

12. THE FOUNDATION PROGRAM IN ALABAMA

Introduction

The development of a state school finance aid program happens over time and varies according to the many unique circumstances of a state's political, social, and economic history. Many types of state aid programs have thus come into existence over time. There are many ways to accomplish the same end for children: access to substantially equal educational programs based upon the need of the individual. Understanding the importance of the Foundation Program enacted by Alabama in 1935 requires an understanding of the various types of state aid programs which have been defined and categorized.

Types Of State-Aid Programs

There are many ways to provide state aid for public schools. Each state has developed its own particular process which is consistent with the state's local tax structure, economy, and social and political history. These range in a continuum from plans which are designed to promote inequity to those which are designed to promote equity. Those states which rely heavily on local revenues raised from primarily ad valorem taxes tend to be the most inequitable while those relying more heavily on state revenues tend to be more equitable. This continuum from inequity to equity is shown in **Figure 12-1, Fiscal Equalization Continuum: State Aid Programs**. Alabama's schemes of financing schools through six constitutions have contained elements of all types.

Nonequalization Grant

The most inequitable way to finance schools would be for the legislature to appropriate funds to specific schools or school systems without regard to the number of students, student need, or local funds available. Such a program would be a **nonequalization grant**. An example today of this would be the case where through the influence of politics one specific school site or school system receives an appropriation from the legislature that is not also provided to other school sites or systems. The so-called Community Service Grants appropriated for FY 1998-99 by the Legislature would be an example of this type of grant.

Matching Grant

The next type of program is the **matching grant**. In this case the legislature makes available across-the-board a restricted grant to a local public school site or system if the local unit can provide the matching funds. An example of this has been the tradition of paying fringe benefits for "locally funded employees" on-behalf by the state. If a local unit had access to sufficient local revenues to hire an additional teacher, the state makes a financial contribution--that is they provide a matching grant. A local unit without necessary

resources cannot receive the matching grant because the required local spending to participate cannot be made. The reason is the money simply isn't there.

Flat Grant

The next type of program is the **flat grant**. In this program the state provides a specific rate per unit (building or student). Obviously, the fairest way would be the per student basis, perhaps measured in average daily membership. However, neither local tax effort or ability, nor needs of students are included in the determination. A common application of this program has been in the historic allocation of state bond issues (APSCA) in which first a flat amount is allocated to each local school system and a flat amount allocated on a per student basis. The 1998 APSCA issue is an example of a per student (ADM) allocation, a flat grant award.

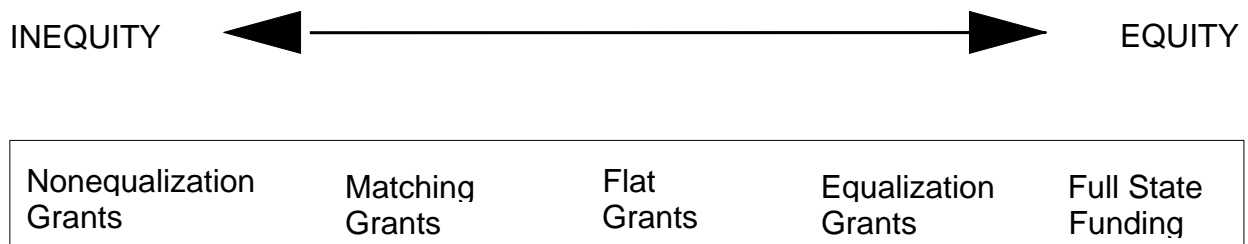
Equalization Grant

The next type of program is the **equalization grant** which provides state aid based upon local fiscal capacity, local fiscal effort, and/or local needs of students. It can incorporate both horizontal and vertical equity. Examples of this type of state aid would be a foundation program or a guaranteed tax yield program, both of which were created in the 1995 finance reform package. The fact that an equalization grant exists, however, does not guarantee that it meets an acceptable standard of equity. Determining just what is equitable requires the imposition of some external standard of measure. The fact that a program is an equalization grant does not insure that the degree of equity obtained is that desired.

Full State Funding

Of course the most equitable program would be **full state funding**. Of the fifty states, Hawaii uniquely practices this type of aid program. If there were no local revenues, a flat grant from the state would become extremely equitable. And if the grants were variable based upon student needs only (special education, transportation, etc.), it would be the most equitable program possible. While Alabama has traditionally relied little on locally collected taxes, a full-state funding system would deny some local systems almost as much local funding as they now receive from the state.

