



Alaska Public School Funding Formula Overview

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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. Components of State Aid

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 1st, 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 1st, following the beginning of the school year, may enter kindergarten. (AS 14.03.080 (d))
- A child with a disability and an active Individualized Education Program (IEP) may enter school at the age of 3 and under the age of 22. (AS 14.30.180 (1))

5 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. *Add:* Intensive Services Counts

Step 5. *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.


* *Alternative* schools with an ADM of less than 200 shall be counted as a part of the school in the district with the *highest* ADM.

* If the ADM is greater than 200 and administered as a separate facility the ADM will be adjusted separately.

* *Charter* school with an ADM of 150 or greater is adjusted as a separate facility

Step 1. *Example*: Nome City Schools Projected FY08 ADM by School

➤ Nome Elementary School.....	400.00
➤ Nome-Beltz Jr/Sr High School.....	340.00
➤ Anvil City Science Academy.....	44.00
➤ Nome Youth Facility.....	<u>14.00</u>
➤ Total ADM.....	798.00



Step 1. *Example*: Nome City Schools Adding ADM's to the appropriate School in the District

School Size Adjustment

- The alternative schools ADM are added to the highest ADM school in the district before adjusting for size
- A school with a population under 10 should be added to the smallest school in the district.

Nome Elementary + Anvil

$$400 + 44 = \underline{\underline{444.00}}$$

Step 1.
Example:
Nome City
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. 7) $471.60 + \{.92 * (444.00 - 400)\}$ 512.08

7-12 Adjusted ADM's

(Ref. 6) $326.10 + \{.97 * (340.00 - 250)\}$ 413.40

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

School Size Adjusted ADM **965.08**

Step 2. District Cost Factors

The Department monitors District Cost Factors and submits a report to the Legislature on January 15th every other fiscal year, beginning January 2001.

- Cost factors are specific to each school district.
- Lowest District Cost Factor is 1.000 and the highest is 1.736.

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

$$965.08 \times \underline{1.319} = 1,272.94$$

Step 3. Special Needs Funding

- All categorical programs; special education (except intensive), vocational education, gifted/talented and bilingual/bicultural are block funded at 20%.
- To qualify for funding under this section school districts must file a plan with the department indicating special needs services that will be provided.

AS 14.17.420 (b)

Step 3. *Example:* Nome City Schools

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

$$1,272.94 \times \underline{1.20} = \mathbf{1,527.53}$$

(Shown on Column R, page 8)

Step 4. 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. Established Individual Education Plan (IEP) for each intensive services student.

An Intensive Services student generates \$26,900.

(Intensive Student Count) x 5 = Intensive Student Funding

Step 4. *Example:* Nome City Schools

**Multiply the Intensive Student Count by 5
and add to the adjusted ADM (from Step 3)**

~Nome City Schools has 4 Intensive Student~

$$4 \times 5 = 20$$

$$1,527.53 + \underline{20} = 1,547.53$$

(Shown on Column U, page 8)

Step 5. Correspondence Programs

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

Each correspondence student generates \$4,304.

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

Correspondence Funding

Step 5. *Example:* Nome City Schools

**Multiply the Correspondence Student ADM by 80%
and add to the Adjusted ADM to get Final District
Adjusted ADM. (from Step 4)**

~Nome City Schools has 6 Correspondence Students~

$$6 \times .80 = 4.80$$

$$1,547.53 + \underline{4.80} = 1,552.33$$

(Shown on Column V, page 8)

BASIC NEED

Entitlement

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

$$1,552.33 \times \underline{\$5,380} = \underline{\$8,351,535}$$

(Shown on Column W, page 9)

