

# Assembly Rules Committee - March 25, 2022

Agenda item 3.c. bullet 1:

- ▶ “Update on the potential lawsuit against the State of Alaska over BSA/Education Funding”

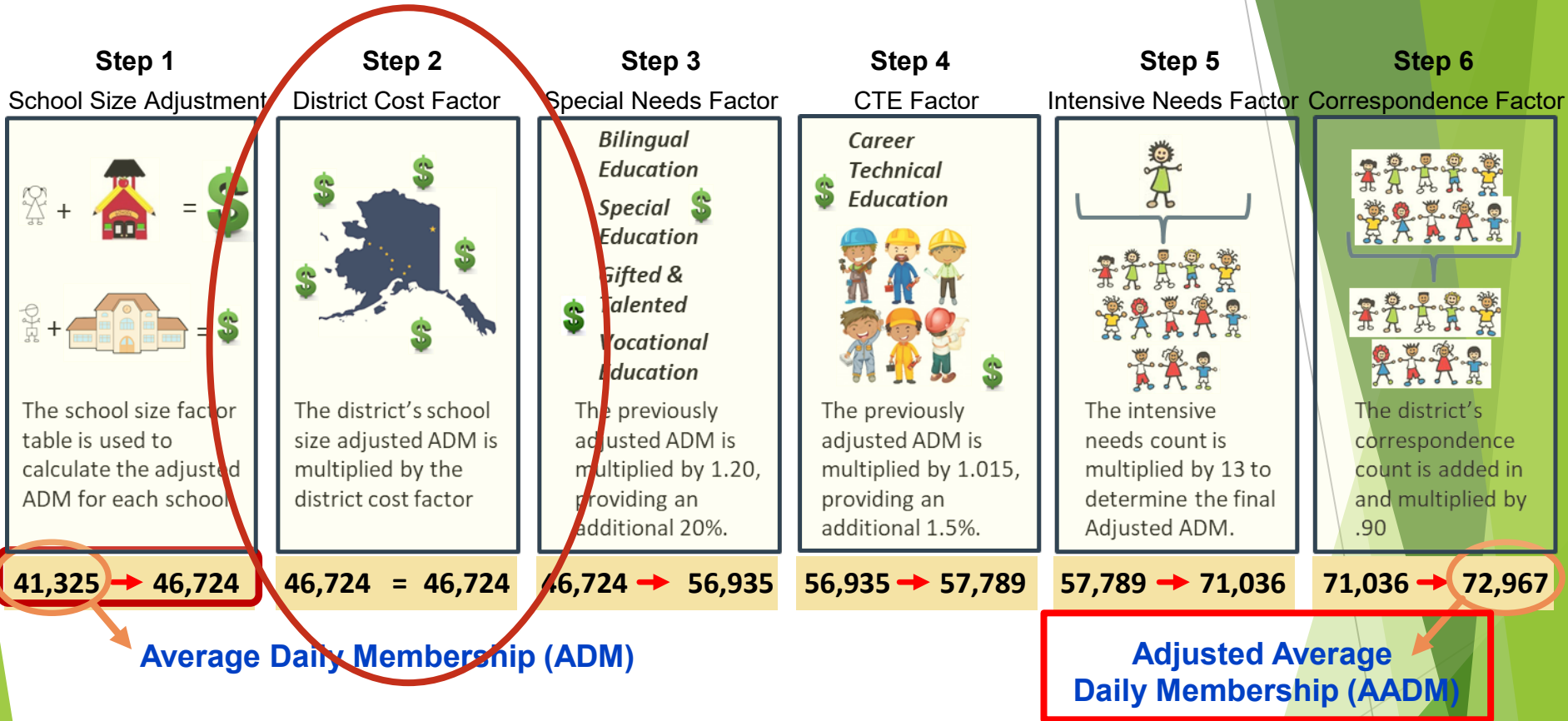
Assembly Counsel’s refined topic:

- ▶ “Addressing the Inequitable Distribution of State Aid School Funding - the outdated District Cost Factor”

