

# LEGISLATIVE RESEARCH REPORT

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(REVISED)

## EDUCATION FUNDING

PREPARED FOR REPRESENTATIVE LES GARA

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Recently, you made two requests each containing several questions concerning education funding in Alaska. With permission from your office we have combined your requests and provide all of the information in this one report. Your questions, in the order we address them, were as follows:

- ◆ What would be the current base student allocation if the FY1999 allocation were adjusted for inflation (first request);
- ◆ What would be the current foundation formula budget if the FY1999 budget were adjusted for inflation (second request);
- ◆ What was the FY1999 budget and what would be the current funding for the Tuition Students program if the FY1999 funding amount was adjusted for inflation (first and second request);
- ◆ What would be the current funding for four-year-olds to participate in kindergarten if the FY1999 funding amount was adjusted for inflation (first request);
- ◆ What would be the current funding for community schools if the FY1999 funding amount was adjusted for inflation (first request);
- ◆ What would be the current funding for pupil transportation if the FY1999 funding amount was adjusted for inflation (first request);
- ◆ What was the Youth in Detention program budget in FY1999 (second request), and
- ◆ By what amount would the base student allocation have to increase in FY2004 and FY2005 to account for the loss of funding for the Community Schools program and the Tuition Student program and the shortage of funding of the pupil transportation program?

## BASE STUDENT ALLOCATION

You asked for an estimate of what the base student allocation would be for fiscal year 2005, if the allocation was adjusted for the rate of inflation (based on the consumer price index for Anchorage) since 1998. As you may know, in 1998, Governor Knowles signed Senate Bill 36 into law, creating Chapter 83, SLA 1998. This law changed, among other things, the way the state funds its public schools. Generally, under this new formula, public school funding consists of state aid, a local contribution if required, and eligible federal impact aid. State aid is determined, in part, by multiplying the base student allocation by the adjusted average daily membership (ADM) for each school district. In general, the base student allocation is a per student monetary allowance made in the funding formula to each school district. The allocation was created in Chapter 83, SLA 1998 at \$3,940, and amended in 2001 to \$4,010, and again in 2003 to \$4,169. Table 1 provides a calculation of the base student allocation, adjusted for inflation, for each state fiscal year since the allocation was established. As you will see, if the FY1999 allocation was adjusted for inflation, it would be \$4,422 for FY2005.

**Table 1: Consumer Price Index Adjustments to the Base Student Allocation, FY1999 - FY2005**

State Fiscal Year	Consumer Price Index Calendar Year <sup>(a)</sup>	Annual Consumer Price Index for Anchorage <sup>(b)</sup>	Rate of Inflation <sup>(c)</sup>	Actual Base Student Allotment <sup>(d)</sup>	Base Student Allotment Adjusted For Inflation <sup>(e)</sup>	Difference Between the Actual and Adjusted Base Student Allotment
FY 1999	1997	144.80		\$ 3,940.00	\$ 3,940.00	\$ 0
FY 2000	1998	146.90	1.45%	\$ 3,940.00	\$ 3,997.14	\$ (57.14)
FY 2001	1999	148.40	1.02%	\$ 3,940.00	\$ 4,037.96	\$ (97.96)
FY 2002	2000	150.90	1.68%	\$ 4,010.00	\$ 4,105.98	\$ (95.98)
FY 2003	2001	155.20	2.85%	\$ 4,010.00	\$ 4,222.98	\$ (212.98)
FY 2004	2002	158.20	1.93%	\$ 4,169.00	\$ 4,304.61	\$ (135.61)
FY 2005	2003	162.50	2.72%	\$ 4,169.00	\$ 4,421.62	\$ (252.62)

**Notes:** (a) To adjust the base student allocation (BSA) for inflation we used the annual consumer price index (CPI) figures for Anchorage, provided by the U.S. Department of Labor. The CPI figures for a given calendar year are not available until approximately one month after the end of that calendar year. Since state fiscal years run from July through June, and the budget for public education is determined during the legislative session immediately preceding the start of a fiscal year, we used the CPI of the calendar year immediately preceding the beginning of the fiscal year for our calculations. As an example, to determine the BSA for FY 2000, we applied the rate of inflation for calendar year 1998 to the BSA used in FY1999.

