



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

**Department of Education
& Early Development**

COMMISSIONER'S OFFICE

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October 12, 2020

The Honorable Mark Jensen
Mayor
Petersburg Borough Assembly
P.O. Box 329
Petersburg, AK 99833
Sent via email to assembly@petersburgak.gov

Dear Mayor Jensen:

Thank you for the letter dated August 3, 2020, addressing the concern with decreases in the average daily membership (ADM) for the Petersburg Borough School District and requesting districts be held harmless by using the previous school year's ADM for funding purposes.

The public school funding formula under AS 14.17.410, also referred to as the foundation formula, has a built-in hold harmless mechanism for school districts that are experiencing a decrease of five percent or greater in their school size enrollment. This hold harmless provision was enacted in 2008 with House Bill 273 and provides a three-year step-down process after all the schools have been adjusted for school size. This means approximately 75 percent of a district's funding is repaid that would have otherwise been lost in the first year of this provision, 50 percent in the second year, and 25 percent in the third year.

The following link contains a document that provides a more in-depth explanation of the hold harmless provision: <https://education.alaska.gov/publications/Foundation-CountPeriodHoldHarmlessPymts%208.7.2020.pdf>.

The Department of Education and Early Development (DEED) remains proactive in ensuring districts will be funded appropriately. We have worked with all districts to identify early ADM and intensive count estimates in order to get a better understanding of the direction enrollments were headed for the 2020-2021 school year. The chart below shows the foundation funding based on a September 16, 2020 estimate certified by Superintendent Erica Kludt-Painter of the Petersburg Borough School District. *Please note this was only an estimate for evaluation purposes and does not take the place of the actual student count*, which is due to DEED by November 6, 2020 in accordance with AS 14.17.600(a).

School Year	2019-2020 (prior year)	2020-2021 (no hold harmless)	2020-2021 (w/hold harmless)
ADM	467.55	426.00 (est.)	426.00 (est.)
Intensives	17	15 (est.)	15 (est.)
State Aid Entitlement	\$6,048,277	\$5,511,822	\$5,838,495

The difference in funding over the prior year of \$209,782 is largely due to the reduction in the district's intensive count, more than a reduction in the ADM. Intensive students carry the weight of 13 x ADM with a value of \$77,090 per child because of their need for multiple services and additional assistance. What the above estimate shows is the district's intensive count changing from 17 to 15, resulting in a reduction of \$154,180. That said, both the ADM count estimate and the number of intensive students may change by the end of the 20-school-day count period on October 23, 2020.

We look forward to analyzing the results of this year's count period and working with you on the appropriate response. While these are unprecedented times, rest assured the foundation formula has a built-in hold harmless mechanism, put in place by the Alaska Legislature, to help districts with funding resulting from significant enrollment loss. Nonetheless, DEED continues its vigilance and commitment to help ensure an excellent education for every student, every day.

Sincerely,



Dr. Michael Johnson
Commissioner

cc: The Honorable Mike Dunleavy, Governor of Alaska
The Honorable Bert Stedman, Alaska State Senate
The Honorable Jonathan Kreiss-Tomkins, Alaska House of Representatives
Nils Andreassen, Alaska Municipal League
Norm Wooten, Association of Alaska School Boards