



Alaska Public School Funding Formula Overview

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<http://education.alaska.gov>



PUBLIC SCHOOL FUNDING FORMULA

The current state public school funding formula was adopted under SB 36 in 1998; implemented in 1999.

The public school funding formula is defined in Alaska Statute 14.17.

Providing an Overview

1. October count and Average Daily Membership (ADM).
2. Calculations of Adjusted Average Daily Membership (AADM).
3. Calculation of Basic Need.
4. Funding Components of Basic Need ~ (*Who Pays*)
5. Additional Funds above Basic Need.

Average Daily Membership

ADM Reporting Requirements

- Average Daily Membership is the number of **enrolled** students during the 20 school-day count period ending on the fourth Friday of October. (AS 14.17.600)
- Reports are due within two weeks after the end of the 20 school-day count period. (AS 14.17.600)
- Projected student count reports are due November 5. (AS 14.17.500)

Who Qualifies as a Student?

Eligibility for State Foundation Funding:

- A child who is 6 years of age before September 1, and under the age of 20, and has not completed the 12th grade. (AS 14.03.070)
- A child who is 5 years of age before September 1, may enter kindergarten. (AS 14.03.080 (d))
- A child with a disability and an active Individualized Education Program (IEP) may attend school if at the age of 3 or if under the age of 22 by July 1. (AS 14.30.180 (1))

6 Steps to DISTRICT ADJUSTED ADM

- Step 1. Adjust: ADM for School Size
- Step 2. Apply: District Cost Factor
- Step 3. Apply: Special Needs Factor
- Step 4. Apply: Vocational & Technical Factor (CTE)
- Step 5. Add: Intensive Services Count
- Step 6. Add: Correspondence Student Count

= District Adjusted ADM

Used to calculate ENTITLEMENT

Step 1. Adjust the ADM for School Size

Reference:	School Size:	Formula:
1.	10-19.99	39.60
2.	20-29.99	$39.60 + (1.62 * (ADM - 20))$
3.	30-74.99	$55.80 + (1.49 * (ADM - 30))$
4.	75-149.99	$122.85 + (1.27 * (ADM - 75))$
5.	150-249.99	$218.10 + (1.08 * (ADM - 150))$
6.	250-399.99	$326.10 + (.97 * (ADM - 250))$
7.	400-749.99	$471.60 + (.92 * (ADM - 400))$
8.	Over 750	$793.60 + (.84 * (ADM - 750))$

A Community with an ADM:

Under 10 - Added to the smallest school with an ADM greater than 10.

10 through 100 - Grades K-12 ADM is combined and adjusted once; adjusted as one school.

101 through 425 - ADM for grades K-6 and 7-12 are adjusted separately; adjusted as two schools.

Greater than 425 - The ADM of each facility administered separately as one school is adjusted.

Step 1. Adjust the ADM for School Size

(continued)

* **Alternative** school with an ADM of 175 or greater *and* administered as a separate facility the ADM will be adjusted separately, unless:

1. It is in the 1st year of service with ADM between 120 to 175 receives an adjustment of 1.33; **OR**
2. It had an ADM of 175 or greater in the prior year but drops below 175 in the current fiscal year it will receive an adjustment of 1.33; **OR**
3. It has an ADM of less than 175 it shall be counted as a part of the school in the district with the *highest* ADM.

~*~*~*~

* **Charter** school with an ADM of 150 or greater is adjusted as a separate facility unless:

1. It is in the 1st year of service with ADM between 75 to 150 it receives an adjustment of 1.45; **OR**
2. It had an ADM of 75 or greater in the prior year but drops below this in the current fiscal year it will receive an adjustment of 1.45; **OR**
3. It continues to stay below 75 ADM then it receives an adjustment of 1.18.

Step 1.
Example: NOME PUBLIC SCHOOLS
Projected FY2017 ADM by School

■ Nome Elementary School.....	380.00
■ Nome-Beltz Jr/Sr High School.....	255.00
■ Anvil City Science Academy.....	60.00
■ Nome Youth Facility.....	14.00
■ <u>Extension Correspondence</u>	<u>10.00</u>
➤ Total ADM.....	719.00