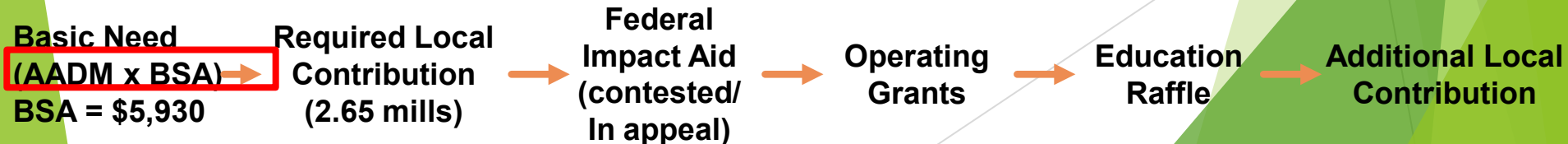
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- ▶ Public School funding in Alaska (AS 14.17.400-.490
  - ▶ State Aid + Required Local Contribution + Eligible Federal Impact Aid
  - ▶ State Aid =  
**Basic Need** - RLC - Deductible Impact Aid + Quality Schools Grant

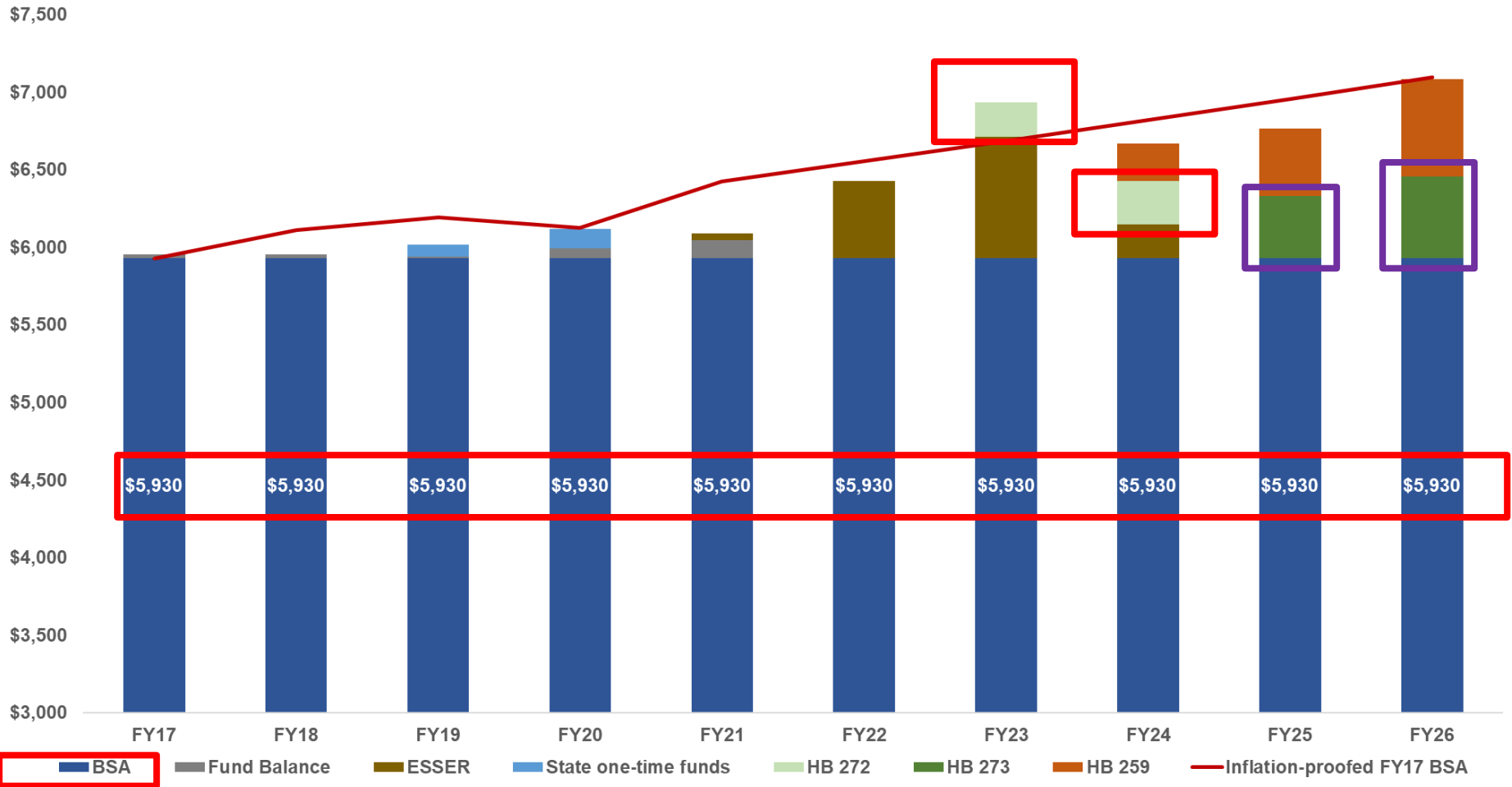
# Alaska Foundation Formula



## Next Steps:



# ASD School Funding 2017 -



- All types of revenue on this slide have been converted to BSA-equivalent dollars
- FYs 22-26 are using 2% CPI as a historical average, though FY22 will likely be much higher



# BSA Issue

- ▶ The statutory \$dollar amount of the BSA is more a legislative issue, or for legal standing of a collective group of school districts.
- ▶ AS 14.17.470: “The base student allocation is \$5,930.”
  - ▶ Since July 1, 2016
- ▶ HB 272:
  - ▶ July 1, 2022 = \$6,153
  - ▶ July 1, 2023 = \$6,208
- ▶ HB 273, effective July 1, 2024:
  - ▶ July 1 each year: increase by % = average % increase in CPI-Alaska for 3 of prior 4 years

# Basic Need formula - per school district

- ▶ District Cost Factor (AS 14.17.460)
  - ▶ Last updated factors: June 30, 2013
  - ▶ DEED to submit a report to Legislature Jan 15 every other year “proposed district cost factors.”

# District Cost Factor - Inequitable to Anchorage

Alaska Gateway	1.443	1.481	1.519	1.557	1.594
