

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

X

District Cost
Factor

Calculations to Adjusted ADM

Then---

X

Special Needs
Factor

X

Voc & Technical
Factor



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school boards

Calculations to Adjusted ADM

Then---

+

Intensive
Services Counts

+

Corres Student
Counts

Equals AADM



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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

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

City School District with 727 Students

Adjusted ADM (Student Count)	1,670
Per Student Dollar Amount (BSA)	<u>x \$5,930</u>
BASIC NEED	\$9,903,100

Required Local Support	- \$866,390
Deductible Impact Aid	<u>- \$16,853</u>

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



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Acknowledgements

- Alaska Department of Education and Early Development
[Public School Funding Program Overview](#)
- Dr. Lisa Skiles Parady, Executive Director, Alaska Council of School Administrators (ACSA)