Funding Alaska Public Schools

A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

Norm Wooten

Adapted from Senate Finance Subcommittee on Education – August 20, 2013
Why a Foundation Formula?

2

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

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

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
<table>
<thead>
<tr>
<th>Factors in the Foundation Formula</th>
</tr>
</thead>
</table>

**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

Start with ADM

Apply

School Size & Hold Harmless

X

District Cost Factor

X

Special Needs Factor

X

Voc & Technical Factor

X

Intensive Services Counts

Corres Student Counts

Equals AADM
Basic Need

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.
  - AADM X $5,880 = BASIC NEED

($5,880 = base student allocation)
Statutory increase for FY 16
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
City School District with 727 Students

Adjusted Student Count: 1,670
Per Student Dollar Amount (BSA): \( \times \) $5,830
BASIC NEED: $9,736,100

Required Local Support: -$866,390
Deductible Impact Aid: -$16,853

STATE AID TO SCHOOL DISTRICT: $8,602,584
<table>
<thead>
<tr>
<th>Changes Since 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New District Cost Factor</strong>&lt;br&gt;Five-year phase-in (FY13)</td>
</tr>
<tr>
<td><strong>Required Local Support</strong>&lt;br&gt;Effective FY09</td>
</tr>
<tr>
<td><strong>New Intensive Services</strong>&lt;br&gt;Three-year phase-in (FY11)</td>
</tr>
<tr>
<td><strong>Hold Harmless</strong>&lt;br&gt;Effective FY09</td>
</tr>
<tr>
<td><strong>New Career Factor</strong>&lt;br&gt;Effective FY13</td>
</tr>
<tr>
<td><strong>Increase to Correspondence</strong>&lt;br&gt;Effective FY15</td>
</tr>
<tr>
<td><strong>Increase to Foundation Formula</strong>&lt;br&gt;Effective FY15 - 17</td>
</tr>
<tr>
<td><strong>Local Contribution Changes</strong>&lt;br&gt;Effective FY15</td>
</tr>
</tbody>
</table>
# School Size Factor

<table>
<thead>
<tr>
<th>If the student count in a school is</th>
<th>The adjusted student count is</th>
<th>The number of students in excess of</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 10</td>
<td>But less than 20</td>
<td>39.6</td>
</tr>
<tr>
<td>20</td>
<td>30</td>
<td>39.6 + (1.62 x 20)</td>
</tr>
<tr>
<td>30</td>
<td>75</td>
<td>55.8 + (1.49 x 30)</td>
</tr>
<tr>
<td>75</td>
<td>150</td>
<td>122.85 + (1.27 x 75)</td>
</tr>
<tr>
<td>150</td>
<td>250</td>
<td>218.1 + (1.08 x 150)</td>
</tr>
<tr>
<td>250</td>
<td>400</td>
<td>326.1 + (0.97 x 250)</td>
</tr>
<tr>
<td>400</td>
<td>750</td>
<td>471.6 + (0.92 x 400)</td>
</tr>
<tr>
<td>750 or over</td>
<td></td>
<td>793.6 + (0.84 x 750)</td>
</tr>
</tbody>
</table>