Figure 12-1
Fiscal Equalization Continuum: State Aid Programs

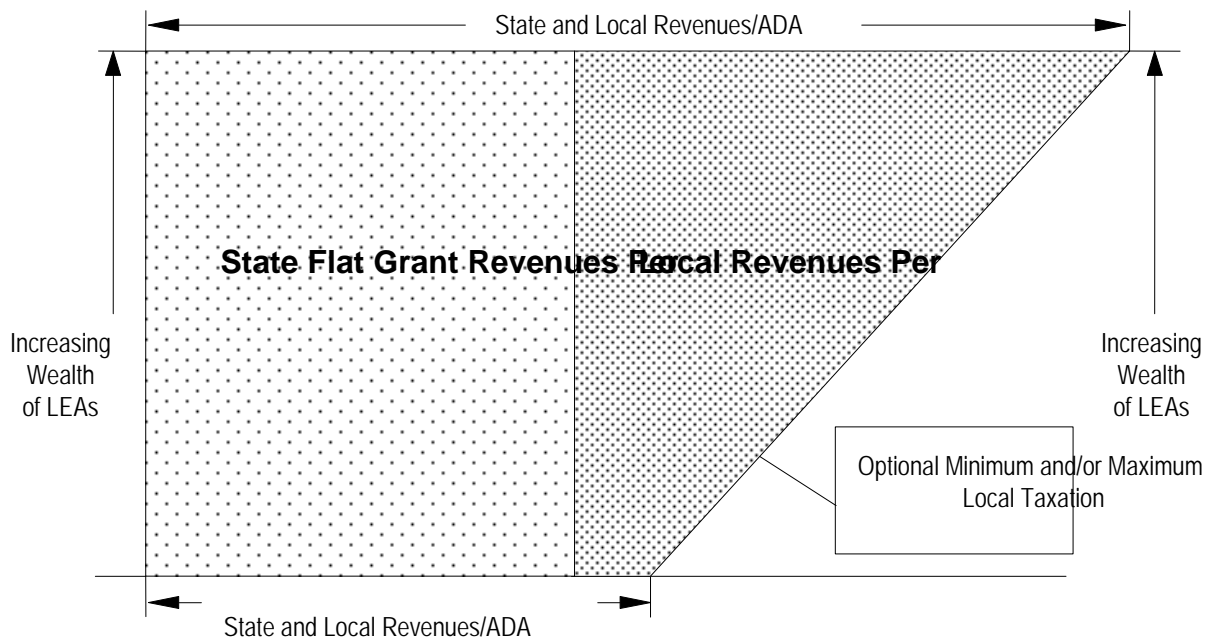


A Foundation Program as a Flat Grant Program: Alabama’s Experience

In providing for state financial aid to the school systems of a state, the simplest concept is that of a flat grant, an equal apportionment per scholar, per student, or per child. The Public School Fund--a three-mill statewide ad valorem tax with some other minor revenue sources--functioned as a flat grant under the provisions of Section 256. This fund was to be divided among the various school systems based upon a census or headcount of children between the ages of seven and twenty-one. The exception to the flat grant status was that local revenues available from sixteenth-section lands were to be considered in the allocation and equalized. As a defense to the plaintiffs in *Ace v. Hunt*, Governor Hunt asserted that Alabama's school funding formulas were indeed a flat grant. The assumption was that the 1935 Foundation Program with the chargeback frozen in 1939 did operate as a flat grant program. What was not realized by the Governor was that the allocation of fringe benefits operated as a matching grant program. If what Governor Hunt believed were true, the state funding scheme in 1990 would operate as is found in **Figure 12-2, Diagram of Flat Grant Program.**

