141 | 3,593,302 | 0 | 16,410 | 3,609,712 |
| Delta/Greely | 5,397,099 | 0 | 185,818 | 100.00% | 167,236 | 5,229,863 | 98,930 | 21,535 | 5,350,328 |
| Denali | 2,954,247 | 549,440 | 9,495 | 46.59% | 3,981 | 2,400,826 | 0 | 11,788 | 2,412,614 |
| Dillingham | 4,466,859 | 611,161 | 439,235 | 48.76% | 192,754 | 3,662,944 | 54,808 | 17,823 | 3,735,575 |
| Fairbanks | 88,259,138 | 19,469,081 | 9,574,910 | 59.14% | 5,096,342 | 63,693,715 | 0 | 352,156 | 64,045,871 |
| Galena | 13,990,529 | 71,974 | 0 | 3.00% | 0 | 13,918,555 | 1,358,327 | 55,823 | 15,332,705 |
| Haines | 2,743,762 | 829,644 | 0 | 58.03% | 0 | 1,914,118 | 1,904 | 10,948 | 1,926,970 |
| Hoonah | 1,792,430 | 125,092 | 675,875 | 23.33% | 141,913 | 1,525,425 | 36,570 | 7,152 | 1,569,147 |
| Hydaburg | 794,060 | 33,222 | 551,077 | 18.88% | 93,639 | 667,199 | 135,953 | 3,168 | 806,320 |
| Iditarod Area | 5,086,244 | 0 | 439,994 | 100.00% | 395,995 | 4,690,249 | 664,355 | 20,294 | 5,374,898 |
| Juneau | 30,726,104 | 10,678,758 | 0 | 61.48% | 0 | 20,047,346 | 0 | 122,598 | 20,169,944 |
| Kake | 1,314,999 | 70,917 | 389,558 | 37.82% | 132,598 | 1,111,484 | 47,666 | 5,247 | 1,164,397 |
| Kashunamiut | 3,236,391 | 0 | 1,178,520 | 100.00% | 1,060,668 | 2,175,723 | 0 | 12,913 | 2,188,636 |
| Kenai Peninsula | 58,840,494 | 17,159,251 | 0 | 56.25% | 0 | 41,681,243 | 0 | 234,775 | 41,916,018 |
| Ketchikan Gateway | 13,993,777 | 4,514,932 | 6,189 | 59.40% | 3,309 | 9,475,536 | 0 | 55,836 | 9,531,372 |
| Klawock | 1,406,628 | 127,075 | 462,287 | 28.77% | 119,700 | 1,159,853 | 178,457 | 5,612 | 1,343,922 |
| Kodiak Island | 18,908,313 | 3,911,117 | 1,768,259 | 54.66% | 869,877 | 14,127,319 | 0 | 75,445 | 14,202,764 |
| Kuspuk | 5,562,111 | 0 | 1,464,803 | 100.00% | 1,318,323 | 4,243,788 | 62,218 | 22,193 | 4,328,199 |
| Lake & Peninsula | 6,233,224 | 278,556 | 1,657,930 | 22.48% | 335,432 | 5,619,236 | 186,798 | 24,871 | 5,830,905 |
| Lower Kuskokwim | 39,957,124 | 0 | 9,005,619 | 100.00% | 8,105,057 | 31,852,067 | 3,956,869 | 159,430 | 35,968,366 |
| Lower Yukon | 19,585,802 | 0 | 6,606,209 | 100.00% | 5,945,588 | 13,640,214 | 0 | 78,148 | 13,718,362 |
| Mat-Su | 78,218,058 | 12,897,405 | 0 | 43.48% | 0 | 65,320,653 | 0 | 312,092 | 65,632,745 |
| Nenana | 6,650,665 | 75,103 | 1,802 | 101.21% | 1,641 | 6,573,921 | 0 | 26,536 | 6,600,457 |
| Nome | 5,601,770 | 831,712 | 60,815 | 60.77% | 33,262 | 4,736,796 | 94,017 | 22,351 | 4,853,164 |
| North Slope | 20,213,007 | 8,973,833 | 5,864,068 | 34.46% | 1,818,682 | 9,420,492 | 0 | 80,650 | 9,501,142 |
