



Alaska Public School Funding Formula Overview

Presented by
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SENATE BILL 36

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

The public school funding formula is defined in Alaska Statute 14.17

THIS PRESENTATION PROVIDES AN OVERVIEW OF:

1. Calculation of Adjusted Average Daily Membership (ADM)
2. Calculations of Basic Need - (Entitlement)
3. Components of Basic Need - (Who Pays)
4. Additional Funds above Basic Need
5. Quality schools grant

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.
- Reports are due within two weeks after the end of the 20 school-day count period.
- Projected student count reports are due November 5.

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 at the age of 3 or if under the age of 22. (AS 14.30.180 (1))

6 STEPS TO DISTRICT ADJUSTED ADM

USED TO CALCULATE ENTITLEMENT

- 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
- Step 5. Add: Intensive Services Counts
- Step 6. Add: Correspondence Student Counts

= District Adjusted ADM

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	$793.60 + (.84 * (ADM - 750))$

--ADM under 10:

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

--A Community with an ADM of 10 through 100:

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

--A Community with an ADM of 101 through 425:

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

--A Community with an ADM greater than 425:

The ADM of each facility administered separately as one school is adjusted.

STEP 1. ADJUST THE ADM FOR SCHOOL SIZE (CONTINUED)

An alternative school with an ADM of 175 or greater *and* administered as a separate facility the ADM, will be adjusted individually.

Unless:

1. It's 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 will receive an adjustment of 1.33; OR
3. It has an ADM of less than 175 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's in the 1st year of service with ADM between 120 to 150 receives an adjustment of 1.38; **OR**
2. It had an ADM of 150 or greater in the prior year but drops below this in the current fiscal year will receive an adjustment of 1.38; **OR**
3. It continues to stay below 150 ADM then it receives an adjustment of 1.18.

STEP 1. *EXAMPLE:*
NOME PUBLIC SCHOOLS
PROJECTED FY2013 ADM BY SCHOOL

▶ Nome Elementary School.....	384.00
▶ Nome-Beltz Jr/Sr High School.....	273.00
▶ Anvil City Science Academy.....	44.00
▶ Nome Youth Facility.....	<u>14.00</u>
▶ Total ADM.....	715.00

STEP 1.
EXAMPLE:
NOME PUBLIC
SCHOOLS

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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) $326.10 + \{.97 * (\mathbf{384.00} - 250)\}$ 456.08

7-12 Adjusted ADM's

(Ref. 5) $326.10 + \{.97 * (\mathbf{273.00} - 250)\}$ 348.41

<i>Anvil Charter School</i>	44 * 1.18	51.92
(Ref. 1) <i>Youth facility's ADM</i>	14	+ 39.60
School Size Adjusted ADM		896.01

HOLD HARMLESS PROVISION

The Hold Harmless provision applies to 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, to determine if a decrease of 5% or greater has occurred. If there is 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 & THE HOLD HARMLESS PROVISION.

Nome received 25% of Hold Harmless in the prior year. That was the final phase so the district is transitioned out of Hold Harmless in the current projection.

Did Nome reactivate the Hold Harmless provision again?

FY12 Projected ADM	701.00	FY12 School Size Adj. ADM	871.63
FY13 Projected ADM	727.00	FY13 School Size Adj. ADM	<u>-896.01</u>
DIFFERENCE			(24.38)

Answer: NO

STEP 2. DISTRICT COST FACTORS

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

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

$$896.01 \times \underline{1.450} = 1,299.21$$

STEP 3. SPECIAL NEEDS FUNDING

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

STEP 3. *EXAMPLE:* NOME PUBLIC SCHOOLS

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

$$1,299.21 \times \underline{1.20} = \mathbf{1,559.05}$$

(Shown on Column R, page 8 of Overview)

STEP 4. VOCATIONAL & TECHNICAL FUNDING

- Career & Technical Education (CTE), is funded at 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**

$$1,559.05 \times \underline{1.015} = \mathbf{1,582.44}$$

(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 are;
2. Enrolled on the **last day of the 20** school-day count period and who have;
3. Meet intensive qualifications for each intensive services student.

(Intensive Student Count) x 13 = Intensive Student Funding

An Intensive Services adm generates \$73,840.

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 6 Intensive Students

$$**6 \times 13 = 78**$$

$$**1,582.44 + 78 = 1,660.44**$$

(Shown on Column V, page 8 of Overview)

STEP 6. CORRESPONDENCE PROGRAMS

Districts offering correspondence programs receive funding based on 80% of the correspondence ADM.

**(Correspondence ADM) x .80 = Level of
Correspondence Funding**

Each correspondence adm generates \$4,544.

