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TO: State Board Members

FROM: Bryce Wilson, Director of Finance & Organizational Services

SUBJECT: High Ability Learning (HAL) Program

Here are the Potential funding sources for the High Ability Learning (HAL) program and the HAL Committee's recommendation:

- Grant Funding
 - HAL is currently grant funded from lottery proceeds and is set to expire on June 30, 2016. Grant funding is a good approach that can provide all districts funding for their HAL programs which is a potential problem for funding HAL-through the state aid formula. Since the HAL grants are already included on the Special Grant Fund List, districts can receive an expenditure exclusion for this grant.

- State Aid Funding
 - State Aid Formula Allowances/Adjustments –
 - This option could be used to fund the HAL program without increasing the overall amount of state aid if an allowance was added for the HAL program. The downside to using an allowance would be that the HAL program would take away funding from another component of the state aid formula.
 - A HAL adjustment could be added to the state aid formula which would increase the total amount of state aid thus not directly reducing other factors in the state aid formula. However, as total state aid has more recently been calculated to reach a figure set by the Legislature and not an open-ended formula as originally intended, adding HAL as an adjustment would still essentially reduce other components in the state aid formula. Both allowances and adjustments are also limited in how many schools would receive funding as these options would only benefit the equalized districts which is about half of the districts in the state.
 - State Aid Formula Aid Component –
 - The benefit to adding a state aid component is all school districts could receive funding in the state if paired with an allowance or adjustment. The downside is the aid component works against the equalization concept which is the base of the state aid formula.

- Expenditure Exclusion
 - Expenditure (or spending) exclusions help districts who are up against the Expenditure (or spending) lid, accounting for approximately a quarter of the school districts in the state. Districts up against the spending lid tend to be smaller rural districts; the number of students this option would help will be limited to a relatively small number of students.

The HAL Committee decided to turn the funding over to the Legislative Committee to pursue grant funding as that is the desired option and best way to provide funds to all school districts. All districts potentially could be eligible to receive HAL grants. In addition, the HAL grant is already on the special grant fund list increasing the district's ability to spend money and exceed their spending authority limit by the grant amount. As a result, grant funding is the only option that has the potential to be beneficial to every school district across the state therefore benefitting the most students. The challenge related to grant funding will be switching the source of funds from lottery funds to general funds and generating support for the dollar amount desired.