Figure 12-2

Diagram of a Flat Grant Program

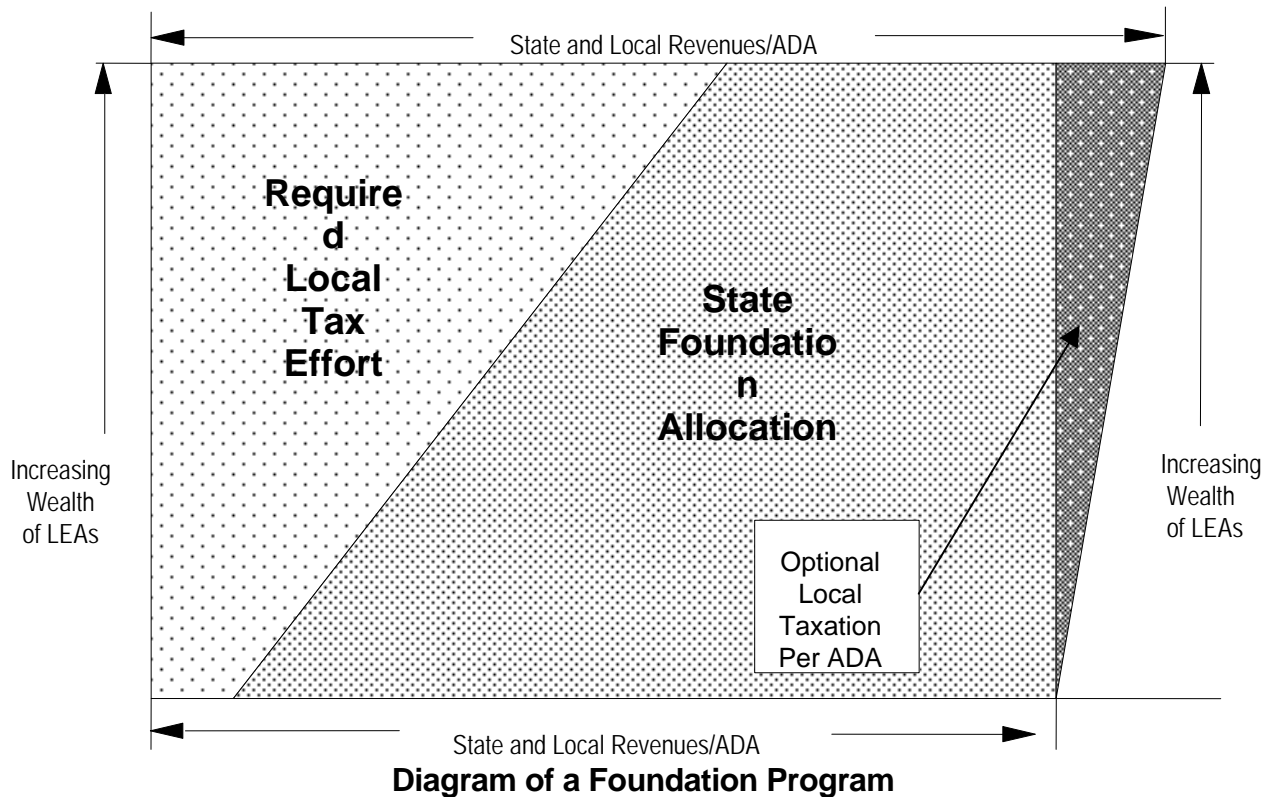


Characteristics of a Foundation Program 1935

However, a flat grant program will not provide fair funding in a statewide school system and would be inherently unequal. This was the claim of the plaintiffs who were successful in court showing that the state proactively allocated more state funds to a wealthy local school system than they did to a poor local school system. When local tax effort and fiscal capacity are ignored in the allocation of state aid, inequity results. A foundation program can solve this problem.

Alabama implemented the most modern program of state school finance in the United States in 1935 with the Alabama Minimum Foundation Program. A Foundation program is a type of state equalization aid program that guarantees a certain level of foundation funding for each student or group of students together with a minimum tax effort that each local school system must provide for the educational purposes of the Foundation Program. This is shown in **Figure 12-3, Diagram of Foundation Program**.

Figure 12-3



The difference between the foundation program funding and the locally raised revenue is the state contribution or state appropriation to the local school system. A foundation program is a state guarantee of equal access to a minimum level of revenues on a per pupil basis. However, the equity provided is limited by the relative amount of local revenues which are included in the calculation (Harvey, 1994, p. 4).

The state could fully fund this minimum level of revenue or it can impose upon local school systems a required local share or effort. The required local effort for a local school system depends on its wealth or tax capacity. Most foundation programs used the assessed value of property on a per pupil basis as the measure of local wealth. Thus, the required local effort is the amount of revenue raised from a property tax with a uniform statewide millage rate (US ACIR, p. 19). This is the pattern Alabama adopted in 1935 and consists of two steps. Step 1 is to calculate the costs necessary for each local school system to provide a minimum educational program. Step 2 is to subtract from each system's cost calculation for the minimum educational program the yield of 5.0 mills of local revenues. The yield of 5.0 mills was from the 7.0 mills of ad valorem tax required to be levied to participate in the Foundation Program. These 5.0 mills would be restricted local revenues to be spent for state purposes. The residual 2.0 mills would be available to local boards of education as unrestricted local revenues for local purposes.

The amount of state aid that a local school system would receive is calculated generally as follows:

$$S_{\text{state}} \times N_{\text{umber}} = (F_{\text{oundation}} \times N_{\text{umber}}) - (r_{\text{ate}} \times V_{\text{aluation}})$$

where:

- S** = the level of state aid per pupil;
- N** = the number of pupils;
- F** = the foundation level of revenue per pupil;
- r** = the tax rate that each system must levy; and
- V** = the total value of property in the school system.

