

State of Alaska FY2006 Governor's Operating Budget

Department of Education and Early Development Foundation Program Component Budget Summary

Component: Foundation Program

Contribution to Department's Mission

To provide financial support to Alaska's public schools.

Core Services

The Public School Funding Program provides the primary state financial support for the 53 school districts and Mt. Edgecumbe Boarding School. In FY2005, about \$693 million 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.

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$762,255,200	Personnel:	
	Full time	0
	Part time	0
	Total	0

Key Component Challenges

PUBLIC SCHOOL FUNDING PROGRAM

The department's budget requests full funding of the FY2006 public school foundation program. The foundation program provides resources schools need to help students meet higher academic standards in reading, writing, and mathematics. Schools and districts are held accountable for their students' performance.

HB233 increased the base student allocation from \$4,169 to \$4,576 in FY2005. Improvement in student performance requires a continuous commitment to providing the resources to ensure that all students meet high academic standards. This increase in the annual foundation program allows 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.

The increases in the contributions required for TRS and PERS continue to impact all school districts in FY2006. Increases in Required Local Effort, reductions in the funding floor, and decreased enrollment will impact school district's ability to address this issue.

Significant Changes in Results to be Delivered in FY2006

As a demonstration of this administration's commitment to providing resources to schools to support increasing student achievement, the Department of Education & Early Development, through the Governor, is requesting an increase to the base student allocation in the Public School Funding Program to cover the increase in TRS and PERS rates and inflation for the next two fiscal years. The FY06 increase will be approximately \$62.0 million (\$24.0 million for inflation and \$38.0 million for TRS/PERS). The FY07 increase will be approximately \$64.0 million (\$25 million for inflation and \$39.0 million for TRS/PERS).

Legislation is required to increase the base student allocation to the following levels:

FY2006 - Increase by \$304 per ADM from \$4,576 to \$4,880

FY2007 - Increase by \$310 per ADM from \$4,880 to \$5,190

Major Component Accomplishments in 2004

Distributed approximately \$696 million to 53 school districts, Mt. Edgecumbe and Alyeska Central School to provide educational services to 131,623 Alaska students.

Statutory and Regulatory Authority

AS 14.17

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Contact Information
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**Foundation Program
Component Financial Summary**

All dollars shown in thousands

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	68.8	68.8	68.8
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	695,730.5	776,783.5	762,186.4
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	695,799.3	776,852.3	762,255.2
Funding Sources:			
1004 General Fund Receipts	662,426.4	744,114.0	729,516.9
1043 Impact Aid for K-12 Schools	20,791.0	20,791.0	20,791.0
1066 Public School Fund	12,581.9	11,947.3	11,947.3
Funding Totals	695,799.3	776,852.3	762,255.2

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Public Law 81-874	51130	20,791.0	20,791.0	20,791.0
Public School Fund	51225	12,581.9	11,947.3	11,947.3
Restricted Total		33,372.9	32,738.3	32,738.3
Total Estimated Revenues		33,372.9	32,738.3	32,738.3

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	744,114.0	20,791.0	11,947.3	776,852.3
Proposed budget decreases:				
-FY2006 Projected Foundation Program Entitlement	-14,597.1	0.0	0.0	-14,597.1
FY2006 Governor	729,516.9	20,791.0	11,947.3	762,255.2