



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.

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 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.

AS 14.17.450

Step 1.
Example: NOME PUBLIC SCHOOLS
Projected FY2018 ADM by School

Nome Elementary School.....	384.00
Nome-Beltz Jr/Sr High School.....	227.00
Anvil City Science Academy.....	60.00
Nome Youth Facility.....	14.00
Extension Correspondence	15.00
Total ADM.....	700.00

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

7-12 Adjusted ADM's

(Ref. 5) $218.10 + \{1.08 * (227.00 - 150)\}$ 301.26

Anvil Charter School 60 * 1.18 70.80

(Ref. 1) Youth facility's ADM 14 + 39.60

School Size Adjusted ADM 867.74

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.

AS 14.17.410 (b)(1)(E)

Nome Public Schools:
HOLD HARMLESS PROVISION.

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

FY17 Projected ADM 719.00	FY17 School Size Adj. ADM 893.55
FY18 Projected ADM 700.00	FY18 School Size Adj. ADM 867.74
	DIFFERENCE 25.81

District decreased in Total School Size adjustment? **YES**

Is the reduction 5% or greater? $25.81 / 893.55 = 3\% \dots$ **NO**

RESULT: District is not eligible for the hold harmless provision this year.

The original total School Size Adjustment of 867.74 moves forward in the formula

**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:

$$867.74 \times 1.450 = 1,258.22$$

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

AS 14.17.460

**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

$$1,258.22 \times 1.20 = 1,509.86$$

(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

$$1,509.86 \times 1.015 = 1,532.51$$

(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

$$5 \times 13 = 65$$

$$1,532.51 + \underline{65} = 1,597.51$$

(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 15 Correspondence Students

$$15 \times .90 = 13.50$$

$$1,597.51 + \underline{13.50} = 1,611.01$$

(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

$$1,611.01 \times \$5,930 = \$9,553,289$$

(Shown on Column B, page 9 of Overview)
AS 14.17.470

**NOME: Summarized
District Adjusted ADM & Basic Need**

Projected ADM for Nome:	685.00 + 15 corresp. = 700.00
Step 1. Adjusted ADM for School Size: <i>(No Adjustment for Hold Harmless)</i>	867.74
Step 2. Apply the District Cost Factor:	$\times 1.450$ 1,258.22
Step 3. Apply the Special Needs Factor:	$\times 1.20$ 1,509.86
Step 4. Apply the Career & Technical Ed Factor:	$\times 1.015$ 1,532.51
Step 5. Add Intensive Service Counts: (5.00 x 13 = 65)	$+ 65.00$ 1,597.51
Step 6. Add Correspondence Student Counts: (15 x .90 = 13.50)	$+ 13.50$ 1,611.01
= District Adjusted ADM	1,611.01
Multiply by \$5,930 the FY2018 Base Student Allocation	$\times \$5,930$

BASIC NEED: \$9,553,289

**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 2016 calendar year, but not to exceed 45% of the school districts prior year basic need.

.00265 of full & true value Tax Base:

$$.00265 \times \$427,904,600 = \$1,133,947$$

45% of Prior Year Basic Need:

$$.45 \times \$9,796,953 = \$4,408,629$$

(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.

\$122,011

(amount eligible for Deduction)

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

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” Local¹⁾

Title VII PERCENTAGE
Example: Nome Public Schools

Required Local: \$1,133,947
 Budgeted Local: \$2,304,952 = **49.20%**

(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:

\$122,011 x 49.20% x 90% = \$54,026

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

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

STATE AID

Nome Public Schools

BASIC NEED:	\$ 9,553,289
less REQUIRED LOCAL:	(1,133,947)
less IMPACT AID:	(54,026)
STATE AID	\$ 8,365,316

(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 mills 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:

$.002 \times \$427,904,600 = \$855,809$

23% of Basic Need & funds calculated on AADM:

$.23 \times (\$9,553,289 + \$25,776) = \text{\textbf{\$2,203,185}}$

MAXIMUM LOCAL CONTRIBUTION

Example: Nome City Schools

**Required Local Contribution
plus
Additional Local Contribution**

REQUIRED Local Contribution: \$1,133,947

ADDITIONAL Local Contribution: + 2,203,185

MAXIMUM Local Contribution: \$3,337,132

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

$1,611.01 \times \$16 = \text{\textbf{\$25,776}}$

<https://education.alaska.gov/tle/qualityschools/>
(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	\$8,365,316
<u>plus</u> QUALITY SCHOOLS Grant	\$ 25,776
TOTAL STATE ENTITLEMENT	\$8,391,092

(Column I, page 9 of Overview)
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)




