Funding Public Schools in Alaska

Understanding the Basics of The Foundation Formula
Reason for the Formula

- A method to fund a school’s basic need
- Distribute state funds to districts objectively (via a formula)
- Adjusts funding between districts based on cost and size differences (cost factor)
- Attempts equity across all districts – meets federal disparity test for Impact Aid
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 McDowell Study.
Factors in the Formula

- **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., voc. ed., gifted & bilingual students
Factors in the Formula

- **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
How does it Work?
Calculations to Get Adjusted ADM

Start with ADM

(ADM = October 20 day count)

Apply School Size & Hold Harmless × District Cost Factor
Calculations to Adjusted ADM

Then---

Special Needs Factor

Voc & Technical Factor
Calculations to Adjusted ADM

Then---

Intensive Services Counts +

Corres Student Counts +

Equals AADM
Basic Need is... $$$

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.

\[ \text{AADM} \times \$5,930 = \text{BASIC NEED} \]

(\$5,880 = base student allocation)
Local Support

For organized areas (municipalities or boroughs)

Minimum local contribution

• Equivalent of 2.65 mill on real & personal property

Maximum local contribution

• Not more than 45% of Basic need
Local Support

For unorganized areas (REAA)

Impact Aid

- Federal funding for children of parents living or working on federal property
- After deductions, 90% of federal funds remaining apply to Basic Need calculation
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

City School District with 727 Students

Adjusted ADM (Student Count)  1,670
Per Student Dollar Amount (BSA)  \( \times \$5,930 \)
BASIC NEED  \( \$9,903,100 \)

Required Local Support  - \( \$866,390 \)
Deductible Impact Aid  - \( \$16,853 \)

STATE AID TO SCHOOL DISTRICT  \( \$9,019,857 \)
Structural Changes Since 1998

- **New District Cost Factor**: Five-year phase-in (FY13)
- **New Intensive Needs Factor**: Three-year phase-in (FY11)
- **New Career Factor**: Effective FY13
- **Hold Harmless**: Effective FY09
- **Required Local Support**: Effective FY13
Acknowledgements

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Public School Funding Program Overview

- Dr. Lisa Skiles Parady, Executive Director, Alaska Council of School Administrators (ACSA)