Step 1. Example: NOME PUBLIC SCHOOLS

Reference:	School Size:	Formula:
1.	10-19.99	39.60
2.	20-29.99	$39.60 + (1.62 * (ADM - 20))$
3.	30-74.99	$55.80 + (1.49 * (ADM - 30))$
4.	75-149.99	$122.85 + (1.27 * (ADM - 75))$
5.	150-249.99	$218.10 + (1.08 * (ADM - 150))$
6.	250-399.99	$326.10 + (.97 * (ADM - 250))$
7.	400-749.99	$471.60 + (.92 * (ADM - 400))$
8.	Over 750	$793.60 + (.84 * (ADM - 750))$

K-6 Adjusted ADM's

$$(Ref. 6) \quad 326.10 + \{.97 * (380.00 - 250)\} \quad 452.20$$

7-12 Adjusted ADM's

$$(Ref. 6) \quad 326.10 + \{.97 * (255.00 - 250)\} \quad 330.95$$

<i>Anvil Charter School</i>	60 * 1.18	70.80
<u>(Ref. 1) <i>Youth facility's</i> ADM</u>	14	+ 39.60

$$\text{School Size Adjusted ADM} \quad 893.55$$

HOLD HARMLESS PROVISION

The Hold Harmless provision was established for those districts experiencing a reduction in enrollment. To determine eligibility, the district's sum total of the *School Size Adjustment* is compared against the prior fiscal year. If a decrease of 5% or greater has occurred, then the prior fiscal year will become the base.

Available up to 3 years provided district stays below the base year.

- 1st year 75% of difference to the base year is retained.
- 2nd year 50% of difference to the base year is retained.
- 3rd year 25% of difference to the base year is retained.

Nome Public Schools: HOLD HARMLESS PROVISION.

Nome received 25% of Hold Harmless in FY2012. That was the final phase so the district transitioned out of Hold Harmless.

Did Nome's total school size decrease by 5% or greater and reactivate the Hold Harmless provision?

FY16 Projected ADM	694.00	FY16 School Size Adj. ADM	878.45
FY17 Projected ADM	719.00	<u>FY17 School Size Adj. ADM</u>	<u>893.55</u>
		<i>Increase in DIFFERENCE</i>	15.10

NO ... District increased in Total School Size.

Step 2.

DISTRICT COST FACTORS

Cost factors are specific to each school district and range from 1.000 to 2.116.

Multiply the School Size Adjusted ADM by the District Cost Factor for Nome:

$$893.55 \times \underline{1.450} = \mathbf{1,295.65}$$

(Shown on Column P and Q, page 8 of Overview)

Step 3.

SPECIAL NEEDS FUNDING

- Includes special education (except intensive), vocational education, gifted/talented and bilingual/bicultural. These are block funded at 20%.

AS 14.17.420 (a)(1)

Step 3. *Example:* **NOME PUBLIC SCHOOLS**

Multiply the adjusted ADM (from Step 2) by
the Special Needs Factor

$$1,295.65 \times \underline{1.20} = \mathbf{1,554.78}$$

(Shown on Column R, page 8 of Overview)

Step 4.

VOCATIONAL & TECHNICAL FUNDING

- Career & Technical Education (CTE), is funded at a factor of 1.015.
- It is intended to assist districts in providing career and technical education services in grades seven through 12.
- This excludes costs associated with administrative expenses and instruction in general literacy, mathematics, and job readiness skills.

AS 14.17.420 (a)(3)

Step 4. *Example:*

NOME PUBLIC SCHOOLS

Multiply the adjusted ADM (from Step 3) by
the Career & Technical Education Factor

$$1,554.78 \times \underline{1.015} = \mathbf{1,578.10}$$

(Shown on Column S, page 8 of Overview)

Step 5.

INTENSIVE SERVICES FUNDING

A school district will receive funding for intensive services students that:

1. Are receiving intensive services and;
2. Enrolled on the **last day** of the 20-school-day count period and;
3. Meet intensive qualifications for each intensive services student.

(Intensive Student Count) x 13 = Intensive Student Funding

An Intensive Services student generates \$77,090

AS 14.17.420(a)(2)

Step 5. *Example:*

NOME PUBLIC SCHOOLS

Multiply the Intensive Student Count by 13 & add to the adjusted ADM (from Step 4)

Nome Public Schools has 5 Intensive Students

$$5 \times 13 = \mathbf{65}$$

$$1,578.10 + \underline{65} = \mathbf{1,643.10}$$

(Shown on Columns T, U, V; page 8 of Overview)

Step 6.

CORRESPONDENCE PROGRAMS

Districts offering correspondence programs receive funding based on 90% of the correspondence ADM.