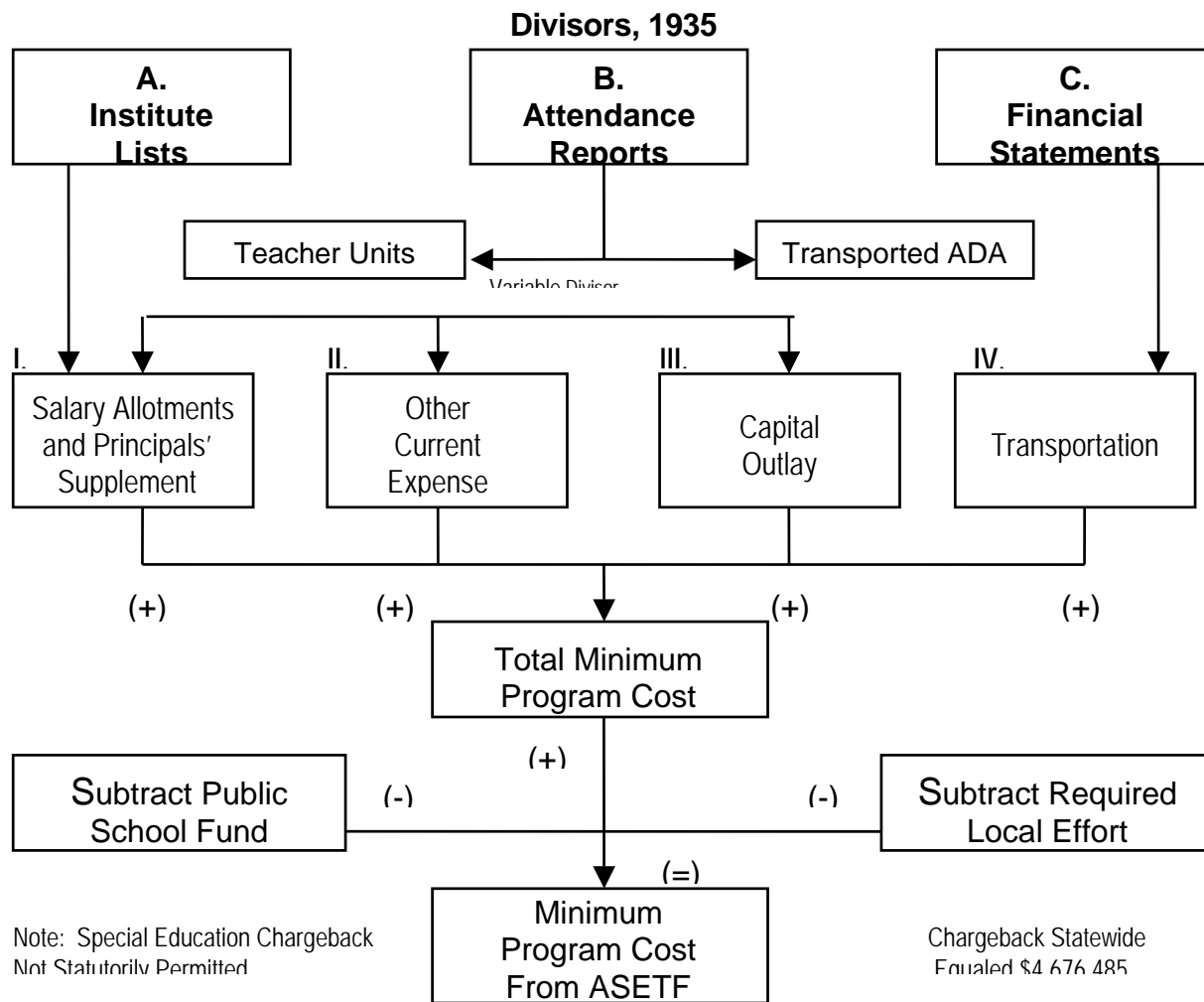
Because the state contribution equals the difference between the foundation program guarantee and the required local effort (or share), state aid is greater for less wealthy school systems where the uniform local tax produces less revenue. Conversely in a relatively wealthy local school system, where the required local effort produces substantial local revenues at the same tax rate, the state share is much less on a per pupil basis. This result is horizontal equalization or compensation for differences in local tax capacity to make student services equal (ACIR, 1990, pp. 20, 42).

Another consideration in funding is taxpayer equity: for the same tax rate across the state, students have access to nearly equal amounts of funding. This prevents some wealthy local school systems from producing a large amount of local revenue from a relatively low tax effort and some relatively poor local school systems from having to make a substantially larger local tax effort and actually producing very little local revenues. If taxpayers in a relatively poor school system are willing to make a large tax effort, then their effort should be equalized. This would have been a minor issue in 1935 as five mills of the required seven mills was equalized. However, it became a very large issue as both additional millages and types of taxes were authorized.

