



Alaska Public School Funding Formula Overview

<http://education.alaska.gov>

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 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

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

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)

* **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 that continues to be 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 75 to 150 will receive 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 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 FY2015 ADM BY SCHOOL

| | |
|-----------------------------------|---------------|
| Nome Elementary School..... | 384.00 |
| Nome-Beltz Jr/Sr High School..... | 252.00 |
| Anvil City Science Academy..... | 65.00 |
| Nome Youth Facility..... | <u>14.00</u> |
| Total ADM..... | 715.00 |

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

$$(Ref. 6) \quad 326.10 + \{.97 * (\mathbf{384.00} - 250)\} \quad 456.08$$

7-12 Adjusted ADM's

$$(Ref. 6) \quad 326.10 + \{.97 * (\mathbf{252.00} - 250)\} \quad 328.04$$

| | | |
|--------------------------------------|-------------|-----------|
| <i>Anvil Charter School</i> | $65 * 1.18$ | 76.70 |
| (Ref. 1) <i>Youth facility's ADM</i> | 14 | $+ 39.60$ |

$$\mathbf{School Size Adjusted ADM} \quad \mathbf{900.42}$$

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, 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 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?

| | | | |
|--------------------|--------|----------------------------------|----------------------|
| FY14 Projected ADM | 702.00 | FY14 School Size Adj. ADM | 884.24 |
| FY15 Projected ADM | 724.00 | <u>FY15 School Size Adj. ADM</u> | <u>900.42</u> |
| | | DIFFERENCE | 16.18 |

District increased in School Size.

Answer: NO

STEP 2. DISTRICT COST FACTORS

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

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

$$900.42 \times \underline{1.450} = 1,305.61$$

STEP 3. SPECIAL NEEDS FUNDING

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

AS 14.17.420 (b)

STEP 3. *EXAMPLE:* NOME PUBLIC SCHOOLS

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

$$1,305.61 \times \underline{1.20} = 1,566.73$$

(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**

$$1,566.73 \times \underline{1.015} = \mathbf{1,590.23}$$

(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 \$75,790.

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 8 Intensive Students

$$**8 \times 13 = 104**$$

$$**1,590.23 + \underline{104} = 1,694.23**$$

(Shown on Column 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 \$5,247.

AS 14.17.430

STEP 6. *EXAMPLE:* NOME PUBLIC SCHOOLS

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

~Nome Public Schools has 9 Correspondence Students

$$9 \times .90 = 8.10$$

$$1,694.23 + \underline{8.10} = 1,702.33$$

(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

$$**1,702.33 \times \underline{\$5,830} = \$9,924,584**$$

(Shown on Column B, page 9 of Overview)

NOME: *SUMMARIZED*

DISTRICT ADJUSTED ADM & BASIC NEED

Projected ADM for Nome:

$$715.00 + 9 \text{ corresp.} = 724.00$$

Step 1. Adjusted ADM for School Size:
No Adjustment for Hold Harmless

900.42

Step 2. Apply the District Cost Factor:

$$\begin{array}{r} \times \quad 1.450 \\ \hline 1,305.61 \end{array}$$

Step 3. Apply the Special Needs Factor:

$$\begin{array}{r} \times \quad 1.20 \\ \hline 1,566.73 \end{array}$$

Step 4. Apply the Career & Technical Ed Factor:

$$\begin{array}{r} \times \quad 1.015 \\ \hline 1,590.23 \end{array}$$

Step 5. Add Intensive Service Counts:

$$(8.00 \times 13 = 104)$$

$$\begin{array}{r} + \quad 104.00 \\ \hline 1,694.23 \end{array}$$

Step 6. Add Correspondence Student Counts:

$$(9 \times .90 = 8.10)$$

$$\begin{array}{r} + \quad 8.10 \\ \hline \end{array}$$

= District Adjusted ADM

1,702.33

Multiply by \$5,830 the FY15 Base Student Allocation

$$\begin{array}{r} \times \$5,830 \\ \hline \end{array}$$

BASIC NEED:

\$9,924,584

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 by the state assessor, 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 Tax Base:

$$.00265 \times \underline{\$ 378,886,400} = \$1,004,049$$

45% of Prior Year Basic Need:

$$.45 \times \underline{\$9,924,584} = \$4,149,053$$

(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.

\$71,946

(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: \$ 1,004,049 = **47.74%**

Budgeted Local: \$2,103,120

(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:

$$**\$71,946 \times 47.74\% \times 90\% = \$30,912**$$

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 | \$ 9,924,584 |
| Less Required Local | (1,004,049) |
| <u>Less Impact Aid</u> | <u>(30,912)</u> |
| State Aid | \$ 8,889,623 |

(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*

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:

$$.002 \times \$378,886,400 = \$757,773$$

23% of Basic Need & funds calculated on AADM:

$$.23 \times \$10,245,617 = \textbf{\$2,356,492}$$

MAXIMUM LOCAL CONTRIBUTION

EXAMPLE: NOME CITY SCHOOLS

Required Local Contribution plus Additional Local Contribution

Required Local Contribution: \$ 1,004,049

Additional Local Contribution: + \$2,356,492

Maximum Local Contribution: \$3,360,541

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

$$1,702,33 \times \$16 = \$27,237$$

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

COMPONENTS OF STATE AID

A Permanent Funding Component of State Aid

Nome's Total State Aid equals:

| | |
|------------------------------------|-------------|
| <u>Calculated</u> State Aid | \$8,889,623 |
|------------------------------------|-------------|

| | |
|--|------------------|
| <u>plus</u> the Quality Schools Grant | \$ <u>27,237</u> |
|--|------------------|

| | |
|--------------------------------|--------------------|
| TOTAL STATE ENTITLEMENT | \$8,916,860 |
|--------------------------------|--------------------|

(Column I, page 9 of Overview)

APPROPRIATIONS OF 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)

QUESTIONS

