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**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.

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**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.

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### 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)

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### 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))

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### 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**

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**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.

AS 14.17.905

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**Step 1. Adjust the ADM for School Size**  
(continued)

\* **Alternative** school with an ADM of 175 or greater 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

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**Step 1.**  
**Example: NOME PUBLIC SCHOOLS**  
**Projected FY2019 ADM by School**

- Nome Elementary School.....380.00
- Nome-Beltz Jr/Sr High School.....220.00
- Anvil City Science Academy.....60.00
- Nome Youth Facility.....14.00
- Extension Correspondence ..... 10.00

➤ **Total ADM..... 674.00**

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**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)  $326.10 + \{.97 * (380.00 - 250)\}$  452.20

**7-12 Adjusted ADM's**  
(Ref. 5)  $218.10 + \{1.08 * (220.00 - 150)\}$  293.70

Anvil Charter School 60 \* 1.18 70.80  
(Ref. 1) Youth facility's ADM 14 + 39.60  
**School Size Adjusted ADM 856.30**

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**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.

- 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)

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**Nome Public Schools:  
HOLD HARMLESS PROVISION.**

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

FY18 Projected ADM	700.00	FY18 School Size Adj. ADM	867.74
FY19 Projected ADM	684.00	FY19 School Size Adj. ADM	856.30
		DIFFERENCE	11.44

District decreased in Total School Size adjustment? **YES**  
Is the reduction 5% or greater?  $11.44 / 867.74 = 1\%$  ... **NO**  
**RESULT:** District is not eligible for the hold harmless provision this year.

The original total School Size Adjustment of 856.30 moves forward in the formula

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**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:

$$856.30 \times 1.450 = 1,241.64$$

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

AS 14.17.460

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**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)

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**Step 3. Example:  
NOME PUBLIC SCHOOLS**

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

$$1,241.64 \times 1.20 = 1,489.97$$

(Shown on Column R, page 8 of Overview)

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**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)

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**Step 4. Example:  
NOME PUBLIC SCHOOLS**

Multiply the Adjusted ADM (from Step 3) by the Career & Technical Education Factor

$1,489.97 \times 1.015 = 1,512.32$

(Shown on Column S, page 8 of Overview)

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**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)

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**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 4 Intensive Students

$$4 \times 13 = 52$$

$$1,512.32 + \underline{52} = 1,564.32$$

(Shown on Columns T, U, V; page 8 of Overview)

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**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

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**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 10 Correspondence ADM*

$$10 \times .90 = 9$$

$$1,564.32 + \underline{9} = 1,573.32$$

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

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**BASIC NEED  
Entitlement**

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

$1,573.32 \times \$5,930 = \$9,329,788$

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

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

Projected ADM for Nome:	674.00 + 10 corresp. = 684.00
Step 1. Adjusted ADM for School Size: <i>(No Adjustment for Hold Harmless)</i>	856.30
Step 2. Apply the District Cost Factor:	$\times 1.450$ <u>1,241.64</u>
Step 3. Apply the Special Needs Factor:	$\times 1.20$ <u>1,489.97</u>
Step 4. Apply the Career & Technical Ed Factor:	$\times 1.015$ <u>1,512.32</u>
Step 5. Add Intensive Service Counts: (4.00 x 13 = 52)	$+ 52.00$ <u>1,564.32</u>
Step 6. Add Correspondence Student Counts: (10 x .90 = 9)	$+ 9.00$ <u>1,573.32</u>
= District Adjusted ADM	1,573.32
Multiply by \$5,930 the FY2019 Base Student Allocation	$\times \$5,930$

**BASIC NEED: \$9,329,788**

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**Components of Basic Need  
(Who pays?)**

- Required Local Contribution
- Federal Impact Aid
- State Aid

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**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.

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**CALCULATING REQUIRED LOCAL  
CONTRIBUTION**

*Example: Nome Public Schools*

The **lesser** of the equivalent of 2.65 mils of the full & true value for 2017 calendar year, but not to exceed 45% of the school district's prior year basic need.

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

$$.00265 \times \$397,302,400 = \$1,052,851$$

*45% of Prior Year Basic Need:*

$$.45 \times \$9,553,289 = \$4,298,980$$

(Shown on Column C, page 9 of Overview)  
AS 14.17.410 (b)(G)(2)

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**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.

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**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.

**\$145,327**  
*(amount eligible for Deduction)*

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

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**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

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**Title VII PERCENTAGE**  
**Example: Nome Public Schools**

Required Local: \$1,052,851  
Budgeted Local: \$2,793,000 = **37.70%**

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

(Shown on Column E, page 9 of Overview)

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**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:

$\$145,327 \times 37.70\% \times 90\% = \mathbf{\$49,309}$

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

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

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**STATE AID**  
**Nome Public Schools**

BASIC NEED:	\$ 9,329,788
less REQUIRED LOCAL:	(1,052,851)
less IMPACT AID:	(49,309)
<b>STATE AID</b>	<b>\$ 8,252,801</b>

(Shown on Column G, page 9 of Overview)  
AS 14.17.410 (b)(1)

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**ADDITIONAL FUNDS**  
**Above Basic Need**

- Additional Local Contribution
- Quality Schools Grant

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**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:*

$.002 \times \$397,302,400 = \$794,605$

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

$.23 \times (\$9,329,788 + \$25,173) = \text{\$2,151,641}$

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**MAXIMUM LOCAL CONTRIBUTION**

*Example: Nome City Schools*

**Required Local Contribution**  
**plus**  
**Additional Local Contribution**

REQUIRED Local Contribution: \$1,052,851

ADDITIONAL Local Contribution: + 2,151,641

**MAXIMUM Local Contribution: \$3,204,492**

AS 14.17.410 (c)

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**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*

$1,573.32 \times \$16 = \text{\$25,173}$

<https://education.alaska.gov/tis/qualityschools/>  
(Column X, page 8 and Column H, page 9 of Overview)

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### COMPONENTS OF STATE AID

A Permanent Funding Component of State Aid

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

<i>Calculated</i> STATE AID	\$8,227,628
<i>plus</i> QUALITY SCHOOLS Grant	\$ 25,173
<b>TOTAL STATE ENTITLEMENT</b>	<b>\$8,252,801</b>

(Column I, page 9 of Overview)  
AS 14.17.410

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**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)

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AS 14.17.410  
**Foundation Funding Formula**  
FY2019 Projection

FY19 Projected Total Average Daily Membership (ADM) AS14.17.600	School Size Table AS14.17.450	District Cost Factor x 1.0 to 2.116 AS14.17.460	Special Needs factor x 1.20 AS14.17.420	Vocational Education factor x 1.015 AS14.17.420	Special Ed. Intensive x 13 AS14.17.420	Correspondence ADM x 90% AS14.17.430	FY19 Projected District Adjusted ADM
129,619.75	142,860.12	171,820.08	206,184.11	209,276.87	2,704 x 13 = 35,152	12,805.75 x .90 = 11,525.18	<b>255,954.05</b>

Adjusted ADM x Base Student Allocation = FY19 Proj. Basic Need

$255,954.05 \times \$5,930 = \$1,517,807,518$

Basic Need → Required Local → Deductible Impact Aid → FY19 Proj. State Aid → Quality Schools → FY19 State Aid Entitlement

$\$1,517,807,518 - \$255,522,489 - \$76,601,826 = \$1,185,683,203 + \$4,095,266 = \$1,189,778,469$

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

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