| Northwest Arctic | 23,467,883 | 1,524,744 | 5,228,840 | 36.79% | 1,731,321 | 20,211,818 | 0 | 93,637 | 20,305,455 |
| Pelican | 265,863 | 48,089 | 0 | 91.27% | 0 | 217,774 | 170,985 | 1,061 | 389,820 |
| Petersburg | 4,226,219 | 1,005,246 | 26,207 | 50.99% | 12,027 | 3,208,946 | 0 | 16,863 | 3,225,809 |
| Pribilof | 1,669,082 | 0 | 665,583 | 100.00% | 599,025 | 1,070,057 | 22,135 | 6,660 | 1,098,852 |
| Sitka | 9,257,807 | 2,628,220 | 18,307 | 57.02% | 9,395 | 6,620,192 | 0 | 36,939 | 6,657,131 |
| Skagway | 1,120,153 | 500,081 | 0 | 55.44% | 0 | 620,072 | 195,530 | 4,469 | 820,071 |
| Southeast Island | 2,333,058 | 0 | 222,770 | 100.00% | 200,493 | 2,132,565 | 405,398 | 9,309 | 2,547,272 |
| Southwest Region | 8,797,659 | 0 | 2,682,470 | 100.00% | 2,414,223 | 6,383,436 | 0 | 35,103 | 6,418,539 |
| St. Mary's | 1,712,430 | 18,446 | 0 | 33.72% | 0 | 1,693,984 | 83,071 | 6,833 | 1,783,888 |
| Tanana | 772,647 | 22,840 | 112,570 | 28.50% | 28,874 | 720,933 | 76,854 | 3,083 | 800,870 |
| Unalaska | 3,085,575 | 1,388,509 | 3,087 | 65.71% | 1,826 | 1,695,240 | 344,603 | 12,312 | 2,052,155 |
| Valdez | 5,996,915 | 2,664,344 | 3,125 | 57.64% | 1,621 | 3,330,950 | 462,038 | 23,928 | 3,816,916 |
| Wrangell | 3,069,655 | 629,136 | 252 | 83.36% | 189 | 2,440,330 | 0 | 12,248 | 2,452,578 |
| Yakutat | 1,139,321 | 182,772 | 163,386 | 35.77% | 52,599 | 903,950 | 146,730 | 4,546 | 1,055,226 |
| Yukon Flats | 4,533,907 | 0 | 1,491,280 | 100.00% | 1,342,152 | 3,191,755 | 713,429 | 18,090 | 3,923,274 |
| Yukon/Koyukuk | 5,992,584 | 0 | 1,510,495 | 100.00% | 1,359,446 | 4,633,138 | 522,921 | 23,911 | 5,179,970 |
| Yupit | 5,189,782 | 0 | 1,528,279 | 100.00% | 1,375,451 | 3,814,331 | 311,485 | 20,707 | 4,146,523 |
| ACS | 4,876,160 | 0 | 0 | 0.00% | 0 | 4,876,160 | 0 | 19,456 | 4,895,616 |
| Mt. Edgecumbe | 1,942,604 | 0 | 265,207 | 100.00% | 238,686 | 1,703,918 | 0 | 7,751 | 1,711,669 |
| Other | | | | | | | | | 26,096,100 |
| TOTALS: | 849,807,820 | 161,968,400 | 76,182,359 | | 50,722,616 | 637,116,804 | 11,215,700 | 3,390,758 | 677,819,362 |

Summary of Component Budget Changes
From FY2002 Authorized to FY2003 Governor

All dollars in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|-----------------------------------|----------------------|----------------------|--------------------|--------------------|
| FY2002 Authorized | 651,409.0 | 20,791.0 | 11,812.8 | 684,012.8 |
| Proposed budget decreases: | | | | |
| -FY03 Projected Entitlement | -6,859.1 | 0.0 | 665.7 | -6,193.4 |
| FY2003 Governor | 644,549.9 | 20,791.0 | 12,478.5 | 677,819.4 |