(b) The CPI represents changes in the prices of all goods and services purchased for consumption by urban households. CPI data are available from the U.S. Department of Labor, [www.bls.gov/cpi/home.htm](http://www.bls.gov/cpi/home.htm).

(c) Generally, inflation is the process of continuously rising prices (or the continuously falling value of money) in a particular economy. We have calculated the rate of inflation as the percent difference of the CPI of one year, to the CPI of the previous year.

(d) The base student allocation set forth in AS 14.17.470 that applies to each specific fiscal year. FY 1999 through FY 2001, Ch 83 SLA 1998; FY 2002 through FY 2003, Ch 95 SLA 2001; FY 2004, Ch 54 SLA 2003. For FY 2005, we assume no amendments will be made to AS 14.17.470 during the second session of the Twenty-third Alaska Legislature.

(e) The BSA for FY 1999 is not adjusted; it is the actual amount set forth in 1998 in AS 14.17.470, and is the BSA we use to make all subsequent fiscal year adjustments.

**Source:** Department of Labor, Bureau of Labor Statistics, [www.bls.gov/cpi/home.htm](http://www.bls.gov/cpi/home.htm).

## THE FOUNDATION FORMULA BUDGET

You asked for the foundation formula budget for each year beginning with FY1999. You also asked that we provide the foundation budget numbers adjusted for inflation since FY1999 and FY2003. Table 2 provides this information.

**Table 2: Adjustments to the General Fund Portion of the Foundation Formula Budget Based on the Consumer Price Index, FY1999 - FY2005**

State Fiscal Year	Total Foundation Formula Budget <sup>(a)</sup>	Total Foundation Formula Budget that is General Fund <sup>(a)</sup>	Inflation Rate <sup>(b)</sup>	FY1999 General Fund Foundation Formula Budget Adjusted for Inflation	Difference Between the Actual General Fund Foundation Formula Budget and the General Fund Budget Adjusted for Inflation	FY2003 General Fund Foundation Formula Budget Adjusted for Inflation	Difference Between the Actual General Fund Foundation Formula Budget and the General Fund Budget Adjusted for Inflation
FY 1999	\$672,916,800	\$631,070,600	1.47%				
FY 2000	\$672,198,200	\$643,794,400	1.45%	\$640,222,867	\$3,571,533		
FY 2001	\$672,386,000	\$643,179,400	1.02%	\$646,760,201	\$(3,580,801)		
FY 2002	\$689,553,900	\$656,950,100	1.68%	\$657,655,756	\$(705,656)		
FY 2003	\$697,830,100	\$664,560,600	2.85%	\$676,396,113	\$(11,835,513)		
FY 2004	\$701,768,900	\$668,396,000	1.93%	\$689,470,780	\$(21,074,780)	\$677,406,488	\$(9,010,488)
FY 2005	\$693,344,900	\$660,606,600	2.72%	\$708,211,136	\$(47,604,536)	\$695,818,927	\$(35,212,327)
<b>Notes &amp; Sources:</b> (a) FY1999, FY2000, FY2001, FY2002: Actuals, Legislative Finance Budget Books; FY2003: Actuals, FY2005 House Finance Committee Substitute Budget Reports, Legislative Finance, 1/21/2004. We revised the FY2002 Total Foundation Formula budget to account for \$18,964,200 federal impact aid that was omitted from this budget report. FY2004: Management Plan, FY2005 House Finance Committee Substitute Budget Reports, Legislative Finance, 1/21/2004. FY2005: Governor's Proposal, FY2005 House Finance Committee Substitute Budget Reports, Legislative Finance, 1/21/2004.  (b) The rate of inflation is the percent difference of the Consumer Price Index (CPI) of one year, to the CPI of the previous year. Calculated from data obtained from U.S. Department of Labor, Bureau of Labor Statistics, <a href="http://www.bls.gov/cpi/home.htm">www.bls.gov/cpi/home.htm</a> .							

