Funding Alaska Public Schools

A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

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Adapted by ACSA with permission from Senate Finance Subcommittee on Education – 8/20/13
Why 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 – 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 Foundation Formula

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td><strong>Student Count</strong></td>
<td>• Average Daily Membership (ADM) established in October</td>
</tr>
<tr>
<td><strong>School Size</strong></td>
<td>• Size of school impacts the cost of a K-12 education</td>
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<tr>
<td><strong>District Cost Factor</strong></td>
<td>• Location impacts the cost of a K-12 education</td>
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<tr>
<td><strong>Special Needs Factors</strong></td>
<td>• Funds for spec. ed., voc. ed., gifted &amp; bilingual students</td>
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Factors in the Foundation 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

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11/2/16
Calculations to Adjusted ADM

Start with ADM

Apply School Size & Hold Harmless

X District Cost Factor

X Special Needs Factor

X Voc & Technical Factor

+ Intensive Services Counts

+ Corres Student Counts

Equals AADM

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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 $5,930

= BASIC NEED

( $5,930 = Base Student Allocation)
State Aid is the money provided by the state to help fund local school districts.

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 Student Count 1,670
Per Student Dollar Amount (BSA) x $5,930
BASIC NEED $9,903,100

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

STATE AID TO SCHOOL DISTRICT $8,936,357
Structural 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
- **Hold Harmless**: Effective FY09
- **Required Local Support**: Effective FY13
HB278 (2015)

- Additional allowable for schools in Boroughs

Charter Schools
VETO

- $50/BSA (restored)
- Vetoed 6.3 M from Transportation so remaining amount of money distributed to school districts on a pro rata basis.

WHAT IS CHANGING FOR 2017?

- Community Level – impact to districts
  - Debt Reimbursement cut by 25%
  - REAA Funding cut by 25%
2016 Session SHIFTS
Transportation

- THE INFLATION PROOFING SUNSET AT THE END OF 2016 – THE LEGISLATURE DID NOT DO ANYTHING TO STOP THE SUNSET
  - No inflation factor now
  - Each district has an increase based on Anchorage CPIU
  - Governor Vetoed 6.3 M from Transportation so remaining amount of money distributed to school districts on a pro rata basis (impacted urban more than rural districts)
2016-17 ACSA Joint Position Statement

Priority Funding for Education
The State of Alaska must provide timely, reliable, and predictable revenue for schools; funding the true cost of education in all regional districts and providing full funding for all initiatives, laws and mandates that require additional services.

Revenue Enhanced Fiscal Plan Imperative
Alaska’s most important need is to immediately develop and implement a long-term multi-revenue fiscal plan.

The Alaska Legislative Finance Division has stated the facts are clear:
1. State expenditures have been cut by $3.5 billion (44%) since FY13 and are at the same level as in FY07.
2. FY17 revenue supports less than 30% of FY17 expenditures.
3. Budget reserves will be depleted by FY19

We do not support cost shifting state expenditure responsibilities to local governments.

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Reminder: HB278 Education Studies - APA Initial Findings

- Rework the School Size Adjustment
- Create a true Declining Enrollment adjustment
- District Cost Factor is solid, needs updated
- Revisit special needs adjustment to ensure it accounts for differences in concentrations
APA Initial Findings

- Explore equitable adjustments to local contribution (state is paying 64.8% v. 45% nationally)
- Put a floor under the Impact Aid %, lowering state aid
- Revisit school governance structure
- Examine student enrollment trends through the year
...the system is understandable and transparent to educators,” the summary said.

APA “also found that for every $1,000 in additional per student instructional spending, students’ state test scores increased by 2 percent in reading and 1 percent in math -- a correlation it described as small, but “still significant.”
Issues/Discussion/Questions?

- Small School
- Other?
All Schools in Alaska
Schools with enrollment of less than 25 students
SCHOOLS WITH ENROLLMENT OF LESS THAN 50 STUDENTS
Thank you!

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