

# Alaska Public School Funding Formula Overview

Alaska Department of Education and Early Development

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March 30, 2023



# Mission, Vision, and Purpose

Mission	Vision	Purpose
An excellent education for every student every day.	All students will succeed in their education and work, shape worthwhile and satisfying lives for themselves, exemplify the best values of society, and be effective in improving the character and quality of the world about them. - Alaska Statute 14.03.015	DEED exists to provide <b>information, resources, and leadership</b> to support an excellent education for every student every day.

# 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 on or before September 1, and under the age of 20, and has not completed the 12<sup>th</sup> grade (AS 14.03.070)
- A child who is 5 years of age on or 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 as a separate school, is adjusted; unless it is a single site facility, then it adjusts as two schools

AS 14.17.905



# 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 1<sup>st</sup> 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 1<sup>st</sup> 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

AS 14.17.450

# Step 1.

## Example: NOME PUBLIC SCHOOLS

### Projected FY2024 ADM by School

■ Nome Elementary School.....	330.00
■ Nome-Beltz Jr/Sr High School.....	300.00
■ Anvil City Science Academy.....	60.00
■ <u>Extension Correspondence .....</u>	<u>25.00</u>
<b>Total ADM.....</b>	<b>715.00</b>

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)**  $326.10 + \{.97 * (330.00 - 250)\}$  403.70

## 7-12 Adjusted ADM's

**(Ref. 6)**  $326.10 + \{.97 * (300.00 - 250)\}$  374.60

<i>Anvil Charter School</i>	<b>60 * 1.18</b>	<b>+ 70.80</b>
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**School Size Adjusted ADM** **849.10**

# HOLD HARMLESS PROVISION

Enacted in 2008, House Bill 273 established a Hold Harmless provision for those school districts experiencing a reduction in their brick and mortar school(s) ADM after it has been adjusted for school size. The sum total adjusted for school size ADM is compared to the prior fiscal year's to determine if a decrease of 5% or greater has occurred. If the answer is "yes", then the prior fiscal year is locked in as the "base year" for the next three years.

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

1<sup>st</sup> year 75% of difference to the base year is retained

2<sup>nd</sup> year 50% of difference to the base year is retained

3<sup>rd</sup> year 25% of difference to the base year is retained

AS 14.17.410 (b)(1)(E)

<https://education.alaska.gov/publications/Foundation-CountPeriodHoldHarmlessPymts%208.7.2020.pdf>

# Nome Public Schools: HOLD HARMLESS PROVISION

Nome just completed the hold harmless three-year step-down provision in FY2023 and is now transitioned to the lower ADM.

*Has the district decreased by 5% or greater when compared to FY2023 school size adjusted total and eligible to restart the hold harmless provision? No.*

FY2024 Total School Size Adj. ADM	<b>849.10</b>
FY2023 Total School Size Adj. ADM	<b>824.85</b> (base year)
DIFFERENCE:	<b>24.25</b>

**RESULT:** *District proceeds through formula without hold harmless provision; total school size adjusted ADM remains 849.10.*

## Step 2.

# DISTRICT COST FACTORS

Cost Factors were modified based on a 2005 ISER study and implemented over five years, FY2009 – FY2013. They are specific to each school district and range from 1.000 (*Anchorage*) to 2.116 (*Yukon Flats*).

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

$$849.10 \times \underline{1.450} = \mathbf{1,231.20}$$

## 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

$$1,231.20 \times \underline{1.20} = \mathbf{1,477.44}$$



## 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

$$1,477.44 \times \underline{1.015} = \mathbf{1,499.60}$$

# CONSOLIDATION OF SCHOOLS

This provision is for districts choosing to consolidate one or more schools within a community. Each of the affected schools' ADM in the base year (the year prior to consolidation) and the current year are adjusted through the vocational and technical factor, the result of each calculation is divided by its respective fiscal year's ADM total to arrive at the quotients. The difference between these two quotients is added back to the district's ADM being adjusted in the current fiscal year.

Available up to 4 years if district stays below the base year.