## TUITION STUDENTS

Until Governor Murkowski eliminated funding in FY 2004, the Tuition Program provided tuition reimbursement to school districts for students who were wards of the state (such as children in foster care or youth placed in detention in a youth facility). The Alaska Administrative Code, 4 AAC 09.030, described how school districts were to be reimbursed by the Department of Education and Early Development (DEED). Generally, the DEED provided the tuition for these students based upon the amount expended annually from local funds.

Governor Murkowski and DEED officials advocated for the elimination of this program based on the argument that the program was outdated and no longer relevant given that many of the children in foster care are residents of the school district, and as such, were already enumerated in the school district's foundation formula grant.

Table 3 provides a budgetary summary of Tuition Student expenditures from FY1999 through FY2005. Table 3 also provides a calculation of the Tuition Student expenditures, adjusted for inflation, for each state fiscal year since FY1999.

**Table 3: Tuition Student Expenditures and Adjustments Based on the Consumer Price Index, FY1999 through FY2005**

State Fiscal Year	Budget	Students <sup>(a)</sup>	Rate of Inflation <sup>(b)</sup>	Tuition Student Allotment Adjusted for Inflation	Difference Between the Budget and the FY1999 Budget Adjusted for Inflation	Eligible for Reimbursement <sup>(a)</sup>	Difference Between the Budget and the Amount Eligible for Reimbursement
FY1999	\$ 1,921,200 <sup>(c)</sup>	767				\$ 2,027,716	\$ (106,516)
FY2000	\$ 2,225,000 <sup>(d)</sup>	836	1.45%	\$ 1,949,063	\$ 275,937	\$ 2,376,252	\$ (151,252)
FY2001	\$ 2,225,000 <sup>(d)</sup>	846	1.02%	\$ 1,968,965	\$ 256,035	\$ 2,437,120	\$ (212,120)
FY2002	\$ 2,225,000 <sup>(d)</sup>	992	1.68%	\$ 2,002,135	\$ 222,865	\$ 2,990,611	\$ (765,611)
FY2003	\$ 2,225,000 <sup>(e)</sup>	994	2.85%	\$ 2,059,187	\$ 165,813	\$ 3,163,150	\$ (938,150)
FY2004		994	1.93%	\$ 2,098,991	\$ (2,098,991)	\$ 3,337,123	\$ (3,337,123)
FY2005			2.72%	\$ 2,156,043	\$ (2,156,043)	Unavailable	
<b>Notes &amp; Sources:</b> (a) Eddy Jeans, School Finance Manager, DEED, 907-465-8679. FY2003 and 2004 figures are estimates. (b) The rate of inflation is the percent difference of the Consumer Price Index (CPI) of one year, to the CPI of the previous year. Calculated from data obtained from U.S. Department of Labor, Bureau of Labor Statistics, <a href="http://www.bls.gov/cpi/home.htm">www.bls.gov/cpi/home.htm</a> . (c) Actual expenditures reported by Legislative Finance. Does not include a one-time carry over from FY1998 of \$89,297. (d) Actual expenditures reported by Legislative Finance. (e) Authorized expenditures reported in the FY2004 Legislative Finance Budget Book.							

Please note that although the Tuition Student program appeared to be adequately funded in FY2003, using the FY1999 budget adjusted for inflation, it was not. According to information provided by the DEED, the \$2.2 million budgeted in FY2003 funded only 77 percent of the Tuition Student program. The full cost of the Tuition Student program in FY2003 was \$2,890,115, or \$665,115 more than was authorized.

