Description of the Formula

Foundation Program allocations based on teachers and instructional support staff earned as determined by the prior year ADM of students for the first 20 days after Labor Day. Allocations include salaries and benefits for teachers and instructional support staff, classroom instructional support materials, technology, educational media, professional development, textbooks, and other current expense funds based on the number of earned units. The Foundation Program allocations for each LEA consist of state funds and a local funding requirement determined by the value of 10 equivalent mills of ad valorem tax for the LEA.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

Instructional Unit Weights For Grade Level Differences

<table>
<thead>
<tr>
<th>Grades</th>
<th>Students per teacher unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grades K-3</td>
<td>14.5</td>
</tr>
<tr>
<td>Grades 4-6</td>
<td>21.85</td>
</tr>
<tr>
<td>Grades 7-8</td>
<td>20.20</td>
</tr>
<tr>
<td>Grades 9-12</td>
<td>18.45</td>
</tr>
</tbody>
</table>

Declining Enrollment or Growth
Use of prior year pupil count as floor, with current year growth in ADM earning additional teacher units.

Capital Outlay and/or Debt Service
Amount per student adjusted for wealth of LEA as determined by the value of 1 mill of ad valorem tax per student.

Transportation
Personnel positions, fuel, and non-salary costs are allocated based on the size of the operation. Funding for school bus purchases provided on a 10 year depreciation schedule.

Charter Schools
N.A.

**Student-Based Components**

**Special Education**
Some additional funding is provided for catastrophic expenditures and preschool special education. Grade divisors in the Foundation Program are adjusted to provide additional teaching units for special education. The grade level divisors are adjusted by a weight of 2.5 applied to 5% of ADM count.

**Low Income / Comp Ed / At-Risk**
Funding for at-risk students are calculated based on the number of free and reduced price lunch and the number of students scoring at lower levels of required tests

**English Language Learner/Bilingual Education**
State allocations for ESL students are provided according to the ESL student count in the prior year.

**Gifted and Talented Education**
Does not apply.

**Career and Technical Education**
No response

**Preschool Education**
Special Education students ages 3-4 are reported and funds allocated on a per student basis.

**Other**
State funds are also provided for school nurses, technology coordinators and Career coaches.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Property (ad valorem) taxes up to 15 mills are allowed by a vote of the citizens with a requirement that each school tax district provide a minimum of 10 mills of ad valorem tax. Ad valorem tax rates exceeding 15 mills require a constitutional amendment which usually requires an additional authorizing vote by the local citizens.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**
Class 1—Utilities used in business, 30%; Class 2—Property not otherwise classified, 20%; Class 3—Agriculture, forest, and residential, 10%; Class 4—Private passenger autos and pickup trucks, 15%.

**Measure of Local Ability to Support Schools**
The value of one mill of school district ad valorem tax is used to determine the value of ten equivalent mills required for participating in the Foundation Program.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
All school boards are required to approve a balanced budget after holding two public hearings. The budget must be approved by the State Superintendent of Education before it is considered an official budget. The State Superintendent may require changes to the school board budget before approval. School boards are required to approve a policy to establish and maintain a minimum of one-month’s operating balance.

School boards have no authority to levy taxes. All taxes must be levied by a county or city government. Sales taxes for schools are usually approved by a local government without a vote of the citizens. Ad valorem taxes may be approved by a municipal government without a vote of the citizens. County-wide and school district ad valorem taxes require a vote of the citizens. Sources of local revenue for schools are property tax (60%), sales tax (28%) and other (12%).

**State Support for Nonpublic Schools**
Limited to special education students.
Description of the Formula

The Foundation Formula for Alaska is based on enrollments following a 20-day count period ending the 4th Friday in October. State Foundation Program determines a "basic need" by adjusting the average daily membership [ADM] of each school, except correspondence, for school size. The total of all schools in the district is then multiplied by several steps: the area cost differential, 20% add-on for Special Education needs, 1.5% add-on for secondary vocational technical, and for those ADM that qualify for Intensive needs they are given a multiple of 13. Correspondence is then added on at 90% of its original count. The resulting adjusted ADM is then multiplied by the base student allocation as laid out in state statute to derive the "basic need" for each district. The state may consider P.L. 81-874 Impact Aid revenues at 90% of aid eligible for adjustment. Municipalities with taxing powers are required to provide their school district with the local contributions to assure the equivalent of 2.65 mils of the total assessed full value or 45% of prior year basic need, whichever is less. Local contributions have been capped to assure state compliance with federal Impact Aid disparity test.

District-Based Components

Density/Sparsity of Small Schools
The formula is weighted in favor of the small, isolated sites.

For each school in the district subtract from the ADM all correspondence counts. Adjust the remaining ADM of each school using the school size factor table.

1. A community with an ADM under 10:
   Added to the smallest school with an ADM greater than 10.
2. A community with an ADM from 10 - 100:
   Grades K-12 ADM combined and adjusted once, adjusted as one school.
3. A community with an ADM from 101 – 425:
   ADM for grades K-6 and 7-12 are adjusted separately; adjusted as two schools.
4. A community with an ADM greater than 425:
   Each facility administered as one school, counted as one school,
   ADM is adjusted as one school.
<table>
<thead>
<tr>
<th>Reference:</th>
<th>School Size:</th>
<th>Formula:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>10-19.99</td>
<td>39.60</td>
</tr>
<tr>
<td>2.</td>
<td>20-29.99</td>
<td>39.60 + (1.62 * (ADM - 20))</td>
</tr>
<tr>
<td>3.</td>
<td>30-74.99</td>
<td>55.80 + (1.49 * (ADM - 30))</td>
</tr>
<tr>
<td>4.</td>
<td>75-149.99</td>
<td>122.85 + (1.27 * (ADM - 75))</td>
</tr>
<tr>
<td>5.</td>
<td>150-249.99</td>
<td>218.10 + (1.08 * (ADM - 150))</td>
</tr>
<tr>
<td>6.</td>
<td>250-399.99</td>
<td>326.10 + (.97 * (ADM - 250))</td>
</tr>
<tr>
<td>7.</td>
<td>400-749.99</td>
<td>471.60 + (.92 * (ADM - 400))</td>
</tr>
<tr>
<td>8.</td>
<td>Over 750</td>
<td>793.60 + (.84 * (ADM - 750))</td>
</tr>
</tbody>
</table>

**Grade Level Differences**
Does not apply.

**Declining Enrollment or Growth**
Enrollments have seen an increase of 18% since 1990.

**Capital Outlay and/or Debt Service**
State reimburses municipalities up to 70% of debt service costs for pre-approved construction projects over $25,000. Direct construction appropriations are made for schools outside organized municipalities.

**Transportation**
State reimburses districts through a grant process on a per-child cost basis. The per-child costs are multiplied by the ADM to derive the grant amount. The grants are disbursed in three installments throughout the fiscal year and funded separately from the foundation program.

**Charter Schools**
Charter Schools are included in the formula.

**Student-Based Components**

**Special Education**
Vocational education, special education (except intensive special education), gifted/talented education, and bilingual/bicultural education are block funded. A district must file a plan with the department indicating the special needs services that will be provided, Section 14.17.420(2)(b), to qualify for special needs funding.

**Low Income / Comp Ed / At-Risk**
Does not apply.

**English Language Learner/Bilingual Education**
Bilingual/bicultural education is block funded in the foundation program.
Gifted and Talented Education
Gifted/Talented education is block funded in the foundation program.

