Funding Alaska Public Schools

A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

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Why have a Foundation 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

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 a McDowell Study
Factors in the Foundation Formula

Student Count
• Average Daily Membership (ADM) established in October

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

District Cost Factor
• Location impacts the cost of K-12 education

Special Needs Factors
• Funds for spec. ed,. Gifted, and bilingual students
Factors in the Foundation Formula

CTE Factor
• Funding 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 calculation equals an Adjusted ADM
Calculations to Adjusted ADM

Start with ADM

Apply School Size & Hold Harmless \( \times \)
District Cost Factor \( \times \) Special Needs Factor \( \times \) CTE Factor + Intensive Service Counts + Correspondence Student Counts = AADM
Basic Need

Adjusted ADM

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

Basic Need is the revenue needed by districts to provide a basic education.

\[ \text{Basic Need} = \text{AADM} \times 5,930 \]

= BASIC NEED
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% deductible impact aid funds
Changes Since 1998

• 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 09)
• Hold Harmless (Effective FY09)
• Increase to Correspondence (Effective FY15)
• Increase to Foundation Formula (Effective FY18)
• Local Contribution Changes (Effective FY15)
Want More Information?

https://education.alaska.gov/SchoolFinance/pdf/Funding-Overview.pdf