

State of Alaska FY2015 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 53 school districts and Mt. Edgecumbe Boarding School.

Major Component Accomplishments in 2013

- In FY2013, the Public School Funding Program provided approximately \$1.4 billion in "Basic Need", as determined by AS 14.17.410. Approximately \$1.1 billion was state aid distributed to 53 school districts and Mt. Edgecumbe High School;
- Alaska's 53 school districts and Mt. Edgecumbe High School provided educational services to 128,965 Alaska students enrolled in grades K-12, in FY2013; and,
- In addition to the foundation basic need, the operating fund provided a one-time \$25 million distribution to school districts based on the Average Daily Membership (ADM), the same calculation as used for basic need distribution.

Key Component Challenges

The foundation program provides resources that schools need to help students meet higher academic standards in reading, writing, and mathematics. Schools and districts are held accountable for their students' performance.

Improvement in student performance requires a continuous commitment to providing the resources to ensure that all students meet high academic standards. A school district's ability to have advanced notice of any potential increases in the foundation program allows for proactive planning of meaningful programs. This ensures that students at risk of not meeting standards will be able to reach them at the appropriate age levels.

Significant Changes in Results to be Delivered in FY2015

In FY2015, an additional one-time \$25 million will be distributed as state aid to school districts based on the public school funding formula allocations.

Statutory and Regulatory Authority

AS 14.17
4 AAC 09

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**Foundation Program
Component Financial Summary**

All dollars shown in thousands

	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	0.0	0.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	1,175,625.0	1,172,039.0	1,179,665.9
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,175,625.0	1,172,039.0	1,179,665.9
Funding Sources:			
1004 General Fund Receipts	1,145,834.0	1,140,748.0	1,148,874.9
1043 Impact Aid for K-12 Schools	20,791.0	20,791.0	20,791.0
1066 Public School Fund	9,000.0	10,500.0	10,000.0
Funding Totals	1,175,625.0	1,172,039.0	1,179,665.9

Estimated Revenue Collections

Description	Master Revenue Account	FY2013 Actuals	FY2014 Management Plan	FY2015 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	9,000.0	10,500.0	10,000.0
Restricted Total		29,791.0	31,291.0	30,791.0
Total Estimated Revenues		29,791.0	31,291.0	30,791.0

**Summary of Component Budget Changes
From FY2014 Management Plan to FY2015 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2014 Management Plan	1,140,748.0	10,500.0	0.0	20,791.0	1,172,039.0
Adjustments which get you to start of year:					
-Tracking Estimated FY2015 Expenditures from the Public Education Fund for Foundation Program	1,123,874.9	0.0	0.0	0.0	1,123,874.9
Adjustments which will continue current level of service:					
-Reverse FY2014 Foundation Program Public Education Fund Tracking	-1,115,748.0	0.0	0.0	0.0	-1,115,748.0
-Reverse Additional State Aid to School Districts for Fixed Cost Increases	-25,000.0	0.0	0.0	0.0	-25,000.0
Proposed budget decreases:					
-Reduce Public School Trust Fund	0.0	-500.0	0.0	0.0	-500.0
Proposed budget increases:					
-One-Time Funding Outside the Formula for State Aid to School Districts	25,000.0	0.0	0.0	0.0	25,000.0
FY2015 Governor	1,148,874.9	10,000.0	0.0	20,791.0	1,179,665.9

Component Detail All Funds
Department of Education and Early Development

Component: Foundation Program (AR17660) (141)
RDU: K-12 Support (53)

	FY2013 Actuals	FY2014 Conference Committee	FY2014 Authorized	FY2014 Management Plan	FY2015 Governor	FY2014 Management Plan vs FY2015 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	1,175,625.0	1,172,039.0	1,172,039.0	1,172,039.0	1,179,665.9	7,626.9	0.7%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	1,175,625.0	1,172,039.0	1,172,039.0	1,172,039.0	1,179,665.9	7,626.9	0.7%
Fund Sources:							
1004Gen Fund (UGF)	1,145,834.0	1,140,748.0	1,140,748.0	1,140,748.0	1,148,874.9	8,126.9	0.7%
1043Impact Aid (Fed)	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	0.0	0.0%
1066Pub School (DGF)	9,000.0	10,500.0	10,500.0	10,500.0	10,000.0	-500.0	-4.8%
Unrestricted General (UGF)	1,145,834.0	1,140,748.0	1,140,748.0	1,140,748.0	1,148,874.9	8,126.9	0.7%
Designated General (DGF)	9,000.0	10,500.0	10,500.0	10,500.0	10,000.0	-500.0	-4.8%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	20,791.0	20,791.0	20,791.0	20,791.0	20,791.0	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios with Descriptions
Department of Education and Early Development