Career and Technical Education
Career and Technical education is block funded in the foundation program.

Preschool Education
Only Preschool students that have an active individual education plan are funded in the foundation program.

Other
N/A

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Foundation program caps local contribution to the equivalent of two mills of the full assessed values or 23% of current year basic need and those state funds disbursed based on adjusted average daily membership, whichever is greater. Local contributions are capped to assure state compliance with the federal Impact Aid disparity test.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Full and true value of real and personal property, and property used for gas and unrefined oil production and transportation.

Measure of Local Ability To Support Schools
The equivalent of a 2.65 mills tax levy on the Full and True Value of the taxable real and personal property in the district not to exceed 45% of the district's Basic Need for the preceding fiscal year.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
School districts cannot tax. Local revenue sources include municipal appropriations, interest earnings under school district control, municipal “in-kind” services, state tuition payments and 10% of federal impact aid eligible for adjustments by the state.

State Support for Nonpublic Schools
Does not apply.
Description of the Formula

*Education Equalization Formula:* The State Equalization Formula is the main frame for determining state funding to school districts and Charters. The formula serves two purposes, the state aid payment calculation and budget expenditure limit for districts. The Equalization Fund is used to standardize the amount of funding a school district receives to educate each student regardless of differences in property values among districts. It is made up of the following components:

- Base Support Level (BSL)
- Transportation Support Level (TSL)
- District Additional Assistance (DAA) formerly known as the Unrestricted Capital Outlay and Soft Capital Outlay.

*The lesser of districts support level or Revenue control limit:* this is the amount that is described as the general fund or the maintenance of operation fund, the budget expenditure limit for district is always the revenue control limit. This component is calculated using the weighted student count multiplied by the base level. The base level amount is set by state legislatures in the Arizona Revised Statutes equaling $3,373.11 for FY 2014-15. The weighted count is the outcome of the student count multiplied by certain weights set by the state legislature in statute, those weights vary contingent upon student count.

Student count for districts is defined as, as the prior year’s 100th day Average Daily Membership and for charters, as the current year’s 100th day Average Daily Membership

Districts can increase their expenditure budget limit and state aid payment by budgeting for:
- Transportation by 1.8% (through FY 2014),
- Teacher’s Compensation Index of 1.25% (through 2015) of the base level amount approved yearly by the State Board of Education,
- Teacher Experience Index of 2.25% (through 2015) calculated from teacher experience data submitted to ADE by the district,
- Career Ladder increase the base level amount by up to 5%
- 200 days calendars increases the base level amount by 5%
The following items affect district budget limit expenditures through local taxes, not state aid:

- Small Schools Adjustment,
- Desegregation (if they have an agreement with the Office of Civil Rights)
- Maintenance and Operations override as approved by the local district’s governing board
- K-3 Maintenance and Operations override as approved by the local district’s governing board

**District Additional Assistance**

In the past, as part of the equalization formula, districts are funded on a student count basis for their capital expenditures. Soft capital amount was set at $225 per student count in 2010; unrestricted capital amount was $225.76 for K-8 students and $337.62 for 9-12 (9-12 included an unrestricted capital amount of $69.68 per student count for textbooks).

As of 2013-14 the Department of Education changed this process and began combining this funding into a District Additional Assistance Fund. This fund determined included student textbook allowances as the 9-12 grade student count multiplied by $43.77. Districts with less than 1,100 students increased assistance by $128 per student. Also,

- $207.89 for districts with a K-8 student counts of less than 100.
- $148.59 multiplied by the corresponding weighted K-8 student count for districts with a K-8 student count of between 100-600 students.
- $172.08 for districts with a K-8 student counts of more than 600 students.
- $243.48 for districts with a 9-12 student account of less than 100.
- $188.86 multiplied by the corresponding weighted 9-12 student count for districts with a 9-12 student count of between 100-600 students.
- $198.57 for districts with a 9-12 student counts of more than 600 students.
- $172.80 for preschool programs for children with disabilities.

Finally it repealed the Soft capital fund (SCA) statute and required school districts to transfer any budget capacity and cash remaining in its CORL Fund and SCA Fund to its M&O Fund or its Unrestricted Capital Outlay Fund.

**Qualifying Levies:** This amount is calculated based on the assessed valuations of the properties within the boundaries of each district multiplied by a qualifying levy rate set by legislatures then divide the outcome by a 100.

County Equalization Tax: this amount is calculated based on a county qualifying rate set by state legislatures.

Both Qualifying levies and County Equalization Tax are deducted from the equalization formula to determine the state aid portion of the formula.

**Classroom Site Fund**

This special fund was established in FY2002 to account for the portion of state sales taxes collection provided to school districts as an additional source of funding for teacher salary increases, teacher compensation expenditures, providing a pay for performance fund for teachers
and for meeting additional school requirements such as dropout prevention, class size reduction and teacher development. The dollar amount per attending weighted student count is set yearly by the Joint Legislative Budget Committee. In FY 2015, the amount set was $295 per pupil. Revenues are generated from a statewide sales tax increase and state land trust revenues.

**Instructional Improvement Fund**

This fund is also known as the Indian Gaming fund. These revenues are collected from proceeds from the Native American Indian Reservation Gaming Operations. This is a cash based fund and is paid out twice a year based on the student counts. In 2015, estimated amount of over $40, million will be paid from this fund to school districts and charter schools.

**District Based Components**

**Density/Sparsely of Small Schools**

Districts with less than 600 average daily memberships (ADM) are considered small and receive special weightings. If they are also isolated, they receive additional weightings. In addition, if they have less than a 100 student count, they are eligible to budget for a small schools adjustment. This small schools adjustment is paid directly from the local tax payer through the primary property tax.

### Density Weights K-8

<table>
<thead>
<tr>
<th>Student Count</th>
<th>Isolation Weight</th>
<th>Small School Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-99</td>
<td>1.559</td>
<td>1.399</td>
</tr>
<tr>
<td>100-499</td>
<td>1.358 + [0.0005 x (500-student count)]</td>
<td>1.278 + [0.0003 x (500-student count)]</td>
</tr>
<tr>
<td>500-599</td>
<td>1.158 + [0.0005 x (500-student count)]</td>
<td>1.158 + [0.0003 x (500-student count)]</td>
</tr>
</tbody>
</table>

### Weights for District/School Size

Small isolated and small school districts with less than 600 ADM receive special weighting for K-8 and 9-12 enrollments.

### Density Weights 9-12

<table>
<thead>
<tr>
<th>Student Count</th>
<th>Isolation Weight</th>
<th>Small School Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-99</td>
<td>1.669</td>
<td>1.559</td>
</tr>
<tr>
<td>100-499</td>
<td>1.468 + [0.0005 x (500-student count)]</td>
<td>1.398 + [0.0003 x (500-student count)]</td>
</tr>
<tr>
<td>500-599</td>
<td>1.268 + [0.0005 x (500-student count)]</td>
<td>1.268 + [0.0003 x (500-student count)]</td>
</tr>
</tbody>
</table>

**Instructional Unit Weight for Grade Level Differences**

Grade = K-3  
One Unit For = .06 additional weight displayed in Table 1, row 2.
Growth in enrollment
Additional funding due to growth is available for School districts only because they are funded based on prior year Average Daily Membership (or student count). Growth is not available to charter schools as they are funded based on current year Average Daily Membership. Current year student growth based on a weighted student count in comparison to the prior year is paid in the current year up through the 100th day. This growth increase also increases districts available Expenditure Budget Limit.