**(Correspondence ADM) x .90 = Level of
Correspondence Funding**

Each correspondence ADM generates \$5,337.

AS 14.17.430

Step 6. *EXAMPLE:* NOME PUBLIC SCHOOLS

Multiply the Correspondence Student ADM by 90% and add to the Adjusted ADM (from Step 5) to get Final District Adjusted ADM (AADM).

➤ *Nome Public Schools
has 10 Correspondence Students*

$$10 \times .90 = \mathbf{9.00}$$

$$1,643.10 + \underline{9.00} = \mathbf{1,652.10}$$

(Shown on Column V, W, X; page 8 of Overview)

BASIC NEED

Entitlement

Multiply the district adjusted ADM by the base student allocation [BSA] = BASIC NEED

$$1,652.10 \times \underline{\$5,930} = \mathbf{\$9,796,953}$$

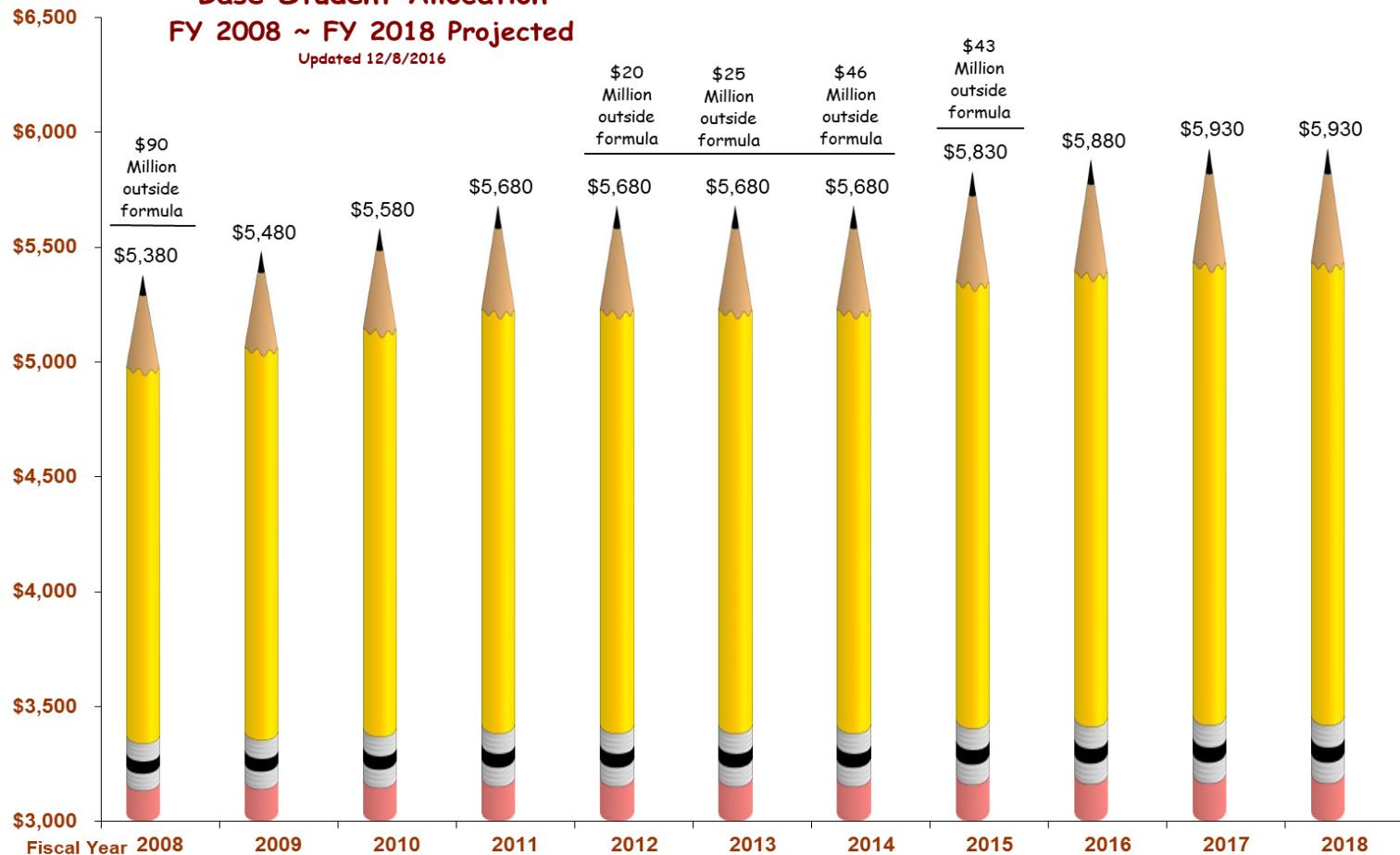
(Shown on Column B, page 9 of Overview)