Component: Foundation Program (141)
RDU: K-12 Support (53)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2014 Conference Committee To FY2014 Authorized *****												
FY2014 Conference Committee												
	ConfCom	1,140,748.0	0.0	0.0	0.0	0.0	0.0	1,140,748.0	0.0	0	0	0
1004 Gen Fund		1,140,748.0										
This Conference Committee language change record reflects the sum of two language items:												
1) \$25,000.0 GF - Ch. 14 (HB65) Sec. 15												
2) \$1,115,748.0 - Tracking the Foundation formula expenditure from the Public Education Fund (PEF) as anticipated in the December 2013 release of the Governor's FY14 Budget where it was reflected as a MisAdj from Fund Transfers/Savings/PEF into the Foundation component. While there doesn't need to be an appropriation to spend from the fund, information about the anticipated spending is desired.												
The Conference Committee numbers change record for the Foundation component already reflects a reduction of the Public School Trust Fund (PSTF) from \$13,500.0 to \$10,500.0 in accordance with a revised revenue projection from the Department of Revenue. That reduction means that the anticipated draw from the PEF will increase.												
FY2014 Conference Committee												
	ConfCom	31,291.0	0.0	0.0	0.0	0.0	0.0	31,291.0	0.0	0	0	0
1043 Impact Aid		20,791.0										
1066 Pub School		10,500.0										
Subtotal		1,172,039.0	0.0	0.0	0.0	0.0	0.0	1,172,039.0	0.0	0	0	0
***** Changes From FY2014 Authorized To FY2014 Management Plan *****												
Subtotal		1,172,039.0	0.0	0.0	0.0	0.0	0.0	1,172,039.0	0.0	0	0	0
***** Changes From FY2014 Management Plan To FY2015 Governor *****												
Reverse FY2014 Foundation Program Public Education Fund Tracking												
	OTI	-1,115,748.0	0.0	0.0	0.0	0.0	0.0	-1,115,748.0	0.0	0	0	0
1004 Gen Fund		-1,115,748.0										
This change record is only for tracking the FY2014 Foundation Program anticipated need. Funds will be expended from the Public Education Fund.												
The current estimated draw from the Public Education Fund for FY2014 Foundation Program expenditures is based on an adjusted daily member (ADM) of 129,322, as of November 15, 2012; regular ADM of 118,673; \$5,680 per ADM.												
Reverse Additional State Aid to School Districts for Fixed Cost Increases												
	OTI	-25,000.0	0.0	0.0	0.0	0.0	0.0	-25,000.0	0.0	0	0	0
1004 Gen Fund		-25,000.0										

Change Record Detail - Multiple Scenarios with Descriptions
Department of Education and Early Development

Component: Foundation Program (141)