## UNDER SCHOOL AGE STUDENTS

As you know, last year House Bill 154 (which became Chapter 50, SLA 2003) amended Alaska Statute 14.03.080(c) to restrict foundation formula funding of four-year olds attending kindergarten. Approximately 30 of the 53 school districts in Alaska offered some form of a two-year kindergarten program, allowing both four and five-year olds to attend (some school districts allowed all four-year olds to attend while others did not). Chapter 50, SLA 2003 restricts foundation formula funding to four-year olds for which there is a realistic expectation that the child

will successfully progress through the kindergarten curriculum and advance to the first grade the following school year.

According to DEED's fiscal note attached to HB 154, this amendment resulted in a \$3,916,226 savings. Unfortunately, the DEED could not provide, for each year from FY1999 through FY2003, the number of under-age children who were enrolled in kindergarten, nor the amount of money each school district received for those underage students. According to Eddy Jeans, School Finance Manager for the DEED, it would cost the state approximately \$60 million annually to provide kindergarten for all four year olds.<sup>1</sup> Mr. Jeans notes that this estimate does not include any improvements to the districts' facilities capacity such as adequate classroom space.

## COMMUNITY SCHOOLS

As you may know, Chapter 99, SLA 2003 (HB 165) repealed the community schools statute (AS 14.36). The community schools statute enabled the DEED to provide funding to make school facilities available for community use when the schools were not needed for regular school activities. Prior to its repeal, Alaska Statute 14.36.030(a) provided that a district operating a community school program under a DEED approved plan of operation could receive an annual (community schools) grant from the state of one-half of one percent of its public school funding, or \$10,000, whichever was greater. Under this formula, during the last five or six years, the cost of the community schools grant would have been over \$3 million annually.

The community schools grant, however, has not been fully funded for a number of years. As Table 4 illustrates, the funding for the community schools grant remained somewhat constant during the FY1999 through FY2003 period. In addition to the community schools grant budget, Table 4 includes a calculation of the community schools budget, adjusted for inflation, for each state fiscal year since FY1999, and a comparison of the actual funding to the amount estimated to fully fund the program.

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<sup>1</sup> Eddy Jeans, School Finance Manager with the DEED, can be reached at 907-465-8679.

**Table 4: Community Schools Expenditures and Adjustments Based on the Consumer Price Index, FY1999 through FY2005**

State Fiscal Year	Budget	Rate of Inflation <sup>(a)</sup>	FY1999 Community Schools Budget Adjusted for Inflation	Difference Between the Actual Budgeted Amount and the Adjusted Budget	Estimated Cost to Fully Fund <sup>(d)</sup>	Difference Between the Actual Budgeted Amount and the Estimated Cost to Fully Fund
FY 1999	\$500,000 <sup>(b)</sup>				\$ 3,187,556	\$ (2,687,556)
FY 2000	\$400,000 <sup>(b)</sup>	1.45%	\$ 507,251	\$ (107,251)	\$ 3,260,047	\$ (2,860,047)
FY 2001	\$500,000 <sup>(b)</sup>	1.02%	\$ 512,431	\$ (12,431)	\$ 3,261,975	\$ (2,761,975)
FY 2002	\$500,000 <sup>(b)</sup>	1.68%	\$ 521,064	\$ (21,064)	\$ 3,248,198	\$ (2,748,198)
FY 2003	\$500,000 <sup>(c)</sup>	2.85%	\$ 535,912	\$ (35,912)	\$ 3,287,366	\$ (2,787,366)
FY 2004		1.93%	\$ 546,271	\$ (546,271)	Unavailable	
FY 2005		2.72%	\$ 561,119	\$ (561,119)	Unavailable	

**Notes & Sources:** (a) The rate of inflation is the percent difference of the Consumer Price Index (CPI) of one year, to the CPI of the previous year. Calculated from data obtained from U.S. Department of Labor, Bureau of Labor Statistics, [www.bls.gov/cpi/home.htm](http://www.bls.gov/cpi/home.htm).  
(b) Actual expenditures reported by Legislative Finance.  
(c) Authorized expenditures reported in the FY2004 Legislative Finance Budget Book.  
(d) Eddy Jeans, School Finance Manager, DEED, 907-465-8679.