Transportation
Districts calculate a Transportation Support Level and in most cases receive state aid based on prior year’s daily route miles per student transported. Rates are $2.49 per mile for districts with .5 miles or less per student, $2.04 for .501 to one mile and $2.49 for greater than one mile per student. Additional support is allowed for academic, vocational and technical education and athletic trips. This increase is determined by a factor based on district type and mile per student and varies from 15% to 30% over the support level calculated above. Approved daily route miles are multiplied by 180 days.

Transportation support per mile

<table>
<thead>
<tr>
<th>Mileage</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>.05mi or less</td>
<td>$2.49</td>
</tr>
<tr>
<td>More than .05</td>
<td>$2.04</td>
</tr>
<tr>
<td>less than 1.0mi</td>
<td></td>
</tr>
<tr>
<td>More than 1.0mi</td>
<td>$2.49</td>
</tr>
</tbody>
</table>

Charter Schools
Charters receive an additional M & O monies calculated with an additional assistance amount of $1,707.77 for elementary students and $1,990.30 for high school students (FY 2015). The additional assistance amount is set yearly by the legislature. These funds are intended to make charter school funding more consistent with district funding because charters cannot levy taxes.

Student-Based Components

Special Education
Funding is provided through 11 weighted categories per the table included below. Additional M&O budget capacity could be given if district/charter is eligible for Federal impact aid revenues.

Weights for Special Education Programs

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hearing Impairment</td>
<td>4.771</td>
</tr>
<tr>
<td>K-3 Grade Level</td>
<td>0.060</td>
</tr>
<tr>
<td>English Learners (ELL)</td>
<td>0.115</td>
</tr>
<tr>
<td>MD-R, multiple disabilites; A-R,autism; and SID-R severe intellectual disabilities (Resource programs)</td>
<td>6.024</td>
</tr>
</tbody>
</table>
Low Income / Comp Ed / At-Risk
Arizona provides compensatory funding.

English Language Learner/Bilingual Education:
Weight included in basic state aid calculations to provide additional funds. In FY 2015, the weight is 0.115.

Gifted and Talented Education
There is no special equalization formula increase dependent upon the gifted and talented school enrollments.

Career and Technical Education
No response

Preschool Education
Pursuant to Title 15, Chapter 10, section 15-1251 of the education code, early childhood education is funded through block grants. In 2011 Early Childhood Block Grant pre-K programs were zeroed out.

Other
Not applicable

### Revenue and Expenditure Information

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>MD-SC</td>
<td>multiple disabilities A-SC autism, and SMR-SC severe intellectual disabilities (Self-contained programs)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Multiple</td>
<td>Disabilities &amp; Severe Sensory Impairment</td>
</tr>
<tr>
<td>Orthopedic Impairment (Resource)</td>
<td></td>
</tr>
<tr>
<td>Orthopedic Impairment (Self Contained)</td>
<td></td>
</tr>
<tr>
<td>Preschool-Special Education</td>
<td></td>
</tr>
<tr>
<td>DD developmental delay, ED emotional disability, MIID mild intellectual disability, SLD specific learning disability, SLI speech/language impairment, &amp; OHI other health impairment</td>
<td>0.003</td>
</tr>
<tr>
<td>ED-P Emotionally Disability (Private placement)</td>
<td></td>
</tr>
<tr>
<td>MODI Moderate Intellectual Disability</td>
<td></td>
</tr>
<tr>
<td>VI Visual Impairment</td>
<td></td>
</tr>
<tr>
<td>Revenue and Expenditure Information</td>
<td></td>
</tr>
<tr>
<td>State Mandates Restricting Revenue or Expenditure Increases</td>
<td></td>
</tr>
<tr>
<td>Does not apply.</td>
<td></td>
</tr>
<tr>
<td>Property Assessment Ratios Used/Legal Standards for Property Assessment</td>
<td></td>
</tr>
<tr>
<td>The prior year's assessed values are determined and the legislature sets a qualifying tax rate. In This is capped at $2.1265 for a common or high school district and $4.253 for a unified district; the legislature shall not set county equalization assistance for education rate that exceeds $0.5123. The total Assessed Value is divided by 100 and then this tax rate is applied to</td>
<td></td>
</tr>
</tbody>
</table>
determine the local contribution to the equalization formula need for each school district. 
Assessed values vary for different classifications of property:

- Residential (Legal Class 3 & 4) – 10%
- Land (Legal Class 2.R) – 16%
- Commercial (Legal Class 1)
  - 20% (From December 31, 2009 – December 31, 2010)
  - 19.5% (beginning from and after December 31, 2012 – December 31, 2013)
  - 19% (beginning from and after December 31, 2013 – December 31, 2014)
  - 18.5% (beginning from and after December 31, 2014 – December 31, 2015)
  - 18% (beginning from and after December 31, 2015)

**Measure of Local Ability to Support Schools**

Property valuation.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue:**

County Equalization Tax rate is established by state legislatures to account for local county contributions to fund school districts the tax rate for FY 2014-2015 is 0.5089.

**State Support for Nonpublic Schools**

An appropriation to fund Arizona students that are placed in a Residential Treatment Facility by a state placing agency, where funding is based on a daily rate calculated using the grade level weights as well as the special education weights for the student’s disability. A voucher program for students with a disability to attend a private school uses the lesser of the base support level for that student or the student’s tuition and educational fees.

*Source: Oscar Jimenez-Castellanos, Ph.D., Associate Professor & David Martinez, Doctoral Student. Arizona State University, Mary Lou Fulton Teachers College.*
Description of the Formula

6-20-2305 School funding: (a) (1) For each school year, each school district shall receive state foundation funding aid computed as the foundation funding amount under subdivision (a)(2) of this section less the sum of 98% of the uniform rate of tax multiplied by the property assessment of the school district An amount of miscellaneous funds of the school district calculated under § 6-20-2308. (B) For the 2014-2015 school year and each school year thereafter, the foundation funding amount is equal to six thousand five hundred twenty-one dollars ($6,521) multiplied by the school district's average daily membership for the previous school year.(4)(A)(i)

Except as provided in subdivisions (a)(4)(C) and (D) of this section, by the end of each school fiscal year, for a school district whose net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the Department of Education shall distribute to the school district the difference between the net revenues distributed to the school district as reported under § 26-80-101(b)(4)(A)(ii) for the calendar year immediately preceding the current school year; and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district. For a school district whose net revenues are more than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the Department of Education, under the authority of § 6-20-2306, shall recoup from the school district an amount equal to the difference between the net revenues of the school district and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

The Department of Education shall not distribute to a school district the funds under subdivision (a)(4)(A)(i) of this section if, regardless of the school district's tax collection rate, the school district's net revenues meet or exceed the foundation funding amount set forth in § 6-20-2305(a).