NOME: Summarized District Adjusted ADM & Basic Need

Projected ADM for Nome:	798.00 + 6 corresp. = 804.00
Step 1. Adjusted ADM for School Size:	965.08
Step 2. Apply the District Cost Factor:	$\begin{array}{r} \times \quad 1.319 \\ \hline \end{array}$
	1,272.94
Step 3. Apply the Special Needs Factor:	$\begin{array}{r} \times \quad 1.20 \\ \hline \end{array}$
	1,527.53
Step 4. Add Intensive Service Counts:	$\begin{array}{r} + \quad 20.00 \\ \hline \end{array}$
(4.00 x 5 = 20)	1,547.53
Step 5. Add Correspondence Student Counts:	$\begin{array}{r} + \quad 4.80 \\ \hline \end{array}$
(6 x .80 = 4.80)	
= District Adjusted ADM	1,552.33
Multiply by \$5,380 the base student allocation	$\begin{array}{r} \times \quad \$5,380 \\ \hline \end{array}$

BASIC NEED:

\$8,351,535

Components of Basic Need (Who Pays?)

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

SB 174 Full & True Value/Local Effort Calculation

As a result of Senate Bill 174: (enacted in 2001)

Beginning FY2002, half of the increased full & true value over 1999 (base year), is added to 1999 base year to determine the full & true value for the purposes of calculating Required Local Effort for education.

(If the full & true value did not increase over the 1999 base year, then the current full & true value stands and is multiplied by .004 mills to reach local effort.)

Calculating Nome's Full and True Value

Nome's 2006 Full Value	252,725,500
<u>Nome's 1999 Full Value</u>	<u>191,926,100</u>
Full Value Increase Difference	60,799,400
<u>Divided in Half</u>	<u>30,399,700</u>
Half of the Increase is Added to 1999 Value	
191,926,100 + 30,399,700 =	222,325,800

Required Local Contribution

Example: Nome City Schools

The **Lesser** or minimum of 4 mills of the education full & true value,
but not to exceed 45% of the school districts prior year
basic need.

.004 of Tax Base: *(Education Full & True Value)*

$$.004 \times \underline{\$222,325,800} = \text{\$889,303}$$

45% of Prior Year Basic Need:

$$.45 \times \underline{\$8,157,425} = \$3,670,841$$

(Shown on Column C, page 9)

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.
- The dates on the payment vouchers are used to indicate that a school district has received Title VIII Payments

Title VIII Federal Impact Aid Payments

Example: Nome City Schools

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

\$85,947

(amount eligible for Deduction)

(Shown on Column D, page 9)

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 15th of each year and may consist of:

- Appropriations**
- Investment Earnings**
- In-Kind Services**
- “Other Local”**

Title VIII Percentage

Example: Nome City Schools

Required Local: \$ 889,303 = **46.52%**

Budgeted Local: \$1,911,850

(This percentage is only derived for City & Boroughs)

(Shown on Column E, page 9)

Impact Aid

Example: Nome City Schools

90% of the Impact Aid received by a school district is multiplied by the Impact Aid Percentage

Nome's Deductible Impact Aid Calculation:

$$**\$85,947 \times 46.52\% \times 90\% = \$35,984**$$

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

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

STATE AID

Nome City Schools

Nome's State Aid:

Basic Need	\$ 8,351,535
Less Required Local	(889,303)
<u>Less Impact Aid</u>	<u>(35,984)</u>
State Aid	\$ 7,426,248

(Shown on Column G, page 9)

Additional Funds Above Basic Need

↳ **Additional Local Contribution**

↳ **Quality Schools Grant**

↳ **Supplemental Funding Floor**

Additional Local Contribution

Example: Nome City Schools

The **greater** of 2 mills of the tax base or
23% of the district's current year Basic Need
can be contributed but not exceeded.

.002 of Full & True Value Tax Base:

$$.002 \times \$252,725,500 = \$505,451$$

23% of Basic Need:

$$.23 \times \$8,351,535 = \mathbf{\$1,920,853}$$

Maximum Local Contribution

Example: Nome City Schools

Required Local Contribution plus Additional Local Contribution

Required Local Contribution: \$ 889,303

Additional Local Contribution: +\$1,920,853

Maximum Local Contribution: \$2,810,156

Quality Schools Grant

AS 14.17.480 explains a district is eligible to receive a quality school funding grant not to exceed the district's Adjusted ADM multiplied by \$16.

