

Hold Harmless Provision & State-Aid for School

Alaska Department of Education & Early Development

Heidi Teshner, Finance & Support Services Director

Elwin Blackwell, School Finance Manager

August 18, 2020



· *An Excellent Education for Every Student Every Day* ·



OUR MISSION

**An excellent education
for every student
every day.**

OUR VISION

**All students will succeed in their
education and work, shape
worthwhile and satisfying lives
for themselves, exemplify the best
values of society, and be effective
in improving the character and
quality of the world about them.**

Alaska Statute 14.03.015

Photo courtesy of Anchorage School District. Used with permission.



Purpose

DEED exists to provide **information, resources, and leadership** to support an excellent education for every student every day.



Public School Funding Formula and the Hold Harmless Provision

AS 14.17.410 (b)(1)(E)

Hold Harmless Eligibility

AS 14.17.410 (b)(1)(E) if a school district's ADM adjusted for school size under (A) of this paragraph decreases by five percent or more from one fiscal year to the next fiscal year, the school district may use the last fiscal year before the decrease as a base fiscal year to offset the decrease, according to the following method:

(i) for the first fiscal year after the base fiscal year determined under this subparagraph, the school district's ADM adjusted for school size determined under (A) of this paragraph is calculated as the district's ADM adjusted for school size, plus 75 percent of the difference in the district's ADM adjusted for school size between the base fiscal year and the first fiscal year after the base fiscal year;

Activating Hold Harmless

The sum total of the district's adjusted for school size ADM is compared against the prior fiscal year's total adjusted for school size ADM to determine if a decrease of 5% or greater has occurred. If the answer is "yes", then the *prior* fiscal year is locked in as the "base year" for the next three years.

EXAMPLE:

Step 1. *The ADM's submitted, School Size adjustment applied and totaled in yellow.*

District Schools	Average Daily Membership		School Total	School Size Adjustment
	K-6*	7-12		
CHATHAM				
Angoon School	41.00	23.30	64.30	106.91
Gustavus School	34.00	29.50	63.50	105.72
Klukwan School	14.00	0.00	14.00	39.60
TOTAL	89.00	52.80	141.80	252.23



Hold Harmless in action

Step 2. School Size Adjusted ADM moves to Hold Harmless comparison and calculation.

	<u>Base Year</u>		Phase 1 ** 75% Hold Harmless **			
School District	PRIOR YEAR School Size ADM Total	CURRENT YEAR School Size ADM Total	chg in Prior Fiscal Year (base)	School Size TOTAL-ADM difference	School Size ADM difference at 75%	New CURRENT YEAR School Size ADM
Chatham	268.76	252.23	6.15%	16.53	12.40	264.63

Step 3. New school size adjustment with Hold Harmless continues through formula adjustments.

School Size Adjusted before HH	NEW School Size ADM with HH	District Cost Factor	Adjusted for Cost Factor	Special Needs Factor 1.20	CTE Factor 1.015	SPED Intsv.	Adjust for SPED Intsv *13.00	Students + Intensive Special Education	District Corresp 90%	District Adjusted ADM
252.23	264.63	1.576	417.06	500.47	507.98	6	78	585.98	7.65	593.63

Adjusted ADM of **593.63** x base student allocation (BSA) \$5,930 =
Basic Need **\$3,520,226**

Recovers Approximately 75% of PY Basic Need

The Chatham School District example entering the first phase of the Hold Harmless (HH) provision, the Basic Need recovers approximately 75% of the difference in ADM.

Basic Need funding with no HH provision: \$3,379,033

Basic Need funding with 75% HH provision: \$3,520,226

Increase in Basic Need w/75% HH provision: \$141,193



3-Year Hold Harmless Provision

The HH provision is available to school districts over a three-year step-down of 75% in the first year, 50% in the second year and 25% in the final year, provided the adjusted for school size ADM total stays below the established “base year”. For example, if the HH provision is activated this school year, FY2021, then the percentage step down is as follows.

- ◆ FY21 HH = FY21 + 75% of the adjusted for school size difference between FY21 and the base year of FY20.
- ◆ FY22 HH = FY22 + 50% of the adjusted for school size difference between FY22 and the base year of FY20.
- ◆ FY23 HH = FY23 + 25% of the adjusted for school size difference between FY23 and the base year of FY20.

Student Count Period

September 28, 2020 to October 23, 2020

AS 14.17.600 (a) Within two weeks after the end of the 20-school-day period ending the fourth Friday in October, each district shall transmit a report to the department that, under regulations adopted by the department, reports its ADM for that count period and other student count information that will aid the department in making a determination of its state aid under the public school funding program.

Student Count Calendars 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	Sept. 28 1st day of the Student Count	Sept. 29	Sept. 30	Oct. 1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23 Last day of Count! * Intensives Count Day.	24
25	26	27	28	29	30	31

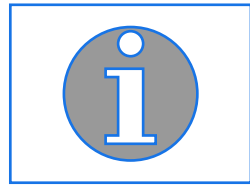
Distribution of State Aid

FOUNDATION PAYMENTS

AS 14.17.610 (a) *On or before the 15th day of each of the first nine months of each fiscal year, one-twelfth of each district's state aid shall be distributed on the basis of the data reported for the preceding fiscal year (FY20). On or before the 15th day of each of the last three months of each fiscal year, one-third of the balance of each district's state aid shall be distributed, after the balance has been recomputed on the basis of student count and other data reported for the current fiscal year (FY21).*

In other words, the payments for the first nine months of FY2021 are calculated based on the *prior* fiscal year's “actual” Foundation (FY 2020). The remaining three months, April, May, and June 2021 are re-calculated and trued up based on the *Finalized* FY2021 “actual” Foundation counts. This ensures that when the fiscal year ends, the districts will have been paid what is due based on their current year (FY 2021), “actual” reconciled average daily membership (ADM) counts.





Contact Information

Heidi Teshner, Director Finance & Support Services

heidi.teshner@alaska.gov

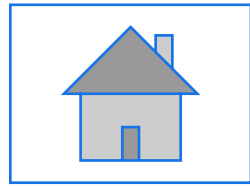
(907) 465-2875

Elwin Blackwell, School Finance Manager

elwin.blackwell@alaska.gov

(907) 465-8665





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- education.alaska.gov
- education.alaska.gov/facilities
- Teacher Certification: (907) 465-2831
- Main Line: (907) 465-2800
- @AlaskaDEED on Twitter, Facebook, Instagram, Flickr, and Vimeo