District-Based Components

6-20-601 Qualifications for receiving isolated funding: (a) As used in this section, "isolated school district" means a school district that meets any 4 of the following 5 criteria: (1) There is a
distance of 12 miles or more by hard-surfaced highway from the high school of the district to the nearest adjacent high school in an adjoining district; (2) The density ratio of transported students is less than 3 students per square mile of area; (3) The total area of the district is 95 sq. mi. or greater; (4) Less than 50% of bus route miles is on hard-surfaced roads; and (5) There are geographic barriers such as lakes, rivers, and mountain ranges which would impede travel to schools that otherwise would be appropriate for consolidation, cooperative programs, and shared services. (b) An isolated school district shall be eligible to receive isolated funding under this section if: (1) The district's budget is prepared by the school district with Department of Education approval; (2) The school district has a prior-year three-quarter ADM of less than 350; and (3) The school district and each school within the school district meets the minimum standards for accreditation of public schools prescribed by law and regulation. (c) Any school district designated as an isolated school district for the 1996-1997 fiscal year that used geographic barriers as one (1) of the 4 criteria necessary to receive isolated funding shall be allowed to continue to use geographic barriers as a criterion for future allocations of isolated funding. (2) There are 2 categories of isolated funding: (A) Category I isolated funding shall be provided to all school districts that qualify under this section and shall be calculated as 350 minus the prior-year three-quarter ADM divided by 850 multiplied by the prior-year three-quarter ADM and multiplied by the per-student foundation funding amount under § 6-20-2305(a)(2); and (B) Category II isolated funding shall be additionally provided to those school districts that qualify under this section and have a prior-year three-quarter ADM density ratio of less than 1.2 students per square mile and shall be calculated at 50% of Category I funding.

6-20-603 Continued support of isolated school districts: (a) Upon the effective date of consolidation, annexation, or reorganization, the districts listed in statute… shall become isolated school areas for the sole purpose of receiving isolated funding and shall have a per student isolated funding amount as provided in legislation. (b) Each school year, state financial aid in the form of isolated funding shall be provided to school districts containing an isolated school area in an amount equal to the prior-year three-quarter ADM of the isolated school area multiplied by the per student isolated funding amount for the isolated school areas as set forth under column "C" of subsection (a) of this section. (c) A school district may not receive isolated funding under this section for an isolated school area if the prior year three-quarter ADM of the isolated school area exceeds 350. (d) A school district receiving isolated funding for an isolated school area shall expend the funds solely for the operation, maintenance, and support of the isolated school area. (e) Except as provided under subdivision (e)(2) of this section, a school district that qualifies under § 6-20-601 to receive additional state aid because its prior-year three-quarter ADM is less than 350 is not eligible to receive funding under this section. A school district may elect to receive funding under this section in lieu of funding under § 6-20-601 if the school district qualifies for funding under § 6-20-601 and for funding under this section. (i)(1)(A) If all of an isolated school are in a school district is closed, the school district shall receive funding based on the prior year three-quarter ADM of the isolated school area. (B) If part of an isolated school area in a school district is closed, the school district funding is based on the prior-year three-quarter ADM of the part of the isolated school area that remains open. (C) Funding received by a school district under this subsection is restricted for use at the closed isolated school area or for transporting students of the closed isolated school area to another school in the district. (2) If a closed isolated school area is subsequently used by the school district for an alternative learning environment program or other regular classroom teaching, the school district using the now
closed isolated school area may submit prior-year three-quarter average daily membership to the state to request funding under this section.

6-20-604 Additional funding: (b) A school district shall receive special needs funding if the school district meets the requirements of subsections (c), (d) or (e) of this section, and if: (1) The school district was consolidated or annexed or received an annexed school under § 6-13-1601 et seq.; (2) The local board of directors by majority vote determines that the isolated school is so isolated that to combine its operation to 1 district campus would be impractical or unwise; and (3) The isolated school or district: (A) Filed an affidavit of isolated school status with the state board during the consolidation or annexation process and the facts of the affidavit are verified by the state board or its designee, to meet the requirements of § 6-20-601; (B) Filed an affidavit of isolated school status with the state board after the consolidation or annexation process or August 12, 2005, and the facts of the affidavit are verified by the state board or its designee to meet the requirements of § 6-20-601; or (C) Filed an affidavit of isolated school status with the state board after the consolidation or annexation process or August 12, 2005, and the facts of the affidavit are verified by the state board or its designee to meet the requirements of § 6-20-601 but for the ADM requirements 350 students or fewer. (f) A school district shall receive an amount equal to 5% of the foundation funding received by the school district under § 6-20-2305(a)(2) based on the three-quarter ADM of the school district if the school district has a: (1) Three-quarter ADM of less than 500 students; and (2) Density ratio of 2 students or less per square mile. (g) A school district eligible for special needs funding under this section shall continue to be eligible to receive isolated school funding provided under § 6-20-603 but shall only receive funding under one (1) of the categories established under subsections (c)-(f) of this section. (h) (1) This section is contingent on the appropriation and availability of funding for its purposes. (2) (A) Undistributed funds under this section and § 6-20-603 allocated to a school district that is no longer eligible to receive the funding shall be distributed on an equal basis per school district to each remaining school district that is eligible to receive funds under subsections (c)-(e) of this section. (B) Funds distributed under subdivision (h)(2)(A) of this section shall be used by the school district only for transportation costs of the isolated schools in the school district.

Grade Level Differences (2014-15)
Does not apply.

Declining Enrollment or Student Growth (2014-2015):
Declining Enrollment - Arkansas Code § 6-20-2305(a)(3)(A) A school district that has experienced a decline in ADM over the two immediately preceding years shall receive: (i) Declining enrollment funding equal to the difference between the average of the two (2) immediately preceding years’ ADMs and the ADM for the previous school year multiplied by $6,521; or (ii) Special needs isolated funding under § 6-20-604.

Student Growth - Arkansas Code § 6-20-2305(c)(2)(A), is calculated as the sum of the following amounts: One quarter of the per student foundation funding for the school district multiplied by the increase, if any, of each of the following: (a) The school district's quarterly ADM for the first quarter of the current school year over three-quarter ADM of the previous school year; (b) The school district's quarterly ADM for the second quarter of the current year over the three-quarter ADM of the previous school year; (c) The school district's quarterly ADM for the third quarter of
the current school year over the three-quarter ADM of the previous school year; and (d) The school district's quarterly ADM for the fourth quarter of the current school year over the three-quarter ADM of the previous school year.

**Capital Outlay and/or Debt Service (2014-15):**

6-20-2503 Bonded debt assistance: (b)(1) … the state shall provide eligible school districts with financial assistance for the purpose of retiring outstanding bonded indebtedness in existence as of January 1, 2005. (2) The amount of financial assistance under this section is based on: (A) The total amount required to satisfy a school district's outstanding bonded indebtedness in existence as of January 1, 2005; (B) The annual amount due on a fiscal year basis from the school district in accordance with the principal and interest payment schedule in effect and on file with the Department of Education on January 1, 2005, for the outstanding bonded indebtedness identified under subdivision (b)(2)(A) of this section; and (C) The calculation in subdivision (b)(3)(A) or (b)(3)(B) of this section. (2)(A)

In addition to the financial assistance provided under subsection (b) of this section, a school district shall receive in accordance with subdivision (e)(2)(B) of this section state financial assistance equal to all or a portion of the general facilities funding that the school district received or would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq. [repealed], during Fiscal Year 2005. (B) The commission shall phase out state financial assistance under this subsection over a ten-year period by reducing the amount received by a school district under this subsection after Fiscal Year 2006 by 1/10 in each year of the ten-year period with the savings distributed through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the commission. The last year funding is disbursed in the ten-year phase out is FY15. (f)(1) If a school district elected to receive supplemental millage incentive funding under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq. [repealed], during Fiscal Year 2005, the commission shall compute the difference between the amount of supplemental millage incentive funding that a school district received in Fiscal Year 2005 and the amount of debt service funding supplement and general facilities funding that the school district would have received under the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq. [repealed], in Fiscal Year 2005. (2)(A)

In addition to the financial assistance provided under subsection (b) of this section, a school district that elected to receive supplemental millage incentive funding under §6-20-2401 et seq. [repealed], shall receive in accordance with subdivision (f)(2)(B) of this section state financial assistance equal to all or a portion of the amount of supplemental millage incentive funding that exceeded the amount that the school district would have received under debt service funding supplement and general facilities funding under § 6-20-2401 et seq. [repealed]. (B) The commission shall phase out the state financial assistance under this subsection over a ten-year period by reducing the amount received by a school district under this subsection after Fiscal Year 2006 by 1/10 in each year of the ten-year period with the savings distributed through the Educational Facilities Partnership Fund Account in accordance with rules promulgated by the commission. The last year funding is disbursed in the ten-year phase out is FY15.

