A BRIEF EXPLANATION OF THE FOUNDATION FORMULA

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Adapted from Senate Finance Subcommittee on Education – August 20, 2013

Funding Alaska Public Schools
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
Calculations to Adjusted ADM

Start with ADM

- **School Size & Hold Harmless**
- **District Cost Factor**
- **Special Needs Factor**
- **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

<table>
<thead>
<tr>
<th>Basic Need</th>
<th>Local Support*</th>
<th>Impact Aid**</th>
<th>State Aid</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

* Required Local Support  
** 90% of deductible impact aid funds
## City School District with 727 Students

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Student Count</td>
<td>1,670</td>
</tr>
<tr>
<td>Per Student Dollar Amount (BSA)</td>
<td>x $5,830</td>
</tr>
<tr>
<td>BASIC NEED</td>
<td>$9,736,100</td>
</tr>
<tr>
<td>Required Local Support</td>
<td>- $866,390</td>
</tr>
<tr>
<td>Deductible Impact Aid</td>
<td>- $16,853</td>
</tr>
<tr>
<td><strong>STATE AID TO SCHOOL DISTRICT</strong></td>
<td>$8,602,584</td>
</tr>
</tbody>
</table>
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
## 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>-</td>
<td>But less than 20</td>
</tr>
<tr>
<td></td>
<td>(1.98)</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>(1.86)</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>(1.638)</td>
<td>150</td>
</tr>
<tr>
<td></td>
<td>(1.454)</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>(1.3044)</td>
<td>400</td>
</tr>
<tr>
<td></td>
<td>(1.179)</td>
<td>750</td>
</tr>
</tbody>
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