The Alabama Minimum Foundation Program, 1935

The Alabama Minimum Foundation Program was approved by the Legislature in 1935 to provide a minimally adequate education opportunity for all students in Alabama. It was based upon the concepts described above. One variation, however, was the determination of costs (or guarantee of funding) on the basis of teacher units rather than the pupil unit. Allocation by a teacher unit basis simply means that the cost per student is multiplied by the number of students a teacher unit is expected to serve. This results in a teacher unit divisor. If the divisor is one teacher unit for each 28 students, then each student's cost would be 1/28 of the cost of the teacher unit. The advantage of the teacher unit basis is that it accurately allows the state to determine the amount of funding necessary to support one teacher in a classroom (based on cost factors) for the number of students (class size) the state deems acceptable. This is shown in **Figure 12-4, Calculating the 1935 Minimum Foundation Program.**

Figure 3-4
Calculating the 1935 Minimum Foundation Program



As shown in Figure 3- 4, the Alabama Minimum Foundation Program computed costs on the teacher unit basis with one teacher unit allowed for each 28 students in average daily attendance (ADA). A teacher unit cost included much more than just the salary. The State Board of Education was statutorily authorized to adjust this divisor up or down nominally for certain conditions such as sparsity of population. This could occur when a local school was so remote as to have few students; however it needed a teacher even if there were fewer than 28 students in ADA. This was, and is, an effective adjustment for problems associated with school size, whether caused by sparsity, geographic isolation, or density, or even the educational needs of students.

Cost Factors, 1935

Each school system's earned cost after adjustment for class size basically could be calculated as an amount per student. However, the teacher unit basis proved preferable as it consolidates funds for (1) salaries, (2) funds for support services entitled "other current expense," and (3) funds for capital outlay. These costs were originally calculated at the countywide level as the 1935 Foundation Program did not differentiate for those city school systems within a county. The county board of education was the fiscal agent for the educational program of the entire county and required to distribute both state funds and local county revenues in an equitable fashion. Funds were also provided for (4) transportation. Since all counties operated a transportation system and since the allocation was countywide, it made good sense to include transportation in the Foundation Program calculation. However, when the practice began of allocating funds to city school systems directly from the state in 1969, many provisions for the allocation of funds on a countywide basis did not change.

Required Local Effort, 1935

The determination of the required local share or tax effort in the 1935 statute by assessed valuation alone made sense when the ad valorem tax was the most common, and sometimes only, revenue source available at the local level. Since the required local taxation was 7.0 mills, and the required local effort or chargeback was 5.0 mills, each local school system's contribution was one-half of one percent of total assessed state valuation. This was the calculated index of wealth in 1935, the Assessed Valuation Index. Simply, each counties' share of the total state taxable wealth of 5.0 mills or one-half of one percent of total assessed state valuation was considered as being available for the state purposes of the Foundation Program. The additional 2.0 mills required to be levied (additional required local taxation) were available for local educational purposes to supplement the bare minimum educational program described by the state.

The formula for Alabama in 1935 would appear as follows:

$$\mathbf{S}_{\text{state}} \times \mathbf{N}_{\text{umber}/28} = (\mathbf{F}_{\text{oundation}} \times \mathbf{N}_{\text{umber}/28} - (\mathbf{r}_{\text{ate of 5 mills}} \times \mathbf{V}_{\text{aluation}}) + \mathbf{T}_{\text{ransportation}}$$

where:

- S** = state aid per teacher unit (sum of cost factors)
- N** = number of pupils in ADA divided by 28
- F** = foundation level of revenue guaranteed per teacher unit
- r** = mandatory local tax rate
- V** = assessed value of property in the county; and
- T** = reimbursement for state approved transportation system.

It is important to note that the assessment ratios actually used in 1935 were larger than today. In addition abatements and exemptions were not a practice in 1935.

1935 Foundation Program Amended, 1939

Only two major amendments were made to the Alabama Minimum Foundation program in its 61 year life. The first was in 1939. The effects of the Depression of 1929 and gamesmanship by local county officials resulted in the total assessed valuation of the state actually falling. Both financial difficulties and deliberate actions of county assessors were causes. One outcome was that the total amount or local share charged back to the counties was declining and the state was forced to pick up more of the cost of the minimum program. Another outcome was that some counties began to deliberately understate their assessed valuation and thus their required local effort would be less.

The state corrected for these two problems in 1939 by freezing the required local effort statewide at \$4,676,485 million to prevent further erosion at the local level and by creating a new wealth index which measured the wealth of counties in terms of an additional six variable indices of the countywide economy. Then the new Economic Index was averaged with the Assessed Valuation Index to create the Average Index. That was an attempt to correct with the statistical procedures available at the time for the fraudulent decline in property values in certain counties.

1935 Foundation Program Amended by Smith Bill, 1987

The second major amendment did not occur until 1987. Representative Jim Smith of Huntsville passed legislation that changed the divisor from a single calculation of 28 to 1 for all grades to a variable divisor dependent upon the grade level. In this change, the lower grades were fully funded for fewer students with a lower divisor, the middle grades with a larger divisor, and the upper grades again with the largest divisor. The new divisors are shown in **Table 12-1**. The intent was to acknowledge different educational needs of pupils by grade and to provide differing levels of funding, vertical equity.