RDU: K-12 Support (53)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
<p>In FY2014, a third year of funding outside the Foundation formula will continue to provide additional resources for school districts to manage high energy costs and rising expenditures related to fixed costs such as shipping, transportation and other expenses. Costs have remained high since the inception of this revenue stream and the additional authority is still needed to assist school districts in maintaining services at current levels.</p>												
Tracking Estimated FY2015 Expenditures from the Public Education Fund for Foundation Program												
1004 Gen Fund	Misadj	1,123,874.9	0.0	0.0	0.0	0.0	0.0	1,123,874.9	0.0	0	0	0
		1,123,874.9										
<p>Under (AS 14.17.300(b)) funds may be expended from the Public Education Fund without further appropriation. In order to reflect the anticipated need in the FY2015 Foundation Program, a miscellaneous adjustment is used to track expenditures.</p>												
<p>The current estimated draw from the Public Education Fund for FY2015 Foundation Program expenditures is based on an adjusted average daily membership (AADM) of 247,714.89 as of November 15, 2013; regular ADM of 117,562.60; \$5,680 per ADM.</p>												
One-Time Funding Outside the Formula for State Aid to School Districts												
1004 Gen Fund	IncOTI	25,000.0	0.0	0.0	0.0	0.0	0.0	25,000.0	0.0	0	0	0
		25,000.0										
<p>The sum of \$25,000,000 is appropriated from the general fund to the Department of Education and Early Development to be distributed as state aid to districts according to the average daily membership for each district as adjusted under AS 14.17.410(b)(1)(A) - (D) for the fiscal year ending June 30, 2015.</p>												
<p>In FY2014, one-time funding was appropriated outside the Foundation Program formula to provide additional resources for school districts to manage high energy costs and rising expenditures related to fixed costs such as shipping, transportation, and other expenses. The money was appropriated as a one-time addition, and distributed in the same manner as state foundation formula aid to districts.</p>												
<p>This is the fourth year that additional state aid to school districts would be provided outside the formula: \$20 million in FY2012; \$25 million in both FY2013 and FY2014. The \$25 million maintains the current level of state aid to school districts to assist school districts with energy and fixed costs. The amount approximates a base student allocation (BSA) increase of \$100.</p>												
Reduce Public School Trust Fund												
1066 Pub School	Dec	-500.0	0.0	0.0	0.0	0.0	0.0	-500.0	0.0	0	0	0
		-500.0										
<p>The formula adjustment to the Public School Trust Fund is a decrease of \$500.0 and reflects the FY2015 total anticipated expenditure of \$10,000.0. The Public School Trust Fund estimates are generated by the Department of Revenue.</p>												
AS 37.14.110(a)												
Totals		1,179,665.9	0.0	0.0	0.0	0.0	0.0	1,179,665.9	0.0	0	0	0

Line Item Detail
Department of Education and Early Development
Grants, Benefits

Component: Foundation Program (141)
RDU: K-12 Support (53)

Line Number	Line Name		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
77000	Grants, Benefits		1,175,625.0	1,172,039.0	1,179,665.9
Expenditure Account	Servicing Agency	Explanation	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
77000 Grants, Benefits Detail Totals			1,175,625.0	1,172,039.0	1,179,665.9
77431	Education	Foundation Formula grants to school districts.	1,171,388.8	1,168,129.2	1,175,756.1
77438	State Agency Grants	EED MEHS Estimated foundation formula entitlement for Mt. Edgecumbe High School (Impact Aid and State Aid).	4,236.2	3,909.8	3,909.8

Restricted Revenue Detail
Department of Education and Early Development

Component: Foundation Program (141)
RDU: K-12 Support (53)

Master Account	Revenue Description	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
51130	Public Law 81-874	20,791.0	20,791.0	20,791.0

Detail Information					FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund			
51130	Pub Law 81-874/GF		05111049	11100	20,791.0	20,791.0	20,791.0

This authorization of Federal Impact Aid revenue is shown in the Alaska Department of Education & Early Development (EED) budget only as a place holder- Impact Aid is not received by EED. The funds are sent directly from the US Department of Education to Anchorage, Fairbanks, and Kodiak school districts for Impact Aid. EED deducts the amount granted in calculating the allocation of the Foundation Program.

Restricted Revenue Detail
Department of Education and Early Development

Component: Foundation Program (141)
RDU: K-12 Support (53)

Master Account	Revenue Description	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
51225	Public School Fund	9,000.0	10,500.0	10,000.0

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
51225	Public School Fund		05111047	11100	9,000.0	10,500.0	10,000.0
<p>AS 37.14.110 establishes the Public School Trust Fund and each year the sum of one-half of 1 percent of the total receipts from the management of state land, including amounts paid to the state as proceeds of sale or annual rent of surface rights, mineral lease rentals, royalties, royalty sale proceeds, and federal mineral revenue-sharing payments or bonuses are transferred to the fund. The interest earnings are available for appropriation to support the state public school program. This also includes available funds from tobacco tax revenue.</p>							

Inter-Agency Services
Department of Education and Early Development

Component: Foundation Program (141)
RDU: K-12 Support (53)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor	
77438	State Agency Grants	Estimated foundation formula entitlement for Mt. Edgecumbe High School (Impact Aid and State Aid).	Intra-dept	EED MEHS	4,236.2	3,909.8	3,909.8
77438 State Agency Grants subtotal:				4,236.2	3,909.8	3,909.8	
Foundation Program total:				4,236.2	3,909.8	3,909.8	
Grand Total:				4,236.2	3,909.8	3,909.8	