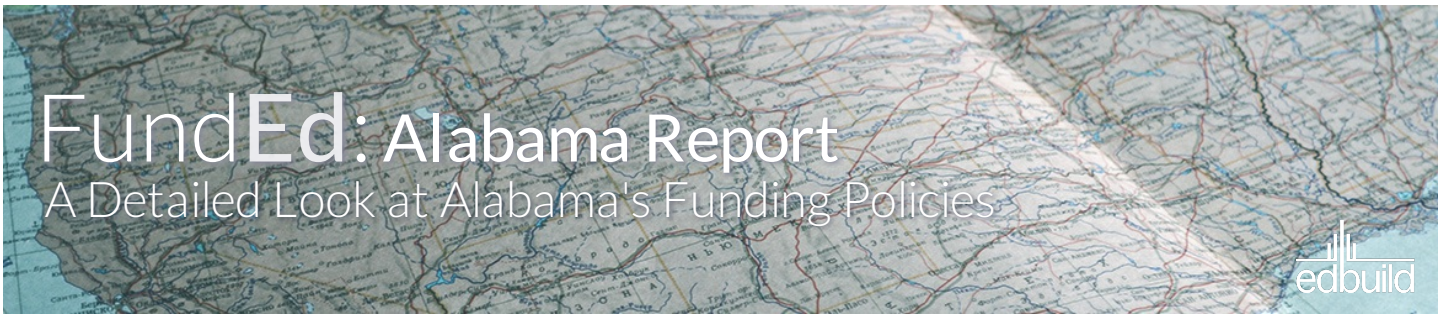


Alabama

Funding Basics

Formula Type

Alabama has a primarily resource-based funding formula. It determines the cost of delivering education in a district based on the cost of the resources, such as staff salaries and course materials, required to do so. The categories of students considered in Alabama's funding policy are students in certain grade levels, English-language learners (ELLs), students from low-income households, students identified as gifted, and students enrolled in career and technical education (CTE) programs.

Alabama expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values. Districts are permitted to raise and keep additional local revenues for regular district operations.

Alabama considers specific grade levels in the allocation of funding for staff costs. A supplemental, flat dollar amount is provided for students from low-income households. Services for English-language learners, students identified as gifted, and some CTE services are funded through program-specific allocations.

Base Amount

The state of Alabama uses a resource-based funding formula and therefore does not use a base per-student amount as the basis for its funding.

Local Revenue

Expected Local Share

Alabama expects school districts to contribute revenue to the funding of public schools. The amount each district is expected to raise for its education costs is based on property values. Each district is expected to contribute $10.00 for every $1,000 of assessed local property wealth for the purpose of funding its schools.

Once the state calculates the total amount of funding necessary to educate students within a district, it subtracts the expected local contribution and gives the difference in the form of state education aid.

Property Tax Floors and Ceilings

Alabama sets a floor for local property tax rates, as well as a ceiling, above which voter approval is required. Though school districts in Alabama do not directly impose property taxes, local counties or cities, as appropriate, are required to levy at least $10.00 for every $1,000 of assessed local property wealth for school funding, or the equivalent from other local sources (see "Other Local Taxes for Education" for a description of these taxes).

Counties and special school tax districts in Alabama may levy several types of local property taxes, totaling $15.00 for every $1,000 of assessed local property wealth. Each tax is limited by the state constitution and must be approved by voters in a referendum. Counties, municipalities, and other taxing authorities may increase the rate beyond totaling $15.00 for every $1,000 of assessed local property wealth if they adhere to one of several processes. There are three processes for levying increased property taxes through constitutional amendments and one process that does not require a constitutional amendment. The constitutional amendment processes involve (1) a general constitutional amendment approved by three-fifths of both houses of the legislature and the majority of voters in a statewide referendum; (2) a locally applicable constitutional amendment approved by three-fifths of both houses of the legislature and the majority of voters in a statewide referendum; or (3) a locally applicable constitutional amendment approved by three-fifths of both houses of the legislature, by a unanimous vote of the Local Constitutional Amendment Commission, and by the majority of voters in the affected county in a referendum. Local authorities may also increase existing taxes without a constitutional amendment if they approve an increase at a public hearing, the legislature passes a locally applicable law authorizing the increase, and a majority of local voters approve the increase in a referendum.

Counties or cities that fail to levy the required $10.00 per $1,000 of assessed local property wealth for education will see their state education aid reduced commensurately.

Other Local Taxes for Education

School districts in Alabama may receive local revenue from property taxes and from other taxes. These include county and municipal franchise, excise, and license taxes designated for education and county and municipal sales and use taxes that are not specified for education.

School districts in Alabama do not directly impose taxes. Counties and municipalities may impose a local property tax as well as a franchise, excise, and license tax for education. Both counties and municipalities may impose sales and use taxes, though they are not legally specified for education. Moreover, counties and municipalities may impose taxes on malted beverages, a set portion of which will be used for education.

Student Characteristics

Grade Level

Alabama provides different levels of funding for students in different grade levels through its resource-based formula, which assigns student-to-teacher ratios to four different grade spans and provides funding for teacher positions accordingly.