## PUPIL TRANSPORTATION

Until FY 2004, the Department of Education and Early Development (DEED) reimbursed school districts for the full cost of all approved regular school bus routes, special education routes, and for 100 percent of the purchase price of approved district-operated school buses. Chapter 54, SLA 2003 changed the way the state provides pupil transportation money to the school districts by creating a grant system that, for FY2004, determined pupil transportation funding by dividing each district's FY2003 transportation expenses by the number of students enrolled in FY2003. For subsequent fiscal years this result, known as the base per student transportation dollar, is multiplied by the current year's enrollment to determine the grant total for that fiscal year. Chapter 54, SLA 2003 allowed for automatic increases to base per student transportation dollars in FY2005 and FY2006, based on 50 percent of the change in the Anchorage Consumer Price Index (otherwise known as the rate of inflation).

During legislative testimony on SB 202 (the Senate Bill that became Chapter 54, SLA 2003), DEED officials testified that these changes to the pupil transportation statutes represent an effort to contain transportation expenses. DEED officials also noted that pupil transportation costs have risen approximately 77 percent since FY1997.

Table 5 provides a budgetary summary of pupil transportation expenditures from FY1999 through FY2005. Table 5 also provides a calculation of the pupil transportation expenditures, adjusted for inflation, for each state fiscal year since the allocation was last based on full reimbursement of actual transportation costs, FY2003.

**Table 5: Pupil Transportation Expenditures, FY1999 through FY2005**

State Fiscal Year	Budget	CPI Calendar Year	Rate of Inflation <sup>(a)</sup>	Pupil Transportation Allotment Adjusted for Inflation	Difference Between the Pupil Transportation Budget and the Budget Adjusted for Inflation
FY 1999	\$ 38,071,100 <sup>(b)</sup>	1997			
FY 2000	\$ 41,914,800 <sup>(b)</sup>	1998	1.45%		
FY 2001	\$ 46,813,500 <sup>(b)</sup>	1999	1.02%		
FY 2002	\$ 49,408,000 <sup>(b)</sup>	2000	1.68%		
FY 2003	\$ 53,933,800 <sup>(c)</sup>	2001	2.85%		
FY 2004	\$ 53,933,800 <sup>(d)</sup>	2002	1.93%	\$ 54,976,335	\$ (1,042,535)
FY 2005	\$ 54,433,800 <sup>(e) (f)</sup>	2003	2.72%	\$ 56,470,635	\$ (2,036,835)
<b>Notes &amp; Sources:</b> (a) The rate of inflation is the percent difference of the Consumer Price Index (CPI) of one year, to the CPI of the previous year. Calculated from data obtained from U.S. Department of Labor, Bureau of Labor Statistics, <a href="http://www.bls.gov/cpi/home.htm">www.bls.gov/cpi/home.htm</a> . (b) Actual expenditures reported by Legislative Finance. (c) Authorized expenditures reported in the FY2004 Legislative Finance Budget Book. (d) Enacted expenditures reported in the FY2004 Legislative Finance Budget Book. (e) FY2005 Governor's Operating Budget, <a href="http://www.gov.state.ak.us/omb/05_omb/budget/EED/comp144.pdf">www.gov.state.ak.us/omb/05_omb/budget/EED/comp144.pdf</a> . (f) This increase appears to be based on the CPI from the first half of calendar year 2003 (161.1). The CPI for all of 2003 is now available (162.5).					

Attached to Senate Bill 202, the bill that became Chapter 54, SLA 2003, was a fiscal note that projected the total FY2004 cost of the pupil transportation program under the reimbursement method to be \$58,145,400—\$4,211,600 more than was enacted.

## YOUTH IN DETENTION

You also asked about the Youth in Detention program. This program allocates funds to school districts in the state that provide year-round educational programs to incarcerated youth as directed under AS 14.07.020(5). Table 6 provides a summary of the Youth In Detention expenditures from FY1999 through FY2005. Table 6 also provides a calculation of the Youth in Detention expenditures, adjusted for inflation, for each state fiscal year since FY1999.



