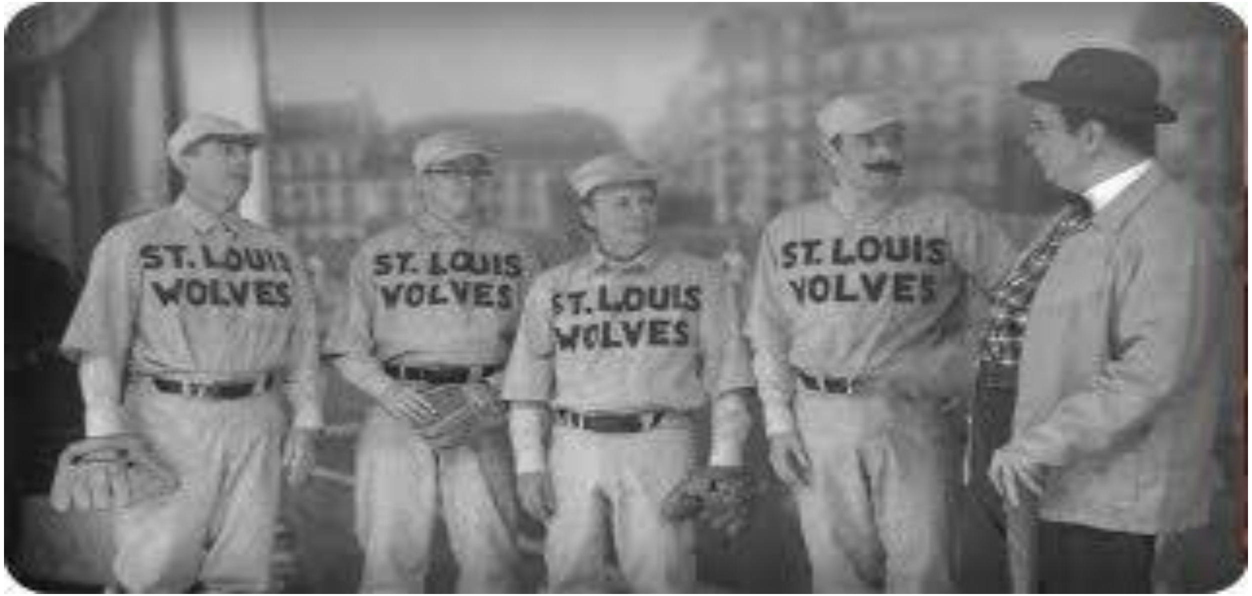
Alaska State Foundation Formula and Property Taxes

The Foundation Formula - Who's on first?!?!



Enrollment Based Formula

Average Daily Membership (ADM) to *Adjusted Average Daily Membership* (AADM)

1. School size adjustment
2. District Cost Factor
3. Special Needs Factor
4. CTE Factor
5. Intensive Services Count
6. Correspondence Students

Average Daily Membership (ADM)

Average number of enrolled students during 20-day count

20-day count ends the fourth Friday in October

Correspondence students are subtracted

11,830

School Size Adjustment

A formula from the school size factor table is used to calculate the adjusted ADM for each school.

Smaller schools will be adjusted at a greater level than larger Schools for fixed cost needs.

11,830 => 13,939

District Cost Factor

Cost factors are specific to each school district and dependent on geographic location.

Cost factors range from 1.000 to 2.116

13,939 => 14,914

Special Needs Funding

Includes special education, gifted/talented, and bilingual/bicultural.

The previously adjusted ADM is multiplied by the special needs factor of 1.2.

14,914 => 17,897

Career and Technical Education (CTE) Funding

Assist districts in providing career and technical education services in grades 7-12.

The district's previously adjusted ADM is multiplied by the vocational and technical education factor of 1.015.

17,897 =>18,166

Intensive Services Funding

Adjustment for students meeting qualifications and receiving specialized services.

Each Intensive student count is multiplied by 13.

18,166 => 23,210

Correspondence Students

Adjustment for students enrolled in correspondence courses.

The correspondence count is added to the previously adjusted ADM.

23,210 => 23,925

Adjusted Average Daily Membership (AADM)

The AADM is multiplied by the **Base Student Allocation (BSA)** of $5960, to determine the district's **Basic Need Entitlement.**

23,925 x $5,960 = $142,591,516

Determination of Final State Aid

The **Basic Need Entitlement** is then reduced by:

The **Required Local Contribution (RLC)** and

Deductible Impact Aid

Determination of Final State Aid

How is the RLC calculated?

The **Required Local Contribution** equals the LESSER of the full and true value of taxable property multiplied by the mill rate of 2.65, or

45% of the prior year Basic Need.

Determination of Final State Aid

$142,591,516 Basic Need Entitlement

- $37,357,411 Required Local Contribution
- $ 7,937,531 Federal Impact Aid

State Foundation Aid $97,296,574

Assessed Valuations Impact State Aid

When assessed values rise, the RLC increases, thus reducing State Aid

Assessed Valuations Impact State Aid

Disparity Test

Creates a Maximum Allowed local contribution

Allows state to deduct Federal Impact Aid from state funding

Assessed Valuations Impact State Aid

Maximum Allowable Contribution or the “Cap”

RLC, plus

GREATER of 2.000 additional mils, or

23% of Basic Need

The Foundation Formula is shifting liability to the Boroughs

Statement not totally true

Boroughs don’t have to pick up the drop in state revenue

It would only be required if the borough was funding at the minimum

State vs Local Revenue over time - Fairbanks

2019

State - 64.2% Local - 25.0%

2024

State - 62.2% Local - 29.2%

Movement to eliminate RLC deduction

Would require larger investment by the state

Would promote all local communities contributing to education - “skin in the game”

Would allow for higher total investment in education

Thank you

Questions