This change in divisors of the 1935 Foundation Program was to be phased-in by Fiscal Year 2000. The number of new teacher units to be added by this phase-in was estimated at nearly 7,200 by the State Department of Education. The categorical aid teacher unit programs for special education and vocational education would continue to be appropriated in addition to these new teacher units. In addition, no calculation was included for a chargeback which would enroll some local teacher unit currently funded through local funds into the 1935 Foundation Program. In fact, local boards of education were prohibited by law from reducing the number of locally funded teacher units (*Code of Alabama, 1975, Section 16-13-52.1*). In addition, the maximum class size in grades K-4 was set at 25 students per teacher. No statement was made regarding class caps for grades five through twelve. This management decision was left to local control.

Table 12-1
Grade Divisors Provided for In Smith Bill

Grades	Divisor
Grades K-4	17 to 1
Grades 5-6	24 to 1
Grades 7-8	24 to 1
Grades 9-12	26 to 1

1935 Foundation Program Updates Not Considered

Amendments that were not made during the life of the Foundation Program included the following: (1) funding for fringe benefits (Social Security, teachers' retirement system, and health insurance), (2) other categorical programs funded in the annual appropriations bills and in separate statute (ex., personal and sick leave and instructional supply funds and textbooks); (3) unfreezing of the chargeback; (4) increasing required local taxation consistent with local taxation rates; (5) increasing required local effort; (6) modifying the wealth index to calculate individual school systems rather than counties as a whole; and (7) modifying the wealth index to reflect the actual tax base(s) utilized in the statewide public school system.

Summary And Conclusions

The 1935 Alabama Minimum Foundation Program as amended was repealed in 1995 and replaced with a new foundation program supported by the administration of Governor Fob James. This new foundation program was presented to the Legislature, the State Board of Education, local boards of education, professional education organizations, and citizens as a plan correcting the faults of the then current funding scheme and satisfying any court requirement which may exist under the equity funding lawsuit. In short, this new plan would solve any problems.

The 1995 Foundation Program retained most of the characteristics of the 1935 Foundation Program, and required funding equity through the use of a chargeback. In addition, equity in educational facilities were to be achieved through the redesignation of the Public School Fund as a guaranteed tax yield program for capital outlay. However, a provision of this redesignation allowed one half of the Public School Fund to be distributed as a flat grant program. The new plan assumed that the combination of the chargeback and the guaranteed tax yield program would in-and-of themselves define equity. No measure of equity was defined or applied. It was also assumed that upon phase-in of the new program, adequacy would be attained. No measure of adequacy was defined or applied.

Understanding the funding characteristics of the new 1995 Foundation Program and Categorical Aid Programs is facilitated by an understanding of the first foundation program in Alabama. Other funding mechanisms could have been considered; but the restricted

spending provisions developed over many years in Alabama which protect personnel salaries and benefits at the state level dictated that the solution to education funding problems must be some continuation of earlier policies. Significant favorable change was heralded by the 1995 Foundation Program. In addition to the 1935 Foundation Program, there were a large number of categorical aid programs to be considered.

Categorical Aid Programs, 1919-1995

Beginning in 1919, the Legislature initiated the practice of appropriating line items outside the general state financial aid program. These line items or categorical aid programs had the specific purpose of creating additional educational programs as an integral part of the statewide public school system. These programs came about for many reasons. As the federal government initiated new programs, they were implemented by the state as categorical aid. As fringe benefits for personnel over and above salaries, they became categorical aid. And as the Legislature identified new educational needs requiring state funding, they created line items or categorical aid programs for their funding. These categorical aid programs are fully identified in an Appendix will follows. Discussion of the development of the major categorical aid programs follows.

Vocational Education, 1919

Under the provisions of the Smith-Hughes Act approved by Congress on February 23, 1917, for the promotion of vocational education, matching grants on a dollar for dollar basis became available for Alabama. The legislature accepted the conditions of these grants in 1919 and began a state categorical aid program for vocational education.

This categorical aid program was continued by the legislature as an annual (beginning in 1975) appropriation to the State Board of Education for allocation to local boards of education. This program developed into a combination of teacher units and other funds for restricted vocational educational purposes. This categorical aid program was included in the equity pool funded by the legislature for FY 1994-95. The funding for this program was deleted as a categorical aid program in FY 1995-96 as it was absorbed into the 1995 Foundation Program. Its funds are imputed to be contained within the allocation of teacher units by divisors for the affected grade levels. No direct identification of these funds currently exists in the annual education appropriations bill. However, funds which are appropriated as teacher units carry restrictions of spending in the amounts provided for salaries, fringe benefits, and classroom instructional support. This restriction may limit a local board's opportunities to provide alternative or innovative program services.