**Table 6: Youth in Detention Expenditures and Adjustments Based on the Consumer Price Index, FY1999 through FY2005**

State Fiscal Year	Budget	Rate of Inflation <sup>(a)</sup>	FY1999 Youth in Detention Budget Adjusted for Inflation	Difference Between the Actual Budget and the FY1999 Budget Adjusted for Inflation
FY 1999	\$ 800,000 <sup>(b)</sup>			
FY 2000	\$ 800,000 <sup>(b)</sup>	1.45%	\$ 811,602	\$ (11,602)
FY 2001	\$ 1,100,000 <sup>(b)</sup>	1.02%	\$ 819,890	\$ 280,110
FY 2002	\$ 1,089,500 <sup>(b)</sup>	1.68%	\$ 833,702	\$ 255,798
FY 2003	\$ 1,100,000 <sup>(c)</sup>	2.85%	\$ 857,459	\$ 242,541
FY 2004	\$ 1,100,000 <sup>(d)</sup>	1.93%	\$ 874,033	\$ 225,967
FY 2005	\$ 1,100,000 <sup>(e)</sup>	2.72%	\$ 897,790	\$ 202,210
<b>Notes &amp; Sources:</b> (a) The rate of inflation is the percent difference of the Consumer Price Index (CPI) of one year, to the CPI of the previous year. Calculated from data obtained from U.S. Department of Labor, Bureau of Labor Statistics, <a href="http://www.bls.gov/cpi/home.htm">www.bls.gov/cpi/home.htm</a> . (b) Actual expenditures reported by Legislative Finance. (c) Authorized expenditures reported in the FY2004 Legislative Finance Budget Book. (d) Enacted expenditures reported in the FY2004 Legislative Finance Budget Book. (e) FY2005 Governor's Operating Budget, <a href="http://www.gov.state.ak.us/omb/05_omb/budget/EED/index.htm">www.gov.state.ak.us/omb/05_omb/budget/EED/index.htm</a> . Expansions to the McLaughlin Youth Center and the Johnson Youth Center as well as the completion of new facilities in Ketchikan and Mat-Su contributed to the increases in the budget during this period.				

### ADJUSTING THE BASE STUDENT ALLOCATION FOR THE LOSS OF THE COMMUNITY SCHOOLS AND TUITION STUDENTS PROGRAMS AND FOR THE SHORT FUNDING OF PUPIL TRANSPORTATION

You asked for an estimate of the amount the base student allocation would have to increase in FY2004 and FY2005 to account for the loss of funding for the Community Schools program and the Tuition Student program, and the short funding of the Pupil Transportation program. We provide this information in Table 7. After adjusting the FY1999 Community Schools program budget, the FY1999 Tuition Students program budget, and the FY2003 Pupil Transportation budget for inflation, and assuming that the Average Daily Membership for Alaska's public schools remains at FY2003 levels, the base student allocation would have been increased by \$27.84 in FY2004, and would be increased by \$35.88 in FY2005 to account for the loss of funding for these three programs.

Please use caution when interpreting these estimates, as this distribution methodology is not likely to distribute funds to the individual school districts in a manner similar to the methodology used when the programs were funded. These estimated increases are determined by distributing the FY1999 budget for the Community Schools and Tuition Students programs, and FY2003 budget for the Pupil Transportation budget, adjusted for inflation, evenly, based on Average Daily Membership.