Projects after January 1, 2005 may receive funding under Arkansas Code § 6-20-2501 - the "Arkansas Public School Academic Facilities Funding Act".

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Transportation (2014-15)
Does not apply except for certain isolated school districts. Undistributed funds under § 6-20-604 and § 6-20-603 shall be distributed as transportation funding (h) on an equal basis per school district to each school district that receives funding under § 6-20-604 (c)-(e).

Charter Schools
6-23-501. Funding for open-enrollment public charter schools.
   (a) (1) An open-enrollment public charter school shall receive funds equal to the amount that a public school would receive under § 6-20-2305(a) and (b) as well as any other funding that a public charter school is entitled to receive under law or under rules promulgated by the State Board of Education.

   (2) (A) For the first year of operation and for the first year the open-enrollment public charter school adds a new grade, the foundation funding and enhanced educational funding for an open-enrollment public charter school is determined as follows:

      (i) The initial funding estimate shall be based on enrollment as of July 1 of the current school year;

      (ii) In December, funding will be adjusted based upon the first quarter average daily membership; and

      (iii) A final adjustment will be made after the current three-quarter average daily membership is established.

      (B) For the second year and each school year thereafter, the previous year's average daily membership will be used to calculate foundation funding and any enhanced educational funding amounts.

   (3) National school lunch state categorical funding under § 6-20-2305(b)(4) shall be provided to an open-enrollment public charter school as follows:

      (A) For the first year of operation and in any year when a grade is added, free or reduced-price meal eligibility data as reported by October 1 of the current school year will be used to calculate the national school lunch state categorical funding under the state board rules governing special needs funding; and

      (B) For the second year and each school year of operation thereafter, the previous year's October 1 national school lunch student count as specified in state board rules governing special needs funding will be used to calculate national school lunch state categorical funding for the open-enrollment public charter school.

   (4) Professional development funding under § 6-20-2305(b)(5) shall be provided to an open-enrollment public charter school for the first year of operation and in any year in which a grade is added as follows:

      (A) (i) In the first year of operation the open-enrollment public charter school shall receive professional development funding based upon the initial projected enrollment student count as of July 1 of the current school year multiplied by the per-student professional development funding amount under § 6-20-2305(b)(5) for that school year.

      (ii) For the second year and each school year thereafter, professional development funding will be based upon the previous year's average daily membership multiplied by the per-student professional development funding amount for that school year.

      (5) The Department of Education shall distribute other categorical funding under § 6-20-2305(a) and (b) for which an open-enrollment public charter school is eligible as provided by state law and rules promulgated by the state board.
Student-Based Components

Special Education (2014-015)
In 2004, the Arkansas General Assembly reformulated public school funding at the direction of the Arkansas Supreme Court to devise a funding system to assure school “adequacy”. Although Arkansas Special Education funding based on weighted averages had been abolished in the mid-1990s, this approach was actually reconsidered during the discussions of school funding adequacy for special populations, including students with disabilities, English language learners, students in Alternative Learning Environments, and high poverty students.

Ultimately, the funding adequacy needs of these special populations were addressed through categorical funding systems providing state aid in addition to that provided through the basic Foundation Formula. For Special Education, the General Assembly increased the funding levels of existing state line item appropriations to reimburse districts for specific types of excess costs associated with providing services. These include annual targeted Catastrophic Occurrences aid for individual high cost/high need students, reimbursement for residentially placed students, and reimbursement for students with disabilities receiving extended school year services.

Low Income / Comp Ed / At-Risk (2014-15)
6-20-2305 School funding: (2)(A) (ii) (ii) For the 2014-2015 school year and each school year thereafter, alternative learning environment funding shall be four thousand three hundred eighty-three dollars ($4,383) multiplied by the number of identified alternative learning environment students enrolled during the previous school year.

6-20-2305 School funding: (4)(A) National school lunch state categorical funding for each identified national school lunch student shall be as follows:

(i) For a school district in which ninety percent (90%) or greater of the previous school year's enrolled students are national school lunch students, the amount of per-student national school lunch state categorical funding is one thousand five hundred forty-nine dollars ($1,549);

(ii) For school districts in which at least seventy percent (70%) but less than ninety percent (90%) of the previous school year's enrolled students are national school lunch students, the amount of per-student national school lunch state categorical funding is one thousand thirty-three dollars ($1,033); and

(iii) For school districts in which less than seventy percent (70%) of the previous school year's enrolled students are national school lunch students, the amount of per-student national school lunch state categorical funding is five hundred seventeen dollars ($517).

(B) (i) (a) Except as provided under subdivision (b)(4)(B)(i)/c of this section, national school lunch state categorical funding under this subdivision (b)(4) shall be based on the number of national school lunch students for the immediately preceding school year determined under § 6-20-2303(12)(A).
(b) If the school district is participating under 42 U.S.C. § 1759a, funding under this subdivision (b)(4) is based on the percentage determined in § 6-20-2303(12)(B) multiplied by the number of enrolled students for the immediately preceding school year.

6.04.2 The amount of national school lunch state categorical funding under Ark. Code Ann. § 6-20-2305(b)(4)(A) shall be increased or decreased in each year of a three-year transition period by one-third (1/3) of the difference between the amount of national school lunch state categorical funding per student for the current year and the amount of national school lunch state categorical funding per student for the immediately preceding year, adjusted for changes to the funding rates in Ark. Code Ann. § 6-20-2305(b)(4)(A).

6.04.3 The method of transition for a school district that experiences a decrease in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following example of a decrease in national school lunch state categorical funding per student from $1,549 in the immediately preceding year to $1,033 in the current year:

For illustrative purposes:
- Year one (current year) of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,377 ($1,549 - $172).
- Year two of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,205 ($1,377 - $172).
- Year three (final year) of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,033 ($1,205 - $172).

6.04.4 The method of transition for a school district that experiences an increase in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following example of an increase in national school lunch state categorical funding per student from $1,033 in the immediately preceding year to $1,549 in the current year:

For illustrative purposes:
- Year one (current year) of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,205 ($1,033 + $172).
- Year two of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,377 ($1,205 + $172).
- Year three (final year) of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,549 ($1,377 + $172).

6.04.5 The method of transition for a school district that, within a three-year period, experiences both a decrease and an increase in the amount of national school lunch state categorical funding per student under Ark. Code Ann. § 6-20-2305(b)(4)(A) is detailed using the following two examples:

6.04.5.1 In the first example, a school district experiences an increase in national school lunch state categorical funding per student from $1,033 in the immediately preceding year to $1,549 in
the current year, and a decrease to $1,033 in the following year. In this instance, the transition is completed in two years rather than three.

