

# Funding Alaska Public Schools



## A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

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Adapted by ACSA with permission from Senate Finance  
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# Why a Foundation Formula?



## 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 – 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

## 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 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

# 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

# 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.

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

( \$5,930 = Base Student Allocation)

# 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 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>

<b>STATE AID TO SCHOOL DISTRICT</b>	<b>\$8,936,357</b>
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# 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)



## Charter Schools

- Additional allowable for schools in Boroughs

# 2016 Session SHIFTS

## VETO



- **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 Vetoes 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.

# 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



# ADN 7/22/2015



- “...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?



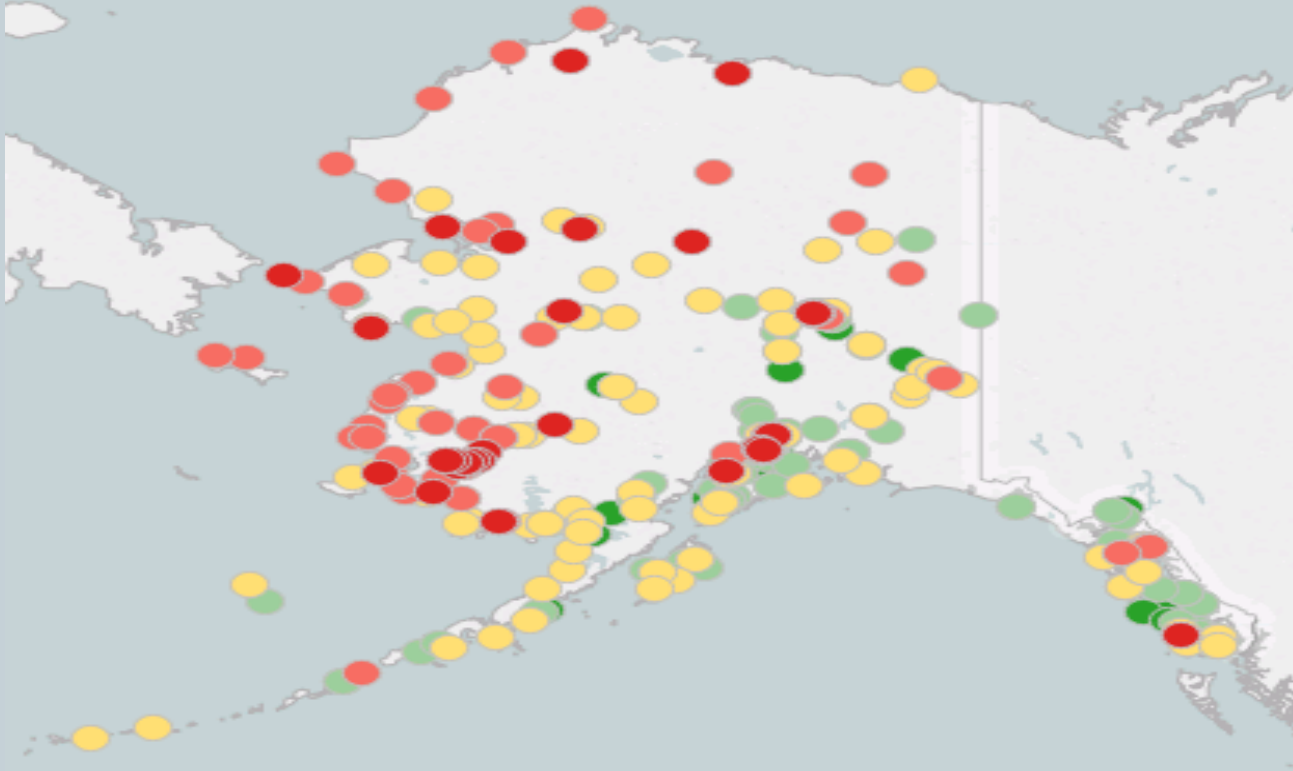
- Small School
- Other?