AS 14.17.470

Base Student Allocation

Alaska K-12 Funding

Base Student Allocation
FY 2008 ~ FY 2018 Projected
 Updated 12/8/2016



NOME: *Summarized*

District Adjusted ADM & Basic Need

Projected ADM for Nome:	709.00 + 10 corresp. = 719.00
Step 1. Adjusted ADM for School Size: <i>(No Adjustment for Hold Harmless)</i>	893.55
Step 2. Apply the District Cost Factor:	x 1.450 1,295.65
Step 3. Apply the Special Needs Factor:	x 1.20 1,554.78
Step 4. Apply the Career & Technical Ed Factor:	x 1.015 1,578.10
Step 5. Add Intensive Service Counts: (5.00 x 13 = 65)	+ 65.00 1,643.10
Step 6. Add Correspondence Student Counts: (10 x .90 = 9.00)	+ 9.00
= District Adjusted ADM	1,652.10
Multiply by \$5,930 the FY2017 Base Student Allocation	x \$5,930

BASIC NEED: \$9,796,953

Components of Basic Need

(Who pays?)

- Required Local Contribution
 - Federal Impact Aid
 - State Aid

Full & True Value / Local Effort Calculation

Current year full & true value, as provided annually by the State Assessor's Office, is multiplied by 2.65 mils for the purposes of calculating the Required Local Effort for foundation funding.

CALCULATING REQUIRED LOCAL CONTRIBUTION

Example: Nome Public Schools

The **lesser** of the equivalent of 2.65 mils of the full & true value, but not to exceed 45% of the school districts prior year basic need.

.00265 of full & true value Tax Base:

$$.00265 \times \underline{\$ 366,202,900} = \$970,438$$

45% of Prior Year Basic Need:

$$.45 \times \underline{\$9,946,726} = \$4,476,027$$

(Shown on Column C, page 9 of Overview)
AS 14.17.410 (b)(G)(2)

Title VII

FEDERAL IMPACT AID PAYMENTS

Title VII Federal Impact Aid Payments received from March 1 through the last day of February are used as payment for Basic Need.

The State must first deduct out the federal funding for special education (SPED), 1/5th Native lands, and construction funds.

Title VII FEDERAL IMPACT AID PAYMENTS

Example: Nome Public Schools

Payments received by the Nome Public Schools from March 1 through the end of February. There are no SPED, Native lands, or construction funds included in their payments so the total received is eligible.

\$60,026

(amount eligible for Deduction)

(Shown on Column D, page 9 of Overview)
AS 14.17.410(e)(2)(B)

IMPACT AID PERCENTAGE

$$\frac{\text{Required Local Contribution}}{\text{Budgeted Local Contribution}}$$

Budgeted Local Contribution, for the purposes of calculating the Impact Aid percentage is found in the Budgets submitted on July 15 of each year and may consist of:

- Appropriations
- Investment Earnings
- In-Kind Services
- “Other” Local

Title VII PERCENTAGE

Example: Nome Public Schools

Required Local: \$ 970,438
Budgeted Local: \$2,304,952 = **42.10%**

(This percentage is only derived for City & Boroughs)

(Shown on Column E, page 9 of Overview)

IMPACT AID

Example: Nome Public Schools

90% of the eligible Impact Aid received by a school district is multiplied by the Impact Aid percentage.

Nome's Deductible Impact Aid Calculation:

$$\text{\$60,026} \times 42.10\% \times 90\% = \text{\$22,744}$$

$$\textit{Eligible Impact Aid} \times \textit{Title VII \%} \times 90\% = \textit{Deductible Impact Aid}$$

(Shown on Column D, E, F; page 9 of Overview)

STATE AID

Nome Public Schools

BASIC NEED:	\$ 9,796,953
less REQUIRED LOCAL:	(970,438)
less IMPACT AID:	<u>(22,744)</u>
STATE AID	\$ 8,803,771

(Shown on Column G, page 9 of Overview)
AS 14.17.410 (b)(1)

ADDITIONAL FUNDS

Above Basic Need

- **Additional Local Contribution**
- **Quality Schools Grant**

Calculating the ADDITIONAL LOCAL CONTRIBUTION

Example: Nome public Schools

The **greater** of 2 mils of the tax base or 23% of the district's current year Basic Need and State funds calculated on AADM can be contributed, but not exceeded.

