

## Department of Education & Early Development

### A Brief Summary of Funding for Alaska's Schools

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#### Background:

The State of Alaska distributes K-12 education funding through the foundation formula as provided for in Alaska Statute 14.17. The foundation formula allocates resources for each of Alaska's 53 school districts' general operations and routine maintenance and operations of school facilities. General operations include: staff salaries and benefits, teaching supplies, textbooks, communications, contracted services, and administrative services. Operations of school facilities include: custodial and maintenance staff salaries and benefits, utilities, energy and other expenses associated with routine maintenance to operate school facilities.

Each district's annual funding, referred to as *Basic Need*, is calculated in the same manner in compliance with the foundation formula. Funding is determined on a per pupil basis.

#### Major Foundation Formula Components:

- The calculation begins with the annual count of the number of students in each school at a district. The number of students, ADM (Average Daily Membership), in each school is multiplied by the formula's school size factors to adjust funding for the size differences at each school site. This adjusted student count is referred to as AADM (Adjusted Average Daily Membership). After the AADM is arrived at for each school they are added together for each district's total AADM.
- Next, each district's AADM is multiplied by a district cost factor to account for the difference of providing education in different regional areas. The cost factors are specific to each school district and range from 1.000 to 1.736.
- Next, each district's running total AADM is multiplied by 1.20 to provide for special needs throughout the district.
- Next, intensive services funding is added for those students receiving intensive services on an individual education plan (IEP).
- Correspondence funding is added to AADM by multiplying the correspondence ADM by 80%.

#### Summary and Example:

Alaska's foundation formula takes the number of students enrolled, Average Daily Membership (ADM) and multiplies these students by each factor to arrive at the final Adjusted Average Daily Membership (AADM). Each district's AADM is then multiplied by the State's Base Student Allocation to arrive at the districts annual funding. In FY2005 the base student allocation is \$4,576.

The following exhibit demonstrates the major calculations in the funding formula:

Projected ADM	764.00
Adjusted ADM-School Size	936.73
Apply District Cost Factor	<u>x 1.319</u>
	1,235.55
Apply Special Needs Factor	<u>x 1.20</u>
	1,482.66
Add Intensive Service Counts	<u>10.00</u>
(2 x 5) = 10.00	1,492.66
Add Correspondence Counts	<u>0.00</u>
(0 * .80) = 0	
<b>District Adjusted ADM</b>	<b>1,492.66</b>
Multiply by \$4,576 base allocation	<u>x \$4,576.00</u>
<b>Annual Funding - Basic Need:</b>	<b>\$6,830,412</b>

The revenue sources to fund each districts basic need come from a combination of State Aid, Required Local Contribution and Federal Land Impact Aid receipts.

Further information on Alaska's funding formula is available from the Department of Education & Early Development.