

Why a Foundation Formula?

2

Education Funding Formula

- Provides the foundation to objectively distribute state money to districts
- Recognizes the differences between districts and state funding is adjusted accordingly
- Funds basic school district costs

Current Foundation Formula

3

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

4

Student Count

- Establish the Average Daily Membership (ADM) in Oct.

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 Factor

- Dollars for spec ed, voc ed, gifted & bilingual students

Factors in the Foundation Formula

5

CTE Factor

- Dollars to help provide career educ in grades 7-12

Intensive Services

- Recognize extra cost for intensive services

Correspondence Programs

- Counts each student in a corres program at 80%

Adjusted ADM

- Formula calculations equals an Adjusted ADM

Calculations to Adjusted ADM

Start with ADM

6

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

7

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 \$5,680

= **BASIC NEED**

(\$5,680 = base student allocation)

State Aid

8

State Aid

State Aid is the money provided by the state to help fund local school districts programs.

Calculation

Basic Need

-

Local Support*

-

Impact Aid**

=

State Aid

* Required Local Support

** 90% of deductible impact aid funds

A Real Life Example

9

City School District with 727 Students

Adjusted Student Count	1,670
Per Student Dollar Amount (BSA)	<u>x \$5,680</u>
BASIC NEED	\$9,485,827
Required Local Support	- \$866,390
Deductible Impact Aid	- <u>\$16,853</u>

STATE AID TO SCHOOL DISTRICT \$8,602,584

Changes Since 1998

10

New District
Cost Factor

Five-year phase-in (FY13)

New Intensive
Services

Three-year phase-in (FY11)

Career
Factor

Effective FY13

Hold
Harmless

Effective FY09

Required
Local Support

Effective FY13