.002 of Full & True Value Tax Base:

$$.002 \times \$366,202,900 = \$732,406$$

23% of Basic Need & funds calculated on AADM:

$$.23 \times \$9,796,953 + \$26,434 = \mathbf{\$2,259,379}$$

MAXIMUM LOCAL CONTRIBUTION

Example: Nome City Schools

Required Local Contribution plus Additional Local Contribution

REQUIRED Local Contribution:	\$ 970,438
<u>ADDITIONAL Local Contribution:</u>	<u>+ 2,259,379</u>
MAXIMUM Local Contribution:	\$3,229,817

AS 14.17.410 (c)

QUALITY SCHOOLS GRANT

AS 14.17.480 provides a quality school funding grant of the district's Adjusted ADM multiplied by \$16.

Example: Nome Public Schools

$$1,652.10 \times \$16 = \mathbf{\$26,434}$$

<https://education.alaska.gov/tls/qualityschools/>

(Column X, page 8 and Column H, page 9 of Overview)

COMPONENTS OF STATE AID

Funding Components of State Aid Entitlement

Nome's total State Aid equals:

<u>Calculated</u> STATE AID	\$8,803,771
<u>plus QUALITY SCHOOLS Grant</u>	<u>\$ 26,434</u>
TOTAL STATE ENTITLEMENT	\$8,830,205

(Column I, page 9 of Overview)

AS 14.17.410

KASHUNAMIUT SCHOOL DISTRICT

Example #2

Regional Education Attendance Area
(REAA)

Step 1.

Example: KASHUNAMIUT SCHOOL DISTRICT Projected FY2017 ADM by School

■ <u>Chevak School (K-12)</u>	<u>324.00</u>
➤ Total ADM	324.00

The community of Chevak has an ADM that is between 101 and 425 therefore will be adjusted as two schools.

Step 1.

Example:

KASHUNAMIUT SCHOOL DISTRICT

Reference:	School Size:	Formula:
1.	10-19.99	39.60
2.	20-29.99	$39.60 + (1.62 * (ADM - 20))$
3.	30-74.99	$55.80 + (1.49 * (ADM - 30))$
4.	75-149.99	$122.85 + (1.27 * (ADM - 75))$
5.	150-249.99	$218.10 + (1.08 * (ADM - 150))$
6.	250-399.99	$326.10 + (.97 * (ADM - 250))$
7.	400-749.99	$471.60 + (.92 * (ADM - 400))$
8.	Over 750	$793.60 + (.84 * (ADM - 750))$

K-6 Adjusted ADM's

$$(Ref. 5) \quad 218.10 + \{1.08 * (196.00 - 150)\} \quad 267.78$$

7-12 Adjusted ADM's

$$(Ref. 4) \quad 122.85 + \{1.27 * (128.00 - 75)\} \quad 190.16$$

School Size Adjusted ADM

457.94

Kashunamiut School District: HOLD HARMLESS PROVISION.

Did Kashunamiut's total school size decrease by 5% or greater and activate the Hold Harmless provision?

FY16 Projected ADM 344.00

FY17 Projected ADM 324.00

FY16 School Size Adj. ADM 480.30

FY17 School Size Adj. ADM 457.94

Decrease in DIFFERENCE 22.36

Divided by FY16 School Size 480.30

Result is a 4.66% change over prior year

NO ... District decrease is not enough to activate Hold Harmless provision.

Step 2, 3, & 4 *Example:*

KASHUNAMIUT SCHOOL DISTRICT

Multiply the School Size Adjusted ADM by the District Cost Factor for Kashunamiut:

$$457.94 \times \underline{1.619} = \mathbf{741.40}$$

(Shown on Column P and Q, page 8 of Overview)

Multiply the adjusted ADM by the Special Needs Factor

$$741.40 \times \underline{1.20} = \mathbf{889.68}$$

(Shown on Column R, page 8 of Overview)

Multiply the adjusted ADM (from Step 3) by the Career & Technical Education Factor

$$889.68 \times \underline{1.015} = \mathbf{903.03}$$

(Shown on Column S, page 8 of Overview)

Step 5 & 6 *Example:*

KASHUNAMIUT SCHOOL DISTRICT

Multiply the Intensive Student Count by 13 & add to the
adjusted ADM (from Step 4)

Kashunamiut School District has 7 Intensive Students

$$7 \times 13 = 91$$

$$**903.03 + \underline{91} = 994.03**$$

(Shown on Columns T, U, V; page 8 of Overview)

Multiply the Correspondence ADM by 90% and add to the
Adjusted ADM (from Step 5) to get the Final District
Adjusted ADM (AADM).

