

# Funding Alaska Public Schools



## A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

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# Why a Foundation Formula?

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## 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

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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

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## 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

# Factors in the Foundation Formula

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## 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

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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

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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.
- $\text{AADM} \times \$5,880 = \text{BASIC NEED}$

( \$5,880 = base student allocation)  
Statutory increase for FY 16

# State Aid

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## 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



# Changes Since 1998

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New District  
Cost Factor

Five-year phase-in (FY13)

New Intensive  
Services

Three-year phase-in (FY11)

New Career  
Factor

Effective FY13

Required Local  
Support

Effective FY09

Hold Harmless

Effective FY09

Increase to  
Correspondence

Effective FY15

Increase to  
Foundation Formula

Effective FY15 - 17

Local Contribution  
Changes

Effective FY15