The state assigns a student-to-teacher ratio of 14.25 to 1 for grades K-3, 20.43 to 1 for grades 4-6, 19.70 to 1 for grades 7-8, and 17.95 to 1 for grades 9-12. These ratios determine the number of teaching units to which a district is entitled. Principals, assistant principals, guidance counselors, and librarians are also assigned to elementary schools in accordance with student-to-staff ratios that differ from those used for middle and high schools. Once all staff units are calculated for a district, with grade-level variation considered, the units are converted into dollar amounts using a salary matrix that considers staff training and experience; also included are smaller per-unit additions for staff benefits, classroom materials, and other expenses. These amounts form the basis of districts' state education funding.

English-Language Learner

Alabama provides increased funding for English-language learners (ELLs). It does so through a program-based allocation that is distributed to districts based on the number of ELLs they serve, adjusted to account for schools and districts with higher rates of ELL enrollment.

Alabama appropriates funding annually for the English Language Learners Program. This appropriation is divided among school districts in proportion to their count of ELLs. For districts where fewer than 10% of students are ELLs and no individual schools within the district enroll more than 20% ELLs, the actual count of ELLs is used. For districts where 10% of students or more are ELLs, the district's ELL count is increased by a factor of 1.5 for the purpose of this funding calculation. For districts where fewer than 10% of students are ELLs but individual schools within the district enroll more than 20% ELLs, those schools' ELL counts are increased by a factor of 1.5 for the purposes of their district's funding calculation. In FY2021, the state appropriated $14.16 million for this program.

Students eligible to receive funding though this program are those for whom English is not their native language and thus need assistance to become proficient in reading, writing, and speaking English.

Poverty

Alabama provides a small amount of increased funding for students from low-income households. It does so in the form of a prorated allocation for a calculated number of eligible students.

The number of students eligible for this funding is based on a calculation that considers both economic and academic factors. The percentage of district students eligible for free or reduced-price lunch under the National School Lunch Program is averaged with the percentage of students scoring "not proficient" on state exams. This average percentage is applied to the district's student count to determine the number of students eligible to receive a share of the funds appropriated for this allocation.

For FY2021, the state legislature appropriated $19.57 million for this purpose, amounting to $53.09 per eligible student.

Special Education

Alabama does not provide specific, increased funding for special education.

To calculate potential special education personnel costs, the state applies a multiplier of 2.5 to 5% of each district's total enrollment to generate assumptions about the number of staff positions needed to support special education programs. However, this calculation is intended only to provide guidance to districts about likely special education staffing costs; it does not generate additional staff funding that districts may use for special education.

Gifted

Alabama provides increased funding for gifted and talented students through two program-based allocations: one automatic allocation and one competitive grant.

The state budget sets aside money to support gifted and talented students throughout the state. In FY2021, the state appropriated $3.85 million for this purpose: $3 million of the appropriation was provided in amounts proportional to each district's average enrollment and its count of identified gifted students. The remaining $825,000 was allocated for competitive one-year grants for public schools to develop or continue gifted and talented programs.

Career and Technical Education

Alabama provides increased funding for career and technical education (CTE) programs through three program-specific allocations.

The state provides funding for CTE program operations and maintenance and for the Career Tech Initiative, which includes funding for career coaches as well as specific programs, such as agribusiness education and culinary and hospitality training. The state also provides funding for dual enrollment programs. In FY2021, the state allocated $5 million for CTE program operations and maintenance, $8.33 million for the Career Tech Initiative, and $18.12 million for dual enrollment programs.

Additionally, to calculate potential CTE personnel costs, the state applies a multiplier of 1.4 to 7.4% of each district's seventh- and eighth-grade enrollment and a multiplier of 2.0 to 16.5% of each district's high school enrollment to generate assumptions about the number of staff positions needed to support CTE programs. However, this calculation is intended only to provide guidance to districts about likely CTE staffing costs; it does not generate additional staff funding that districts may use for CTE programs.

District Characteristics

Concentrated Poverty

Alabama does not provide increased funding for districts based on the concentrations of students from low-income households. However, Alabama does provide a small amount of funding for individual students from low-income households. For more information, see "Poverty."

Sparsity and/or Small Size

Alabama does not provide increased funding for sparse districts or for small schools or districts.

Charter Funding

Funding for charter schools in Alabama is calculated based on a formula similar to the one used to calculate funding for traditional public schools.

Like traditional public schools, charter schools are funded using a resource-based formula that determines the cost of delivering education based on the cost of the resources required to do so. For each student, charter schools receive state funding that reflects any additional funding generated by students in special needs categories. School districts may also share funding for gifted and talented programs and for career and technical education programs in accordance with rules adopted by the state department of education.

Charter schools in Alabama receive a share of local tax revenue. For each student, charter schools receive from the district(s) where their students reside the share of local tax revenue that would have been allocated for that student by the district(s) of residence, not to exceed the per-student value of $10.00 per $1,000 of taxable value in the district.

For a complete list of primary sources, please see the appropriate state page at funded.edbuild.org