*Kashunamiut School District
has 0 Correspondence Students*

(Shown on Column V, W, X; page 8 of Overview)

KASHUNAMIUT SCHOOL DISTRICT

BASIC NEED *Entitlement*

Multiply the district adjusted ADM by the BSA results
in BASIC NEED

$$994.03 \times \underline{\$5,930} = \$5,894,598$$

(Shown on Column B, page 9 of Overview)

Components of Basic Need

(Who pays)

➤ Federal Impact Aid

➤ State Aid

Title VII FEDERAL IMPACT AID PAYMENTS

Example: Kashunamiut School District

Payments received by the Kashunamiut School District from March 1 through the end of February is \$3,181,975 less \$668,010 for 1/5th Native lands, SPED, and Construction equals...

\$2,513,965
(eligible for Deduction)

(Shown on Column D, page 9 of Overview)

IMPACT AID

Example: Kashunamiut School District

The Eligible Impact Aid received by a school district is multiplied by 90%. An REAA has no local taxing authority so the full 90% is applied to determine the Deductible Impact Aid.

$$\mathbf{\$2,513,965 \times 90\% = \$2,262,569}$$

$$\textit{Eligible Impact Aid} \times 90\% = \textit{Deductible Impact Aid}$$

(Shown on Column D, E, F; page 9 of Overview)

STATE AID

Kashunamiut School District

BASIC NEED:	\$ 5,894,598
less IMPACT AID:	(2,262,569)
STATE AID	\$ 3,632,029

(Column G, page 9 of Overview)

Funding Components of State Aid Entitlement

Kashunamiut's total State Aid equals:

<u>Calculated</u> STATE AID	\$3,632,029
<u>plus</u> QUALITY SCHOOLS Grant	15,904
TOTAL STATE ENTITLEMENT	\$3,647,933

(Column I, page 9 of Overview)

PLEASE NOTE:
**Prorating the Public School Funding
Formula**

If the amount appropriated by the legislature is insufficient to meet the total amount authorized, then all districts' Basic Need will be reduced pro rata.

AS 14.17.400 (b)

AS 14.17.410

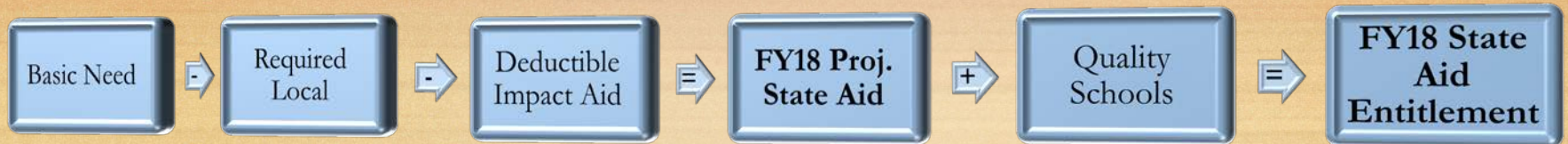
Foundation Funding Formula

FY2018 Projection

FY18 Projected Total Average Daily Membership (ADM) AS14.17.600	School Size Table AS14.17.450	District Cost Factor x 1.0 to 2.116 AS14.17.460	Special Needs factor x 1.20 AS14.17.420	Vocation Education factor x 1.015 AS14.17.420	Special Ed. Intensives x 13 AS14.17.420	Correspondence ADM x 90% AS14.17.430	FY18 Projected District Adjusted ADM AS14.17.410
130,203.20	143,968.74	172,964.02	207,556.82	210,670.17	2,584 x 13 = 33,592 244,262.17	12,021.55 x .90 = 10,819.40	255,081.57



$$255,081.57 \times \$5,930 = \$1,512,633,711$$



$$\$1,512,633,711 - \$251,962,124 - \$73,559,880 = \$1,187,111,707 + \$4,081,302 = \$1,191,230,276^*$$

*Components of funding are State General Funds, Public School Trust Fund and Federal Impact Aid.



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