STEP 6. *EXAMPLE:* NOME PUBLIC SCHOOLS

Multiply the Correspondence Student ADM by 80% and add to the Adjusted ADM to get Final District Adjusted ADM (AADM). (from Step 5)

~Nome Public Schools has 12 Correspondence Students

$$12 \times .80 = 9.60$$

$$1,660.44 + \underline{9.60} = 1,670.04$$

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

BASIC NEED *ENTITLEMENT*

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

$$**1,670.04 \times \$\underline{5,680} = \$9,485,827**$$

(Shown on Column B, page 9 of Overview)

NOME: SUMMARIZED

DISTRICT ADJUSTED ADM & BASIC NEED

Projected ADM for Nome:

$$715.00 + 12 \text{ corresp.} = 727.00$$

Step 1. Adjusted ADM for School Size:

896.01

No Adjustment for Hold Harmless

896.01

Step 2. Apply the District Cost Factor:

x 1.450

1,299.21

Step 3. Apply the Special Needs Factor:

x 1.20

1,559.05

Step 4. Apply the Career & Technical Ed Factor:

x 1.015

1,582.44

Step 5. Add Intensive Service Counts:

+ 78.00

(6.00 x 13 = 78)

1,660.44

Step 6. Add Correspondence Student Counts:

+ 9.60

(12 x .80 = 9.60)

= District Adjusted ADM

1,670.04

Multiply by \$5,680 the FY13 Base Student Allocation

x \$5,680

BASIC NEED:

\$9,485,827

COMPONENTS OF BASIC NEED (WHO PAYS?)

- ⇐ Required Local Contribution
 - ⇐ Federal Impact Aid
 - ⇐ State Aid

SB 182 FULL & TRUE VALUE / LOCAL EFFORT CALCULATION

Current year full & true value, as provided by the state assessor, is multiplied by 2.65 mills for the purposes of calculating the Required Local Effort for foundation funding.

CALCULATING REQUIRED LOCAL CONTRIBUTION

EXAMPLE: NOME PUBLIC SCHOOLS

Equivalent of 2.65 mills of the full & true value, but not to exceed 45% of the school districts prior year basic need.

.00265 of Full and True value of taxable real and personal property:

$$.00265 \times \underline{\$ 326,939,700} = \textbf{\$866,390}$$

45% of Prior Year Basic Need:

$$.45 \times \underline{\$9,262,206} = \$4,167,993$$

(Shown on Column C, page 9 of Overview)

TITLE VIII FEDERAL IMPACT AID PAYMENTS

- Title VIII Federal Impact Aid Payments received from March 1 through the last day of February are used for calculations of state aid.

TITLE VIII FEDERAL IMPACT AID PAYMENTS

EXAMPLE: NOME PUBLIC SCHOOLS

Payments received by the Nome Public Schools from March 1 through the end of February.

\$44,300

(amount eligible for Deduction)

(Shown on Column D, page 9 of Overview)

IMPACT AID PERCENTAGE

Required Local Contribution
divided by
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 VIII PERCENTAGE

***EXAMPLE:* NOME PUBLIC SCHOOLS**

Required Local: \$ 866,390 = **42.27%**
Budgeted Local: \$2,049,811
(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:

$$\mathbf{\$44,300 \times 42.27\% \times 90\% = \$16,853}$$

Eligible Impact Aid x Title VIII % x 90% = Deductible Impact Aid

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

STATE AID NOME PUBLIC SCHOOLS

Nome's State Aid:

Basic Need	\$ 9,485,827
Less Required Local	(866,390)
<u>Less Impact Aid</u>	<u>(16,853)</u>
State Aid	\$ 8,602,584

(Shown on Column G, page 9 of Overview)

ADDITIONAL FUNDS ABOVE BASIC NEED

⇐ **Additional Local Contribution**

⇐ **Quality Schools Grant**

CALCULATING THE ADDITIONAL LOCAL CONTRIBUTION

EXAMPLE: NOME PUBLIC SCHOOLS

Up to the **greater** of 2 mills of the tax base or 23% of the district's current year Basic Need can be contributed in addition to the minimum local contribution.

.002 of Full & True Value Tax Base:

$$.002 \times \$326,939,700 = \$653,879$$

23% of Basic Need:

$$.23 \times \$9,485,827 = \mathbf{\$2,181,740}$$

MAXIMUM LOCAL CONTRIBUTION

EXAMPLE: NOME CITY SCHOOLS

Required Local Contribution plus
Additional Local Contribution

Required Local Contribution: \$ 866,390

Additional Local Contribution: + 2,181,740

Maximum Local Contribution: 3,048,130

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

$$1,670.04 \times \$16 = \$26,721$$

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

COMPONENTS OF STATE AID

A Permanent Funding Component of State Aid

Nome's Total State Aid equals:

<i>Calculated</i> State Aid	\$8,602,584
<i>plus</i> the Quality Schools Grant	<u>\$ 26,721</u>
TOTAL STATE ENTITLEMENT	\$8,629,305

(Column J, 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 the amounts authorized then all districts will be reduced pro rata.

AS 14.17.400 (b)

ANY QUESTIONS