- ✓ First two fiscal years following consolidation is 100% offset of the reduction in basic need for the affected schools
- ✓ Third fiscal year is 66% offset of those funds in basic need of the affected schools
- ✓ Fourth fiscal year is 33% offset of those funds in basic need of the affected schools

*A district may not use this provision to offset the decrease of a new facility is constructed; reopen the school being consolidated until seven or more years have passed and provided evidence schools are over capacity; or reopen and reconsolidate more than once every seven years.*

# 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 \$77,480*

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 15 Intensive Students

$$15 \times 13 = \mathbf{195}$$

$$1,499.60 + \underline{195} = \mathbf{1,694.60}$$

## Step 6.

# CORRESPONDENCE PROGRAMS

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

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

*Each Correspondence ADM generates \$5,364.*

*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 25 Correspondence ADM*

$$25 \times .90 = \mathbf{22.50}$$

$$1,694.60 + 22.50 = \mathbf{1,717.10}$$

# BASIC NEED

## *Entitlement*

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

$$1,717.10 \times \$\underline{5,960} = \$\mathbf{10,233,916}$$

AS 14.17.470



# NOME: *Summarized*

## District Adjusted ADM & Basic Need

Projected ADM for Nome: 690.00 + 25.00 corresp. = 715.00

Step 1. Adjusted ADM for Total School Size: 49.10

*No Hold Harmless Adjustment*

Step 2. Apply the District Cost Factor:  $\times \underline{1.450}$   
1,231.20

Step 3. Apply the Special Needs Factor:  $\times \underline{1.20}$   
1,477.44

Step 4. Apply the Career & Technical Ed Factor:  $\times \underline{1.015}$   
1,499.60

Step 5. Add Intensive Service Counts:  $\underline{+ 195.00}$   
(15 x 13 = 195) 1,694.60

Step 6. Add Correspondence Student Counts:  $\underline{+ 22.50}$   
(25 x .90 = 22.50)

= District Adjusted ADM 1,717.10

*Multiply by \$5,960 the FY2024 Base Student Allocation*  $\times \underline{\$5,960}$

**BASIC NEED: \$10,233,916**

# 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 for 2022 *calendar year*, but not to exceed 45% of the school district's prior year basic need.

*.00265 of full & true value Tax Base:*

$$.00265 \times \underline{\$ 503,895,691} = \textbf{\$1,335,324}$$

OR

*45% of Prior Year Basic Need:*

$$.45 \times \underline{\$9,906,955} = \$4,458,130$$

AS 14.17.410 (b)(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), 1/5<sup>th</sup> 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 therefore the total received is eligible.

**\$30,807**  
*(amount eligible for Deduction)*

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: \$1,335,324

Budgeted Local: \$3,535,000 = **37.77%**

*(This percentage is only derived for City & Boroughs)*



# 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:

$$\$30,807 \times 37.77\% \times 90\% = \mathbf{\$10,472}$$

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

# STATE AID

## Nome Public Schools

BASIC NEED:	\$ 10,233,916
(less) REQUIRED LOCAL:	(1,335,324)
(less) IMPACT AID:	<u>(10,472)</u>
<b>STATE AID</b>	<b>\$ 8,888,120</b>

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:*

$$.002 \times \$503,895,691 = \$1,007,791$$

OR

*23% of Basic Need & funds calculated on AADM:*

$$.23 \times (\$10,233,916 + \$27,474) = \textbf{\$2,360,120}$$

# MAXIMUM LOCAL CONTRIBUTION

## *Example: Nome City Schools*

Required Local Contribution  
plus  
Additional Local Contribution

REQUIRED Local Contribution:	\$1,335,324
<u>ADDITIONAL Local Contribution:</u>	<u>+ 2,360,120</u>
<b>MAXIMUM Local Contribution:</b>	<b>\$ 3,695,444</b>

AS 14.17.410 (c)

# QUALITY SCHOOLS GRANT

**AS 14.17.480** provides a Quality School Grant based on the district's Adjusted ADM multiplied by \$16.

*Example: Nome Public Schools*

$$1,717.10 \times \$16 = \textbf{\$27,474}$$

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

# COMPONENTS OF STATE AID

A Permanent Funding Component of State Aid

**Nome's total State Aid equals:**

<u>Calculated</u> STATE AID	\$8,888,120
<u>plus</u> QUALITY SCHOOLS Grant	27,474
<b>TOTAL STATE ENTITLEMENT</b>	<b>\$8,915,594</b>