For illustrative purposes:
- Year one (current year) of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,205 ($1,033 + $172).
- Year two (final year) of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,033 ($1,205 - $172).

6.04.5.2 In the second example, a school district experiences a decrease in national school lunch state categorical funding per student from $1,033 in the immediately preceding year to $517 in the current year, no change in the second year, and an increase to $1,033 in the third year. In this instance, the transition is completed in four years rather than three.

For illustrative purposes:
- Year one (current year) of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is $861 ($1,033 - $172).
- Year two of transition (decrease 1/3) - the transitioned amount of national school lunch state categorical funding per student is $689 ($861 - $172).
- Year three of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is $861 ($689 + $172).
- Year four (final year) of transition (increase 1/3) - the transitioned amount of national school lunch state categorical funding per student is $1,033 ($861 + $172).

6.03 National School Lunch State Growth Funding
6.03.1 The ADE shall use the Cycle 2 enrollment data for the previous four years to calculate a three-year trend in district enrollment.

6.03.2 If a district has grown at least one percent for each of the three previous years, it shall qualify for National School Lunch State Growth Funding.

6.03.3 Districts that qualify for funding shall receive National School Lunch State Growth Funding.

6.03.4 The funding shall be calculated as the three year average growth in enrollment multiplied by the district's previous year's percentage of students eligible for the United States Department of Agriculture's National School Lunch Program multiplied by the per student funding amount determined in Section 6.01.

(F) (i) By June 30, 2012, and by June 30 of each year thereafter, a school district shall spend a minimum of eighty-five percent (85%) of the school district's annual national school lunch state categorical funding allocation as provided under subdivision (b)(4)(C) of this section.

(ii) A school district that on June 30, 2012, has a national school lunch state categorical funding balance in excess of fifteen percent (15%) of the school district's current year annual national school lunch state categorical funding allocation shall reduce its total national school lunch state categorical funding balance by at least ten percent (10%) each year so that by June
30, 2022, and by June 30 of each year thereafter, the school district has a balance of no more than fifteen percent (15%) of the school district's current year annual national school lunch state categorical funding allocation.

(2) On June 30, 2012, and on June 30 of each school year thereafter, if the total aggregate balance of all state categorical fund sources (NSL, ALE, ELL, PD) exceeds twenty percent (20%) of the school district's total aggregate annual state categorical fund allocations for the current school year, the school district shall reduce the total balance by ten percent (10%) each year until the school district's June 30 balance of aggregate annual categorical fund sources is twenty percent (20%) or less of the total aggregate annual state categorical fund allocations for the current school year.

(3) A school district may transfer funds received from any categorical fund source to another categorical fund source.

(4) (A) The Department of Education shall monitor on a yearly basis each school district's compliance with the requirements of this subsection.

(B) If a school district fails to comply with the requirements of this subsection during a school year, the Department of Education may in the following school year withhold from that school district's categorical funding allocation an amount equal to the amount required to be spent by the school district in order to be in compliance with the requirements of this subsection.

(C) The Department of Education may redistribute amounts withheld under this subsection to other school districts entitled to receive categorical funding allocations.

**English Language Learner/Bilingual Education (2014-15)**

6-20-2305 School funding: (B) For the 2014-2015 school year and each school year thereafter, funding for students who are identified as English-language learners shall be three hundred seventeen dollars ($317) for each identified English-language learner.

(C) Funding for English-language learners shall be distributed to school districts for students who have been identified as not proficient in the English language based upon a state-approved English proficiency assessment instrument.

**Gifted and Talented Education (2014-15)**

6-20-2208: (c) (6) Expend state and local revenues on gifted and talented programs:

(A) In an amount equal to fifteen hundredths (0.15) of the foundation funding amount multiplied by five percent (5%) of the school district's average daily membership for the previous year; and

(B) Only upon gifted and talented programs in accordance with rules promulgated by the state board.

**Career and Technical Education**

6-20-2305 School funding: (B) (i) Beginning with the 2007-2008 school year, secondary vocational area center funding shall be $3,250 multiplied by the number of students enrolled in a secondary vocational area center during the previous school year.

**Preschool Education**

No response
Other (2014-15):
6-20-2305 (5) (A) (B) For the 2014-2015 school year and each school year thereafter, professional development funding shall be equal to an amount of up to thirty-two dollars and forty cents ($32.40) multiplied by the school district's previous school year average daily membership. For fiscal year 2014-2015, each school district received $26.67 multiplied by the school district’s previous school year ADM. An additional $3,500,000 of the statewide appropriation is expected to be spent for statewide professional development programs at the discretion of Commissioner of the ADE.

Pupil Weights for Special Education Programs (2014-15)
Does not apply.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases (2014-15)
Does not apply.

Property Assessment Ratios Used/Legal Standards for Property Assessment (2014-15)
26-26-303 Percentage of value to be used in appraisal: (a) The appraisal and assessment shall be according to value as required by Arkansas Constitution, Article 16, Section 5. (b) The percentage of true and full market or actual value to be used in the appraisal and assessment shall be fixed and certified by the Arkansas Public Service Commission as provided by § 26-24-104. (c) Until and unless a budget system is adopted with provisions for eliminating excessive and illegal tax rates and expenditures, the commission shall not fix and certify a percentage of true and full market or actual value in excess of twenty percent (20%).
26-26-304(e)(1) Ratio of Assessed Value to Market Value in the Assessment Year that Reappraisal Values are Placed on the Assessment Ratio: (e)(1) In addition to the other provisions of this section, whenever the September 15 ratio for the classifications of market value real estate, business personal property, auto and other personal property, or agricultural and timber falls below 18% or above 22% of full fair market value, the county shall be deemed to have failed the ratio study and shall be subject to the corrective actions outlined in subsection (f) of this section.

26-26-1902 Reappraisal: each county in the State of Arkansas shall be required to appraise all market value real estate normally assessed by the county assessor at its full and fair market value at a minimum of one (1) time every three (3) years. (b) (1) Except as provided in subdivision (b)(2) of this section, any county that has completed a reappraisal under subsection (a) of this section or completed a reappraisal between the years 2002 through 2004 shall not be required to commence or complete an additional reappraisal under the three-year cycle but shall be required to appraise all real property normally assessed by the county assessor at its full and fair market value at a minimum of one (1) time every five (5) years from the previous assessment.

(2) (A) If, as a result of a three-year reappraisal cycle, the new market value real estate assessment is greater than fifteen percent (15%) from the market value real estate assessment in the county in the year preceding the beginning of the reappraisal cycle, the county shall be required to complete its next reappraisal at a minimum of one (1) time every three (3) years from
the previous assessment until the new market value real estate assessment is less than fifteen percent (15%) from the market value real estate assessment in the year preceding the beginning of the reappraisal cycle, at which point the county shall be placed into a five-year reappraisal cycle.

(B) If a county in a five-year reappraisal cycle has a new market value real estate assessment that is twenty-five percent (25%) greater than the market value real estate assessment in the county in the year preceding the beginning of the reappraisal cycle, the county shall be required to complete its next reappraisal at a minimum of one (1) time every three (3) years from the previous assessment until the new market value real estate assessment is less than fifteen percent (15%) from the market value real estate assessment in the year preceding the beginning of the reappraisal cycle, at which point the county shall be placed into a five-year reappraisal cycle.