Teachers' Retirement System, 1939

The legislature in 1939 passed enabling legislation for the Teachers' Retirement System of Alabama. This system was established on September 1, 1941, by a

proclamation of the Governor. The term “teacher” was defined to include any employee of any public school or public college. The legislature made an annual appropriation directly to the Teachers' Retirement System to cover the estimated cost of the employers' funding of the program. The fact that the appropriation was estimated meant that the state was obligated to fund whatever the actual costs were for the covered employees. This was a categorical aid program paid on behalf of local school systems and other covered agencies and institutions. As all employees were funded, each agency or institution with eligible employees funded from federal resources reimbursed the ASETF (now ETF) for the employer cost of these federally funded employees which had been paid on behalf.

The legislature in 1995 amended the process by which the state funds the employer cost by abandoning the direct appropriation to the Teachers' Retirement System (TRS). Instead, each eligible agency or institution received a supplement to their base state appropriation from the Education Trust Fund for the purpose of providing for an employer cost contribution from each of these agencies or institutions directly to the TRS. This change required that each local agency or institution provide for the employer cost of all its employees, including an amount in the rate structure for funding the Cost of Living Allowances (COLAs) provided by the legislature over and above the eligible retirees' earned benefit.

Federal Insurance Contributions Act (FICA); Social Security, 1954

In 1953, the legislation was approved which allowed the state to pay the employer's contribution for the Federal Insurance Contributions Act (FICA), better known as Social Security for education employees who were members of the Teachers' Retirement System. In accordance with *Public Law 761*, and by a referendum of employees approved December 10, 1954, membership was approved.

The state thus made a direct appropriation to the State Social Security Agency on behalf of the eligible membership of the Teachers' Retirement System. This meant that all employees were covered by the state appropriation, irrespective of the source of their salary funding. Local agencies and institutions would then reimburse the state (the ASETF) for those employees funded through federal sources.

This funding procedure continued until 1988 when a change in federal law required the end of funding on behalf and the direct funding by agencies and institutions for Social Security (FICA). To accommodate this funding change, a new line item appropriation began to local boards of education which would allow them to submit funding directly to the Federal Social Security Agency for all employees. This procedure remained as a direct categorical aid funding program until the state education funding program was revised in 1995 and the categorical funding incorporated into the 1995 Foundation Program.

Exceptional Children (Special Education), 1955, 1971

The legislature passed major legislation in 1971 known as the Alabama Exceptional Child Education Act which required that each school board provide not less than 12 consecutive years of appropriate instruction and special services for exceptional children. The legislature began a categorical funding package for this purpose consisting of a line item for teacher units as funded through the Minimum Foundation Program and a line item for unrestricted funds, Special Education Continuation Funds, which could be used for any purpose facilitating the education of exceptional children.

The new foundation program approved by the legislature in 1995 absorbed the teacher units previously appropriated by incorporating them into the grade level divisors. Thus, special education teacher unit funding ceased to exist as an identified entity as all local school systems were expected to have the same incidence of special education needs. The unrestricted funds for special education purposes were included in the imputed divisor reduction to accommodate the education of exceptional children. However, funds which are appropriated as teacher units carry restrictions of spending in the amounts provided for salaries, fringe benefits, and classroom instructional support. This restriction may limit a local board's opportunities to provide alternative or innovative program services.

Public Education Employees' Health Insurance, 1974, 1984

The legislature began in 1974 a direct categorical aid program to local boards of education to assist in the purchase of health insurance for education employees. In 1983, the legislature created the Public Education Employees' Health Board to administer a state health insurance program for education employees. Covered in the program initially were all education employees in any public institution of education providing instruction in any combination of grades K-14 and under the auspices of the State Board of Education or the Alabama Institute for the Deaf and Blind. Also included were any persons receiving a monthly benefit from the Teachers' Retirement System.

For the Fiscal Year 1983-84, the legislature began making a direct appropriation to the governing board to pay the employer cost on behalf of health insurance for all eligible employees. This began an indirect categorical aid program for public schools. The amount per employee was stated in the annual education appropriation bill and was covered into the Public Education Employees Health Insurance Fund. Local agencies and institutions submitted the employee cost for individual coverage and such additional costs for additional coverage(s) as may be appropriate to the Fund. The employee's cost for retirees is deducted from the retirement benefit and deposited to the Fund. The total cost for employees paid through federal funds (the employer cost and the employee premium) were paid directly on a monthly basis by the employer to the Fund.

Beginning with Fiscal Year 1995-96, the employer cost payment changed from an on behalf to a direct payment method. Included in each agency or institutions annual state appropriation was an amount for the purpose of paying employer costs per each employee.

Premiums thus required to be paid by the employer directly together with any premiums deducted from employees' compensation are paid to the Fund of the first day of each month. Thus, all employees' costs have come to be paid as those of federally funded employees were previously paid.

