



## Foundation Funding Formula

*Student Count Period  
Foundation Payments  
Hold Harmless Provision*

### **STUDENT COUNT PERIOD**

**AS 14.17.600 (a)** *Within two weeks after the end of the 20-school-day period ending the fourth Friday in October, each district shall transmit a report to the department that, under regulations adopted by the department, reports its ADM for that count period and other student count information that will aid the department in making a determination of its state aid under the public school funding program.*

For the 2020-2021 school year, the fourth Friday in October is the 23<sup>rd</sup>, which places the first day of the count period on September 28, 2020.

| 2020-2021 School Year           |           |           |           |           |           |    |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|----|
| <b>OCTOBER 2020 Count dates</b> |           |           |           |           |           |    |
| S                               | M         | T         | W         | Th        | F         | S  |
|                                 | <b>28</b> | <b>29</b> | <b>30</b> | <b>1</b>  | <b>2</b>  | 3  |
| 4                               | <b>5</b>  | <b>6</b>  | <b>7</b>  | <b>8</b>  | <b>9</b>  | 10 |
| 11                              | <b>12</b> | <b>13</b> | <b>14</b> | <b>15</b> | <b>16</b> | 17 |
| 18                              | <b>19</b> | <b>20</b> | <b>21</b> | <b>22</b> | <b>23</b> | 24 |
| 25                              | 26        | 27        | 28        | 29        | 30        | 31 |

### **FOUNDATION PAYMENTS**

**AS 14.17.610 (a)** *On or before the 15th day of each of the first nine months of each fiscal year, one-twelfth of each district's state aid shall be distributed on the basis of the data reported for the preceding fiscal year. On or before the 15th day of each of the last three months of each fiscal year, one-third of the balance of each district's state aid shall be distributed, after the balance has been recomputed on the basis of student count and other data reported for the current fiscal year.*

In other words, the payments for the first nine months of FY2021 are calculated based on the *prior* fiscal year's Foundation (FY2020). The remaining three months, April, May, and June 2021, are re-calculated and trued up based on the *Finalized* FY2021 Foundation counts. This ensures that when the fiscal year ends, the districts will have been paid what is due based on their current year (FY2021), actual reconciled average daily membership (ADM) counts.



**HOLD HARMLESS PROVISION**

**AS 14.17.410 (b)(1)(E)** *if a school district's ADM adjusted for school size decreases by five percent or more from one fiscal year to the next fiscal year, the school district may use the last fiscal year before the decrease as a base fiscal year to offset the decrease.*

Enacted in 2008, House Bill 273 established a Hold Harmless [HH] provision for those school districts experiencing a reduction in their brick and mortar school’s average daily membership (ADM) after it has been adjusted for school size in the foundation formula.

Eligibility is determined *after* the district’s adjusted for school size ADM are calculated and totaled up for all schools. The sum total of the district’s adjusted for school size ADM is compared against the prior fiscal year’s total adjusted for school size ADM to determine if a decrease of 5% or greater has occurred. If the answer is “yes”, then the *prior* fiscal year is locked in as the “base year” for the next three years. The new school size adjustment with Hold Harmless continues through formula adjustments such as the District Cost Factors, CTE at 1.015, SPED at 1.20, etc. This results in approximately 75% of the basic need calculation restored in the first year.

The HH provision is available to school districts over a three-year step-down of 75% in the first year, 50% in the second year, and 25% in the final year, provided the adjusted for school size ADM total stays below the established “base year”. For example, if the HH provision is activated this school year, FY2021, then the percentage step down is as follows.

- ◆ FY2021 HH = FY2021 + 75% of the adjusted for school size difference between FY2021 and the base year of F20Y20.
- ◆ FY2022 HH = FY2022 + 50% of the adjusted for school size difference between FY2022 and the base year of FY2020.
- ◆ FY2023 HH = FY2023 + 25% of the adjusted for school size difference between FY2023 and the base year of FY2020.

**EXAMPLE:**

Step 1. *The ADM’s submitted, School Size adjustment applied, and totaled in yellow.*

| District Schools | Average Daily Membership |              | School Total  | School Size Adjustment |
|------------------|--------------------------|--------------|---------------|------------------------|
|                  | K-6*                     | 7-12         |               |                        |
| <b>CHATHAM</b>   |                          |              |               |                        |
| Angoon School    | 41.00                    | 23.30        | 64.30         | 106.91                 |
| Gustavus School  | 34.00                    | 29.50        | 63.50         | 105.72                 |
| Klukwan School   | 14.00                    | 0.00         | 14.00         | 39.60                  |
| <b>TOTAL</b>     | <b>89.00</b>             | <b>52.80</b> | <b>141.80</b> | <b>252.23</b>          |



Step 2. School Size Adjusted ADM moves to HH comparison and calculation.

| School District | Base Year                        | CURRENT YEAR School Size ADM Total | Phase 1 ** 75% Hold Harmless ** |                                  |                                   |                                  |
|-----------------|----------------------------------|------------------------------------|---------------------------------|----------------------------------|-----------------------------------|----------------------------------|
|                 | PRIOR YEAR School Size ADM Total |                                    | chg in Prior Fiscal Year (base) | School Size TOTAL-ADM difference | School Size ADM difference at 75% | New CURRENT YEAR School Size ADM |
| Chatham         | 268.76                           | 252.23                             | 6.15%                           | 16.53                            | 12.40                             | 264.63                           |

Step 3. New school size adjustment with HH continues through formula adjustments.

| ADM    | Corresp. ADM | Total ADM | School Size Adjusted before HH | NEW School Size ADM with HH | District Cost Factor | Adjusted for Cost Factor | Special Needs Factor 1.20 | CTE Factor 1.015 | SPED Intsv. | Adjust for SPED Intsv *13.00 | Students + Intensive Special Education | District Corresp 90% | District Adjusted ADM |
|--------|--------------|-----------|--------------------------------|-----------------------------|----------------------|--------------------------|---------------------------|------------------|-------------|------------------------------|--|----------------------|-----------------------|
| 141.80 | 8.50         | 150.30    | 252.23                         | 264.63                      | 1.576                | 417.06                   | 500.47                    | 507.98           | 6           | 78                           | 585.98                                 | 7.65                 | 593.63                |

Adjusted ADM of 593.63 x base student allocation (BSA) \$5,930 = Basic Need \$3,520,226

Based on the above example of the district entering the first phase of the HH provision, Basic Need increased by approximately 75% of the difference in ADM.

Basic Need funding with no HH provision: \$3,379,033  
Basic Need funding with 75% HH provision: \$3,520,226  
**Increase in Basic Need with 75% HH provision: \$ 141,193**