26-26-402 Procedure for adjustment of taxes after reappraisal or reassessment of property:
(a) (1) Whenever a countywide reappraisal or reassessment of property subject to ad valorem taxes shall result in an increase in the aggregate value of taxable real and personal property in any taxing unit in this state of ten percent (10%) or more over the previous year, the rate of taxes levied against the taxable real and personal property shall, upon completion of the reappraisal or reassessment, be adjusted or rolled back by the governing body of the taxing unit for the year for which levied as provided.

Measure of Local Ability to Support Schools (2014-15):
Arkansas Code § 6-20-2305 (a)(1) (a) (1) (A) For each school year, each school district shall receive state foundation funding aid computed as the foundation funding amount under subdivision (a)(2) of this section ($6,521 for FY 2014-15) less the sum of:

(i) Ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district; and

(ii) An amount of miscellaneous funds of the school district calculated under § 6-20-2308. (The aggregate amount of miscellaneous funds a school district received in the calendar year immediately preceding the beginning of the current school fiscal year; multiplied by the ratio of the uniform rate of tax to the school district's total millage rate in effect as of January 1 of the calendar year in which the school district received the miscellaneous funds)
(4) (A) (i) Except as provided in subdivisions (a)(4)(C) and (D) of this section, by the end of each school fiscal year, for a school district whose net revenues are less than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the Department of Education shall distribute to the school district the difference between:

(a) The net revenues distributed to the school district as reported under § 26-80-101(b)(4)(A)(ii) for the calendar year immediately preceding the current school year; and

(b) The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district.

(ii) The Department of Education may distribute to the school district a lesser amount than required under subdivisions (a)(4)(A)(i)(a) and (b) of this section if after the lesser amount is distributed the school district will receive the foundation funding amount under § 6-20-2305(a).

(B) For a school district whose net revenues are more than the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district, the Department of Education, under the authority of § 6-20-2306, shall recoup from the school district an amount equal to the difference between:
(i) The net revenues of the school district; and
(ii) The sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the
property assessment of the school district.

(C) The Department of Education shall not distribute to a school district the funds under
subdivision (a)(4)(A)(i) of this section if, regardless of the school district's tax collection rate, the
school district's net revenues meet or exceed the foundation funding amount set forth in § 6-20-
2305(a).

School District Budget and Tax Rate Procedures/Sources of Local Revenue (2014-15):
6-20-2202 Budget and expenditure report: All 236 districts are fiscally independent. There is no
legal limit to the number of mills that may be levied for school purposes. There is established a
uniform rate of ad valorem property tax of 25 mills to be levied on the assessed value of all
taxable real, personal, and utility property in the state to be used solely for the maintenance and
operation of the schools (Const. Art. 14, Sec. 3, as amended by Const. Amend. 11, Const.
Amend. 40, and Const. Amend. (b)(1)). To increase the tax rate for schools, a simple majority
vote is required. There is a limit of one millage election per year for requests for tax increase,
decrease, or no change to tax rate. The majority of local revenues derive from the property tax.

State Support for Nonpublic Schools (2014-15)
Does not apply.
Description of the Formula

California implemented a new school finance system beginning in 2013 called the Local Control Funding Formula (LCFF). In contrast to the decades old, state-driven school finance system that it replaced, the LCFF allows local school officials to decide how best to meet the needs of their students. The formula is responsive to research and practical experience indicating that students from low-income families and English language learners come to school with unique challenges that often require supplemental services and support to be successful in school.

Under the LCFF, school districts and charter schools are provided with a base grant amount per pupil in average daily attendance (ADA) based upon the grade span of the pupil. The base grant amounts are uniform across the state. School districts and charter schools are also provided with a supplemental grant equal to 20 percent of the total base grant multiplied by its percentage of pupils who are targeted in the formula. Targeted pupils are those classified as English learners, low income, foster youth, or any combination of these. In cases where the percentage of targeted pupils exceeds 55 percent, school districts and charter schools are provided a concentration grant equal to 50 percent of the total base grant amount multiplied by the percentage of targeted pupils above 55 percent.

The LCFF is in a transition phase, in which funding is based on a combination of the amount provided under the formula described above, and the amount that school districts and charter schools received in the past. Full transition of the LCFF is expected to be complete in 2021.

Once the LCFF entitlement is determined, local property taxes allocated to the entity are applied towards it. If an entity’s local property taxes are less than the entitlement, the state adds additional funds to guarantee the entitlement. School districts and charter schools decide the best way to target the LCFF funds and must develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the state, including pupil achievement, parent engagement, and school climate.

Although California eliminated most “categorical” programs designed to target specific needs or state goals, a small number remain, including what the state provides for special education.
District Based Components

Density/Sparsity of Small Schools
For small school districts, California provides an optional alternative funding entitlement for necessary small schools. For each qualifying necessary small elementary school with less than 97 ADA in a school district with less than 2,501 ADA, necessary small school amounts are computed on the basis of either the school’s ADA or the number of full-time teachers, whichever provides the lesser amount. For each qualifying high school with less than 287 ADA, necessary small school amounts are computed on the basis of either the school’s ADA or the number of full-time-equivalent (FTE) certificated employees providing services in grades 9–12, whichever provides the lesser amount. If the ADA is under 20 and the number of FTE certificated employees is less than four, however, the amount is computed on the number of FTE certificated employees.

Grade Level Differences
Under the LCFF, each school district and charter school receives the same amount of base grants for each grade span, as follows: K–3, including transitional kindergarten; 4–6; 7–8; and 9–12 with different amounts per ADA for each grade group.

Declining Enrollment or Growth
School district funding is computed using the greater of current or prior year ADA, thus providing a one year hold-harmless on declining enrollment for a district’s general purpose funding.

Capital Outlay and/or Debt Service
California has a statewide school building program supported by statewide bond measures. Statewide bond measures require a simple majority (50% plus one) to pass. The last statewide general obligation bond, Proposition 1D was approved by voters in November 2006 and provided $7.3 billion to K-12 education facilities with specified amounts designated for modernization, new construction, charter schools, career technical education facilities, joint use, projects for new construction on severely overcrowded school sites, and high performance incentive grants to promote energy efficient designs and materials. For most state-funded projects there is a requirement for a local contribution to match state funding.

Local school districts can issue school construction bonds and levy property taxes to pay for them, provided they get voter approval. In November 2000 California voters passed Proposition 39, which allows school bonds to be approved with a 55% “super-majority” (with restrictions on the amount of the bond and greater accountability requirements). Since the passage of Proposition 39, districts have had the choice of whether to seek two-thirds or 55% approval. Local elections that rely on 55% approval have been more successful, with more than 80% passing.
School districts also have the authority to levy developer fees on residential and commercial construction or reconstruction, but statewide these fees generate significantly less money than bonds. The money may be used only for school facilities, including portable classrooms. These fees are charged both to developers of new residential and commercial properties and to property owners who add square footage to existing homes. No fee is assessed if there is no change in square footage or for residential additions of less than 400 square feet.

**Transportation**
California provides about $500 million in funding to partially reimburse school districts for home-to-school and special education transportation expenditures. Annual funding is limited to amounts received by each school district for the Home-to-School Transportation program in 2012-13 fiscal year.