Example: Nome City Schools

$$1,552.33 \times \$16 = \$24,837$$

(Column W, page 8 and Column I, page 9)

Supplementary Funding Floor

← **What is “The Floor”?**

← **How is it established?**

← **How is it adjusted?**

“The Floor”

By providing additional funds “The Floor” bridges the transition between the new funding formula implemented in 1999 and the old formula that was in place in 1998.

How “The Floor” was Established

“The Floor” was established in FY1999

FOR EXAMPLE:

Old Formula State Aid

= \$1,100,000

New Formula State Aid

(*Less*) = \$1,000,000

Supplementary Funding Floor

(*Result*) = \$100,000

Nome's Transition to New Formula

- Old Formula State Aid:

FY 99 = **\$5,206,292**

- New Formula State Aid:

(Less) FY 99 = **\$5,095,932**

- Supplementary Funding Floor:

(Results) FY 99 = **\$110,360**

Adjustments to the “Floor”

All Adjustments to “The Floor” are **reductions!**

Decreases to “The Floor” occur because of:

1) an increase in Basic Need

OR

2) a decrease in ADM.

Supplementary Funding Floor - Adjustment

1

EXAMPLE

Increase of Basic Need

Floor Adjustment due to Increases in Basic Need began in FY2000

Example: Floor equals \$100,000

FY2008 Basic Need	\$2,100,000
FY2007 Basic Need	<u>\$2,050,000</u>
FY2008 increase over FY2007	\$50,000
40% of the increase over prior year equals the amount the FY2008 floor is reduced	(\$20,000)
<u>FY2007 Funding Floor</u>	<u>\$100,000</u>
Revised funding Floor for FY2008	\$80,000

Supplementary Funding Floor – Adjustment # 2

EXAMPLE

Decrease in ADM

If the ADM falls below 95% of the FY1999 ADM, Then “The Floor” is reduced by the same percentage.

Example: Floor equals \$100,000

If

FY2007 ADM = 86% of FY1999 ADM

Then

$\$100,000 \times 86\% = \$86,000$

& becomes the new Floor amount

“The Floor” has received a 14% reduction.

Establishing Nome City School's Floor

FY 99 OLD FORMULA = \$5,206,292

FY 99 NEW FORMULA (\$5,095,932)

Nome's FUNDING FLOOR Established at = \$110,360

FY 00 No Deduction = \$110,360

FY01 FLOOR reduced due to increase in Basic Need (\$14,562)

FY 01 FLOOR BALANCE = \$95,798

FY 02 FLOOR No reduction floor (0.00)

FY 02 FLOOR BALANCE = \$95,798

FY 03 FLOOR reduced due to increase in Basic Need (73,206)

FY03 FLOOR BALANCE \$22,592

FY 04 FLOOR reduced due to increase in Basic Need (49,268)

Difference exceeds FLOOR~Balance set to zero (0.00)

Supplementary Funding Floor

REMEMBER:

⇨ The floor is reduced by 40% of the **increase** in Basic Need over the prior year.

OR

⇨ The floor is reduced if ADM **decreases** by more than 5%, initially, of the FY1999 ADM.

Components Of State Aid

A Permanent Funding Component of State Aid

Nome's Total State Aid equals:

Calculated State Aid	\$7,426,248
<i>plus</i> the Funding Floor	\$ 0
<u><i>plus</i> the Quality Schools Grant</u>	<u>\$ 24,837</u>
TOTAL STATE ENTITLEMENT	\$7,451,085

Please Note:

Prorating the Public School Funding Formula

If insufficient funds are appropriated by the legislature to meet the total entitlement, then all components of the Public School Funding Formula Program will be reduced by the same percentage.

AS 14.17.400 (b)

ANY QUESTIONS?