

## **School Finance, Facilities and Planning**

This session will be split into three parts; participants will discuss various aspects of public school finance and school facilities and planning.

### **1) Long-Range School Finance Plan**

On September 1, 2007, the Joint Legislative Education Funding Task Force (EFTF) submitted its report to the Governor and legislature. The report recommended four changes to the foundation funding program and a recalibration of the pupil transportation rate to each school district. The report also recommended the establishment of standing education committees in both bodies and encouraged the legislature to act on education funding by the 60<sup>th</sup> day of the legislative session.

The EFTF recommended that the following four public school funding formula areas be addressed. They also established timelines for implementation.

1. District Cost Factors – 100 percent of the ISER-recommended factors implemented over five years; 50 percent in FY09 and an additional 12.5 percent in each of FY10-13. The EFTF also recommended creating a commission to study the district cost factors.
2. Increase the allocation for intensive-needs students. This will be implemented over three years. FY09 will be at 9 times the Base Student Allocation (BSA), FY10 will be 11 times the BSA, and FY11 will be 13 times the BSA.
3. Increase the BSA by a minimum of \$100 per year.
4. Hold Harmless for declining enrollment. This would be implemented in FY09 and provide transition funding for school districts that are experiencing a rapid decline in school enrollment.

These proposed changes were adopted into law with the passage of HB 273 that was passed in March of 2008. The full EFTF report can be downloaded at the following web site.

[http://www.housemajority.org/coms/hlef/final\\_report\\_20070831.pdf](http://www.housemajority.org/coms/hlef/final_report_20070831.pdf)

Participants will be asked to discuss public school funding issues, including early funding and flexibility of funding of state and federal grants.

For example:

Does the public school funding formula provide an appropriate funding level for special programs such as vocational, bilingual/multicultural, or special education?

## 2) Long-Range Facility Plan

Currently Alaska has two mechanisms to fund public school construction and major maintenance projects. School districts can apply for grants from the state or for school debt reimbursement.

All school districts applying for school construction or major maintenance grants must submit an application by September 1 for the upcoming grant cycle, which begins in July of the following year. The application must include a six-year capital improvement plan for the district. The district must prioritize the projects and include a project description for each project for which funding is being requested. The department's evaluation team reviews each request and scores each project. Based on the scores assigned to each project, the department produces two priority lists for consideration by the Governor and the Alaska Legislature. One list consists of new construction projects and the other is for major maintenance projects. Each project has a required local participation share determined by a sliding scale based on each school district's property value per student.

Municipal school districts may apply for school debt reimbursement for construction or major maintenance projects anytime during the year. The application is reviewed by department staff to determine the level of reimbursement for the project. Currently there are two levels of reimbursement available. Projects qualify for 70 percent reimbursement when the project meets the department's eligibility guidelines. Projects that exceed the department's eligibility guidelines are reimbursed at 60 percent. There is no priority list for school debt reimbursement projects. Once a project is approved by the department, the municipality must secure voter approval of the project. After the municipality has both department and voter approval, it may issue bonds for the project and the state will reimburse the approved percentage of the bond payments. School districts must notify the department of their anticipated debt reimbursement for the upcoming fiscal year by October 15 for state budgeting purposes.

Currently the department has open 280 school construction or major maintenance projects. Approximately 180 are debt reimbursement and 100 are grant projects. The total insured value of all public school facilities in Alaska is about \$6.2 billion.

Participants will be asked to discuss the effectiveness of the dual system of funding school construction or major maintenance.

For example:

Does the current system adequately provide for career and vocational programs?

Does the existing program provide for timely renewal and replacement of aging public school facilities?

### 3) Long-Range Planning and Accountability

There are two types of accountability in the public school system: educational and financial.

Alaska's educational accountability system consists of established state content standards, grade-level expectations and the state's assessment system. The state evaluates each school and school district based on its students' ability to meet proficiency standards as measured by the state's assessment system. The assessment system measures student proficiency in reading, writing, and math at grades 3 through 10. Beginning in 2008, science was added to the assessment system.

In 2008 the Alaska Legislature passed SB 285, which establishes clear standards for determining if individual schools and school districts are affording students a meaningful opportunity to learn. If the department determines, based on the standards established by SB 285, that a significant number of students are not meeting the state proficiency standards, then the state is required to intervene. When intervention is required, the state in collaboration with the school district must develop and implement a school improvement plan intended to increase student achievement through improved instructional practices.

Alaska's financial accountability system consists of the uniform chart of accounts for public schools, school districts' budget review, and annual audits conducted by certified public accountants. The department reviews each school district's budget and audit for compliance with state and federal laws. The budget reviews and audits provide state policymakers with information about how school districts are spending the resources that are allocated to them. The audited financial information is also compiled and reported to the federal government for easy comparisons between states.

Participants will be asked to discuss the merits of the Alaska's public school accountability system and suggest areas for improvement.

For example:

Is the current 70 percent instruction requirement an effective tool to increase student achievement?

Is the state assessment system an appropriate measure of student success?

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