Funding Alaska Public Schools

A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

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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 – 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
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
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.
- 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**

\[
\text{State Aid} = \text{Basic Need} - \text{Local Support}^* - \text{Impact Aid}^{**}
\]

* Required Local Support
** 90% of deductible impact aid funds
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
- 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