

Funding Alaska Public Schools



A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

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Why a Foundation Formula?

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Education Funding Formula

- Provides foundation funding to objectively distribute state money to districts
- Recognizes differences between districts and adjusts state funding accordingly
- Funds basic school district costs
- Ensures equity across all districts – federally mandated (disparity test)

Current Foundation Formula

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Funding formula adopted in 1998

- Fourth formula adopted by the Legislature.

Distributed on a per student basis

- Prior plans were based on a complicated “instructional unit.”

Based on actual education costs

- Cost differences were based on McDowell Study.

Factors in the Foundation Formula

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Student Count

- Average Daily Membership (ADM) established in October

School Size

- Size of school impacts the cost of a K-12 education

District Cost Factor

- Location impacts the cost of a K-12 education

Special Needs Factors

- Funds for spec. ed., cte., gifted & bilingual students

Factors in the Foundation Formula

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CTE Factor

- Dollars to help provide career education in grades 7-12

Intensive Services

- Recognizes extra cost for intensive services

Correspondence Programs

- Counts student in correspondence @ 90%

Adjusted ADM

- Formula calculations equals an Adjusted ADM

Calculations to Adjusted ADM

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Start with ADM

Apply

School Size &
Hold Harmless

X

District Cost
Factor

X

Special Needs
Factor

X

Voc & Technical
Factor

+

Intensive
Services Counts

+

Corres Student
Counts

Equals AADM

Basic Need

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Adjusted ADM

- The Adjusted Average Daily Membership (AADM) count is the basis for school funding.

Basic Need

- Basic Need is the revenue needed by districts to provide a basic education.
- $\text{AADM} \times \$5,880 = \text{BASIC NEED}$

(\$5,880 = base student allocation)
Statutory increase for FY 16

State Aid

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State Aid

- **State Aid** is the money provided by the state to help fund local school districts.

Calculation

Basic Need

-

Local Support*

-

Impact Aid**

=

State Aid

* Required Local Support

** 90% of deductible impact aid funds

A Real Life Example

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City School District with 727 Students

Adjusted Student Count	1,670
Per Student Dollar Amount (BSA)	<u>x \$5,830</u>
BASIC NEED	\$9,736,100
Required Local Support	- \$866,390
Deductible Impact Aid	<u>- \$16,853</u>
STATE AID TO SCHOOL DISTRICT	\$8,602,584

Changes Since 1998

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New District
Cost Factor

Five-year phase-in (FY13)

New Intensive
Services

Three-year phase-in (FY11)

New Career
Factor

Effective FY13

Required Local
Support

Effective FY09

Hold Harmless

Effective FY09

Increase to
Correspondence

Effective FY15

Increase to
Foundation Formula

Effective FY15 - 17

Local Contribution
Changes

Effective FY15

School Size Factor

If the student count		The adjusted student count is			
in a school is					The number of
At least	But less than	Base	Multiplier		students in excess of
10	- 20	39.6			
20	- 30 (1.98)	39.6	+	(1.62 x	20)
30	- 75 (1.86)	55.8	+	(1.49 x	30)
75	- 150 (1.638)	122.85	+	(1.27 x	75)
150	- 250 (1.454)	218.1	+	(1.08 x	150)
250	- 400 (1.3044)	326.1	+	(0.97 x	250)
400	- 750 (1.179)	471.6	+	(0.92 x	400)
750 or over		793.6	+	(0.84 x	750).