AS 14.17.410

## **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.

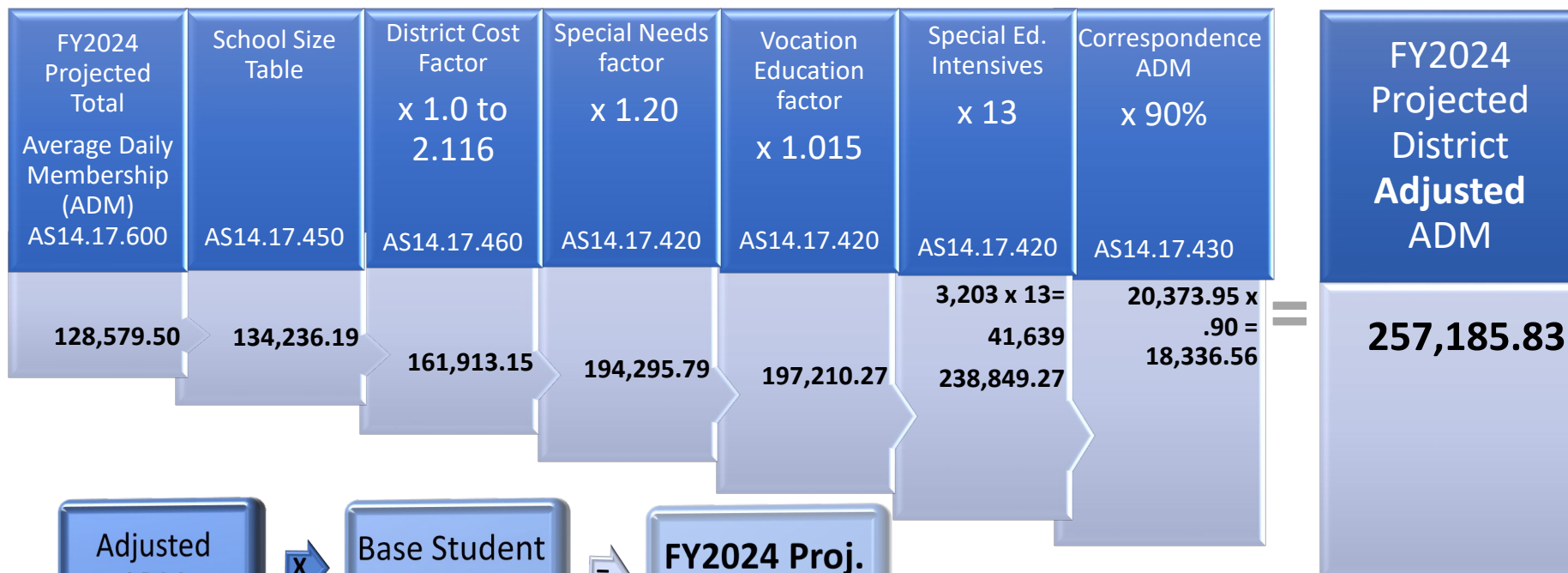
AS 14.17.400 (b)



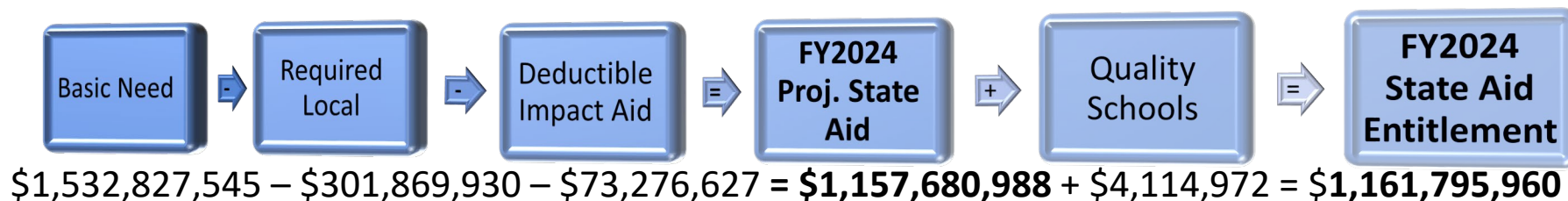
# AS 14.17.410

## Foundation Funding Formula

### FY2024 Projection



$$257,185.83 \times \$5,960 = \$1,532,827,545$$



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

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# Stay Connected



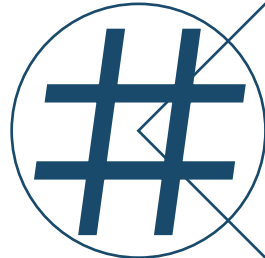
## Website

- [education.alaska.gov](http://education.alaska.gov)



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## Social Media

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