**Table 7: Estimated Increases to the Base Student Allocation to Account for the Loss of Community School and Tuition Student Programs and the Short Funding of Pupil Transportation**

State Fiscal Year	Actual Base Student Allotment <sup>(a)</sup>	Base Student Allotment Adjusted for Inflation (Table 1) <sup>(b)</sup>	FY1999 Community Schools Budget Adjusted for Inflation (Table 4) <sup>(c)</sup>	FY1999 Tuition Student Budget Adjusted for Inflation (Table 3) <sup>(c)</sup>	Difference Between the Pupil Transportation Budget and the FY2003 Pupil Transportation Budget Adjusted for Inflation (Table 5) <sup>(d)</sup>	Total of the Adjusted Budgets for Community School, Tuition Students, and Pupil Transportation Programs	Adjusted Daily Membership <sup>(e)</sup>	Estimated Increase to the Base Student Allocation to Account for the Loss of the Community School and Tuition Student Programs and the Short Funding of Pupil Transportation <sup>(f)</sup>
FY 1999	\$3,940.00	\$3,940.00					132,905	
FY 2000	\$3,940.00	\$3,997.14	\$507,251	1,949,063		\$2,456,314	131,696	\$18.65
FY 2001	\$3,940.00	\$4,037.96	\$512,431	\$1,968,965		\$2,481,396	132,256	\$18.76
FY 2002	\$4,010.00	\$4,105.98	\$521,064	\$2,002,135		\$2,523,198	132,670	\$19.02
FY 2003	\$4,010.00	\$4,222.98	\$535,912	\$2,059,187		\$2,595,098	132,485	\$19.59
FY 2004	\$4,169.00	\$4,304.61	\$546,271	\$2,098,991	\$1,042,535	\$3,687,796	132,485	\$27.84
FY 2005	\$4,169.00	\$4,421.62	\$561,119	\$2,156,043	\$2,036,835	\$4,753,996	132,485	\$35.88
<b>Notes &amp; Sources:</b>	<p>(a) The base student allocation set forth in AS 14.17.470 that applies to each specific fiscal year. FY 1999 through FY 2001, Ch 83 SLA 1998; FY 2002 through FY 2003, Ch 95 SLA 2001; FY 2004, Ch 54 SLA 2003. For FY 2005, we assume no amendments will be made to AS 14.17.470 during the second session of the Twenty-third Alaska Legislature.</p> <p>(b) The BSA for FY 1999 is not adjusted; it is the actual amount set forth in 1998 in AS 14.17.470, and is the BSA we use to make all subsequent fiscal year adjustments. Department of Labor, Bureau of Labor Statistics, <a href="http://www.bls.gov/cpi/home.htm">www.bls.gov/cpi/home.htm</a>. To adjust the base student allocation (BSA) for inflation we used the annual consumer price index (CPI) figures provided by the U.S. Department of Labor. The CPI figures for a given calendar year are not available until approximately one month after the end of that calendar year. Since state fiscal years run from July through June, and the budget for public education is determined during the legislative session immediately preceding the start of a fiscal year, we used the CPI of the calendar year immediately preceding the beginning of the fiscal year for our calculations. As an example, to determine the BSA for FY 2000, we applied the rate of inflation for calendar year 1998 to the BSA used in FY 1999.</p> <p>(c) FY2000 through FY2002 figures are based on actual expenditures reported by Legislative Finance. FY2003 figure is based on authorized expenditures reported in the FY2004 Legislative Finance Budget Book.</p> <p>(d) FY2004 figure is based on enacted expenditures reported in the FY2004 Legislative Finance Budget Book; FY2005 figure is based on Governor's Operating Budget, <a href="http://www.gov.state.ak.us/omb/05_omb/budget/EED/comp144.pdf">www.gov.state.ak.us/omb/05_omb/budget/EED/comp144.pdf</a>.</p> <p>(e) Department of Education and Early Development, <a href="http://www.eed.state.ak.us/stats/">www.eed.state.ak.us/stats/</a>. We assume the Average Daily Membership (ADM) to remain unchanged from the FY2003 levels.</p> <p>(f) This estimated increase is determined by distributing the FY1999 budget for the Community Schools and Tuition Students programs and the funding shortage of the Pupil Transportation budget (based on the FY2003 budget), adjusted for inflation, evenly, based on Average Daily Membership. This distribution methodology is not likely to distribute funds to the individual school districts in the manner that occurred when the programs were funded.</p>							

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I hope you find this information to be useful. Please do not hesitate to contact us if you have questions or need additional information.