Aleutians East	1.707	1.778	1.849	1.920	1.991
Aleutians Region	1.838	1.864	1.890	1.916	1.939
Anchorage	1.000	1.000	1.000	1.000	1.000
Annette Island	1.175	1.216	1.257	1.298	1.338
Bering Strait	1.762	1.821	1.880	1.939	1.998
Bristol Bay	1.370	1.397	1.424	1.451	1.478
Chatham	1.348	1.405	1.462	1.519	1.576
Chugach	1.395	1.420	1.445	1.470	1.496
Kenai Peninsula	1.088	1.109	1.130	1.151	1.171
Matanuska-Susitna	1.040	1.048	1.056	1.064	1.070

# District Cost Factor - Inequitable to Anchorage

- ▶ Basic Claim - if the DCF were updated to reflect actual community costs, Anchorage's State Aid would be \$60M to \$100M more (rough estimate!)
- ▶ Harm/Injury - Anchorage is unable to provide adequate education level to meet state policy that "all students will succeed in their education"
- ▶ Equal Protection - DCF discriminates against Anchorage unfairly, real cost factors are not reflected in the DCF the state is applying, lacks a basis for it
- ▶ Remedy - invalidate DCF currently being applied



# District Cost Factor - Challenges

- ▶ 1. Proper Plaintiff's - suffered the harm of the DCF inequity
- ▶ 2. Evidence that current DCF is inequitable to Anchorage - quantifying
- ▶ 3. Anchorage vs. EE
- ▶ 4. Defenses

# District Cost Factor - Recommendations

- ▶ 1. Commission an ISER Study (by ?).
  - ▶ 2005 and 2015
- ▶ 2. Information supporting a Legislative resolution
- ▶ 3. Engage Outside Counsel