

# Funding Alaska Public Schools

## A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

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association of  
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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.

AADM x \$5, 930

= ***BASIC NEED***



# State Aid

## 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>



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