# All Schools in Alaska

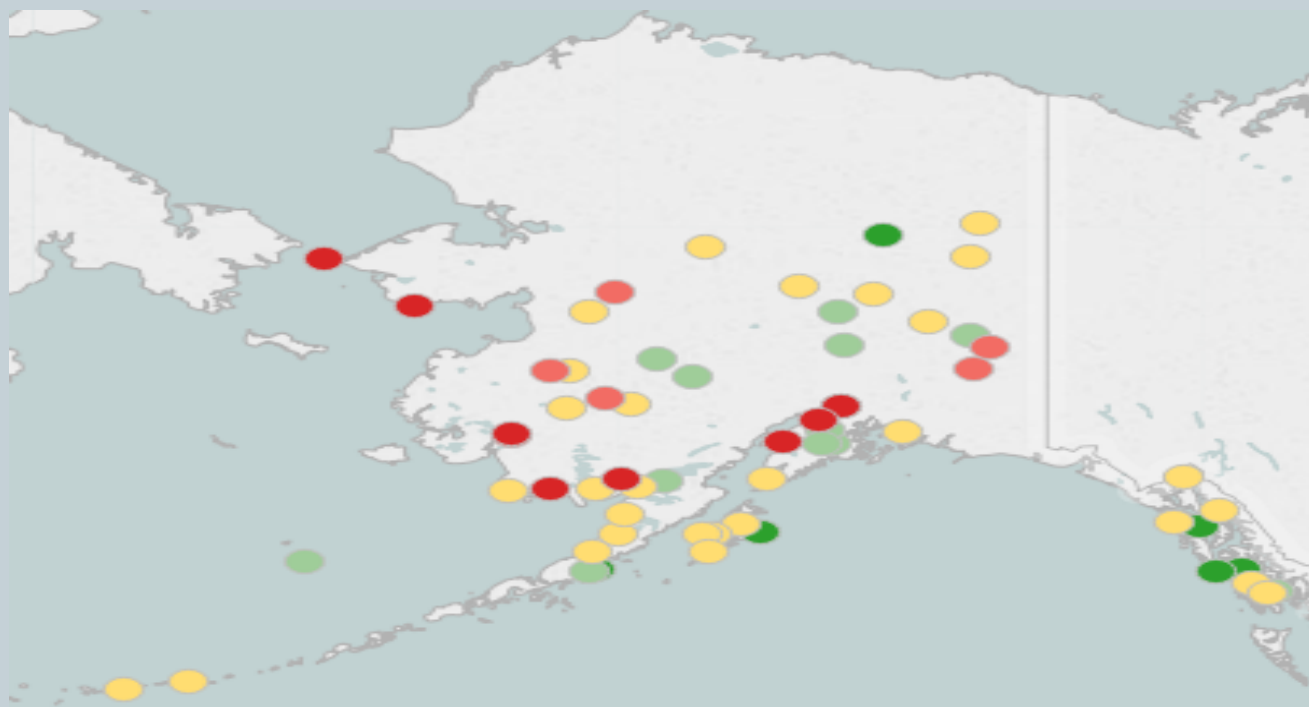
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# Schools with enrollment of less than 25 students

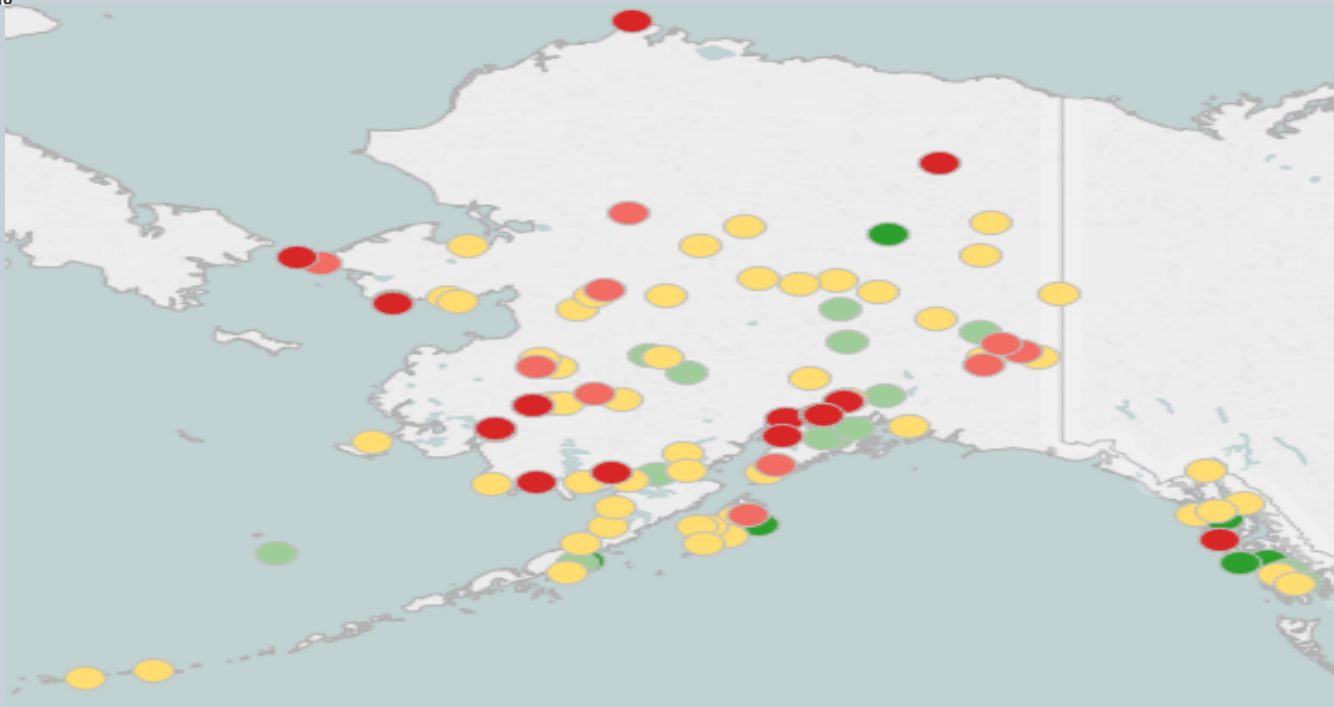


# SCHOOLS WITH ENROLLMENT OF LESS THAN 50 STUDENS

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# Thank you!



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