

# FundEd: Alabama Report

## A Detailed Look at Alabama's Funding Policies



## 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 state does not provide supplemental funding to cover the additional cost of educating other specific categories of students. However, Alabama considers specific grade levels, students with disabilities, and students enrolled in career and technical education (CTE) programs in the allocation of funding for staff costs. Services for 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 its 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 provides 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 level above which voter approval is required. Though school districts in Alabama do not directly impose property taxes, counties 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 of these taxes are 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 impose by a vote of the taxing authority, a local act passed by the state legislature, and majority voter approval in a local referendum.

## 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 which 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. In particular, both counties and municipalities may impose sales and use taxes, though these 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.

## District Characteristics

### Grade Level

Alabama provides different levels of funding for students in different grade levels. It does so through its resource-based formula by specifying different student-to-teacher ratios for four different grade spans, and providing funding for teacher positions accordingly.

The state assigns a student-to-teacher ratio of 14.25 to 1 for grades K-3; 21.43 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, and guidance counselors are also assigned to elementary schools in accordance with different student-to-staff ratios than they are to middle and high schools. Once all staff units are calculated for a district, with grade-level variation taken into account, the units are converted into dollar amounts using a salary matrix that considers staff training and experience. These amounts form the basis of districts' state education funding.

### English-Language Learner

Alabama does not provide increased funding for English-language learners.

### Poverty

Alabama does not provide increased funding for students from low-income households or for districts based on the concentrations of low-income students they serve.

### Special Education

Alabama funds special education using a census-based system, assuming that a set percentage of students in each district will require special education services and using each district's full enrollment count to determine the amount of special education funding required.

This is done within the framework of the state's broader education funding system, which distributes most of the state money in the form of funded teacher units. To account for the greater costs associated with educating special education students, Alabama assumes that 5% of students in each district will require special education services and multiplies that 5% of enrollment by 2.5 in the student count that is used to generate teacher units.

## Gifted

Alabama provides increased funding for gifted and talented students. It does so at an amount proportional to each district's total enrollment and through a competitive grant.

The state budget sets aside money to support gifted and talented students throughout the state. In FY2018, the state appropriated \$2.5 million for this purpose. The majority of the appropriation was provided to districts at an amount proportional to districts' enrollment and share of gifted students. Of the appropriation, \$750,000 was used for competitive two-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. It does so in three ways: by applying multipliers to inflate the student count used to generate funding for secondary staff units; by funding salaries for dedicated CTE program staff; and through a program-specific allocation.

To account for CTE program 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. This generates additional staff funding that districts may use for CTE programs. The state also funds Career Technical Education Directors and Career Technical Education Counselors for each school district and provides separate funding for CTE program operations and maintenance.

In FY2018, the state allocated \$5 million for CTE program operations and maintenance.

## Sparsity and/or Small Size

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

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