Education Employees Leave, 1974

The legislature began in 1974 to provide funding for both teacher and support personnel sick leave and personal leave. This leave for support personnel was provided for by statute as a categorical aid program; teachers were provided for by a categorical aid program in the annual education appropriations bill without separate statutory authorization. These funding programs were discontinued as categorical aid in the annual education appropriations bill in 1995 and included in the new foundation program.

Additional Teacher Units, 1974

In order to address certain educational needs identified as priority by the legislature, additional teacher units outside the Minimum Program were appropriated. In addition to Vocational and Special Education Teacher Units, the legislature funded Driver Education Teacher Units, Kindergarten Teacher Units, Reduce Ratio in Grades K-6 Teacher Units, and Support Teacher Units to achieve the intended purpose. These were targeted categorical aid funds. These various types of teacher units were absorbed into the new foundation program in 1995 by being included in the reduced divisors by grade level. The divisors would be lowered over three fiscal years to incorporate the financial impact of increasing the chargeback. However, these divisors in the first year of the 1995 Foundation Program did accommodate these additional teacher units.

Instructional Support Aid, 1976

Over time, the legislature began the practice of appropriating funds for special categorical purposes to assist instruction. Examples of this included Funds to Replace Fees, Teachers' Free Time, Funds for Instructional Supplies, and Math and Science Equipment. All of these categorical aid programs were absorbed into the new foundation program in a new cost factor entitled "instructional support."

The Smith Bill, 1987

The legislature enacted a provision to reduce class size in 1987 to change the divisors in the 1935 Foundation Program. As a result of the phase-in of these new divisors by grade over time, the result was that some teacher units were appropriated as a new line item for the purpose of reducing class size. The intent was that all of these units would eventually be appropriated under the 1935 Foundation Program. These divisors

disappeared with the repeal of the 1935 Foundation Program. However, the 1995 Foundation Program as phased-in with reduced divisors over three years did not generate the number of teacher units as would have been earned with the full phase-in of the Smith Bill.

Appendices To Follow

12. THE FOUNDATION PROGRAM IN ALABAMA

**Appendix 12-1 State Apportionment Procedures for Public Schools for FY
1993-94**

**Appendix 12-1
 State Apportionment Procedures for Public Schools for FY 1993-94**

Financial Program and Line Items of Appropriation	Basis of Apportionment
I. Financial Assistance Program Allocation Based Upon Number of Students 1. Public School Fund 2. Minimum Foundation Program	Based upon 1978 School Census Based upon Average Daily Attendance
II. Financial Assistance Program to Local Boards A. Allocation Based Upon Number of Students 1. Additional Allocation for Special Education 2. Additional Elementary Teacher Units, Grades 3-6 3. Career Ladder Salary Increases for Tenured Teachers 4. Driver Education Teacher Units 5. Elementary Guidance Counselor Teacher Units 6. Kindergarten Teacher Units 7. Library Enhancement (K-12) 8. Maintenance 9. Special Education Teacher Units 10. Supportive Teacher Units 11. Teacher Aides 12. School Bus Capital Outlay 13. Vocational Teacher Units B. Allocation Based Upon Number of Employees 1. Classroom Instructional Supplies, Grades K-12 2. Kindergarten Instructional Supplies 3. Social Security - FICA 4. Support Personnel Personal Leave 5. Support Personnel Sick Leave 6. Support Salary Increases 7. Teachers' Personal Leave 8. Teachers' Sick Leave Reimbursement	Based upon Enrollment in Grades 1-12 Based upon Enrollment in Grades 2-6 Based upon State Teacher Units Based upon Enrollment in Grade 10 Based upon Average Daily Attendance in Grades 1-6 Based upon Average Daily Attendance in K Based upon Enrollment in Grades K-12 Based upon State Teacher Units Based upon Enrollment in Grades 1-12 + Childcount Based upon Defined State Teacher Units Based upon Average Daily Attendance in Grades K-12 Based upon units in service built before 1978 Based upon Formula Devised by SBE Based upon State and Local Teachers Based upon State and Local Teachers Based upon State and Local Teachers and Employees Based upon all Support Employees Based upon all Support Employees Based upon all Support Employees Based upon State and Local Teachers Based upon State and Local Teachers
III. Payments on Behalf A. Allocation Based Upon Number of Employees 1. Public Education Employees Health Insurance Board 2. Teachers Retirement System of Alabama 3. Unemployment Compensation	Paid on Behalf of all State and Local Employees Paid on Behalf of all State and Local Employees Paid on Behalf of all State and Local Employees
IV. Programs of State Department of Education 1. Textbooks 2. Adult Basic Education 3. Community Education	Based Upon Student Enrollment Based Upon Program Based Upon Program
V. Alabama Public School and College Authority 1. Proceeds of Bond Issues 2. Discretionary Funds and Accumulated Interest	Based upon Authorizing Legislation Discretion of APSCA (Gov., Fin. Dir., & State Supt.)