**Charter Schools**
A charter school may elect to receive its funding directly, in lieu of having it disbursed to the local educational agency that granted its charter. For purposes of the LCFF, all charter schools are treated as school districts and are eligible for the LCFF grade span base grants and supplemental and concentration grants.

**Student-Based Components**

**Special Education**
California provides $3.2 billion in state funding for special education programs for individuals with exceptional needs. The special education funding model apportions state aid to local educational agencies (LEAs) based on their ADA; the per-ADA funding rates are recomputed annually. The funding model is based on the assumption that, over reasonably large geographic areas, the incidence of disabilities is relatively uniformly distributed. Funding for special education may be apportioned directly to an LEA or to the administrative unit of the special education local plan area (SELPA) with which it is affiliated. Entitlements are calculated by multiplying the SELPA’s base funding rate by the prior-year funded K–12 ADA for each school district, county office of education, and charter school in the SELPA. Funding is adjusted for changes in ADA. There is also a small amount of funding for exceptionally high cost students.

**Low Income / Comp Ed / At-Risk**
The LCFF provides supplemental and concentration grants for school districts and charter schools based on the percentage of targeted disadvantaged students, which include those classified as English learners, low income, foster youth, or any combination of these factors. During the LCFF transition, funding from previous categorical programs for low-income and at-risk students is a component of the LCFF transition entitlement.

**English Language Learner/Bilingual Education**
California does not provide funding specifically for bilingual education, but provides supplemental and concentration grants for school districts and charter schools based on the percentage of targeted disadvantaged students, which include those classified as English learners.
Gifted and Talented Education
With implementation of the LCFF, there is no specific funding for the Gifted and Talented Education program. During the LCFF transition, funding from previous categorical programs for Gifted and Talented Education is included in LCFF transition entitlement.

Career and Technical Education
The LCFF includes a 2.6 percent increase to the grades 9–12 base grant to reflect the cost of operating career technical education programs in high schools. In addition, California provides performance-based grants to districts operating partnership academies and in recent years has provided competitive grants to create innovative programs and partnerships linking rigorous academic standards to career pathways in high-need and high-growth sectors of the economy.

Preschool Education
California administers a variety of State-administered programs in the form of service contracts with child care providers and funding assistance for low-income families for qualifying child care services. In addition, recently enacted legislation requires each elementary or unified school district to offer transitional kindergarten classes for all children eligible to attend.

Other
n/a

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
The California Constitution limits ad valorem property tax rates to no more than 1% of full cash value at the time of purchase. Increases in assessed value per year are capped at 2% or the percentage growth in the Consumer Price Index (CPI), whichever is less. The California Constitution also allows school districts to collect special taxes (non ad valorem if two-thirds of the electorate in the district approves). The Constitution also limits annual expenditure increases for both the state and local agencies; however, public school districts may exceed their limit by shifting limit capacity from the state to the district.

Property Assessment Ratios Used/Legal Standards For Property Assessment
The constitution limits the maximum amount of an ad valorem tax on real property to 1% of full cash value in 1975, or at the time of purchase if purchased after 1975. Assessed values may be annually increased by the lesser of 2% or the change in the CPI, adjusted for decline in actual value. Only when property changes ownership or there is new construction, is the assessment brought up to current market values.

Measure of Local Ability To Support Schools
Statutorily prescribed share of 1% countywide property tax.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All school districts are fiscally independent in that they have taxing authority, within constitutional limits, and the ability to develop budgets. The total property tax levy is limited constitutionally and its allocation prescribed statutorily. Districts can levy special taxes for
specific purposes with a two-thirds majority vote. Such taxes may not preempt state taxes (e.g., sales, personal income, etc.). Voter approval is not required for the general operating budget. Local revenues are derived almost exclusively from the countywide property tax.

**State Support for Nonpublic Schools**
The California constitution prohibits state funding of sectarian or denominational schools or schools not under the exclusive control of officers of the public schools. Limited funding is provided for special education students placed in non-public, non-sectarian schools.
Description of the Formula

Funding is based on an annual October pupil count. Each school district counts pupils in membership as of the school day nearest October 1 (the official count day). Districts are given an opportunity to provide documentation that a student re-established membership by October 31st for a student who may be absent on the official count day.

Generally, pupils in grades 1 through 12 are counted as either full-time or part-time depending upon the number of scheduled hours of coursework. Kindergarten, preschool special education, and a limited number of at-risk preschool (see Colorado Preschool and Kindergarten Program discussion) pupils are counted as part-time.

For most school districts, funding is based on the number of pupils counted in the current school year. However, for a district with an enrollment fluctuating from year to year, funding is based on an average of up to four prior years’ October pupil counts and the current year’s October pupil count.

District-Based Components

Colorado Preschool Program
The Colorado Preschool program’s main objective is to provide high quality early education support to children whose existing risk factors increase their chances of early school failure. Districts provide these services in partnership with families and other community resources serving families. In FY2014-2015, funding is provided for the participation of up to 28,360 children.

Funding to school districts is based on a per-pupil formula that calculates Total Program. For each pupil funded in the October 1 pupil count, the formula provides a base per-pupil amount of money plus additional money to recognize district-by-district variances in; a) cost of living, b) personnel costs, c) size. The Total Program amount also includes additional funding for at-risk pupils.

Eligibility for participation in the federal free lunch program is used as a proxy of each school district’s at-risk pupil population. Increased funding is provided to recognize that expenses
among districts vary, as pupil populations vary, especially at-risk populations. For each at-risk pupil, a district receives funding equal to at least 12%, but no more than 30% of its Total Per-pupil Funding. As a district’s percentage of at-risk population increases above the statewide average (roughly 37.7%, an increased amount of at-risk funding is provided).

A district receives funding for the greater of: 1) each actual pupil eligible for the federal free lunch program; or 2) a calculated number of pupils based on the number of grades 1-8 pupils eligible for the federal free lunch program as a percent of the district’s entire population.

Starting in FY 2010-11, a new factor was introduced in the school finance formula due to the statewide budget balancing challenges Colorado is facing. This new factor is called the "negative factor" and reduces the amount of funding districts would have received prior to this factors application in an equitable and fair manner.

Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences
All kindergarten and preschool pupils are funded as half-time programs with the exception of 2,154 kindergarten students funded as full-time through a separate appropriation referred to as Hold Harmless Full Day Kindergarten Funding. All other students, grades 1-12 are funded as either part-time or full-time based on scheduled hours of coursework.

Declining Enrollment or Growth
For a district with an enrollment fluctuating from year to year, funding is based on an average of up to four prior years’ October pupil counts and the current year’s October pupil count.

Capital Outlay and/or Debt Service
The bonding limit is 20% of assessed valuation. In a district with rapid enrollment growth, 25% of assessed valuation is the limit. Rapid enrollment growth is defined as 2.5% or more increase in enrollment per year for at least three years or five years whichever is higher.

Capital/Building Needs
Four distinct avenues through which a school district may meet its capital/building needs are discussed below.

Bonded Indebtedness (C.R.S. 22-42-102) -- A district may hold an election to authorize it to issue bonds to meet its capital needs. Principal and interest payments on bonds are paid from increased property tax revenues generated by a separate, additional mill that the district must be authorized to levy. A district may not have outstanding bond debt in excess of 20% (25% for rapidly growing districts of its assessed property valuation or 6% of its actual property value, whichever is greater.

School districts considering submitting a ballot question for bonded indebtedness to the electors of the district shall invite each charter school to participate in discussions regarding the possible submission of a ballot question.
Special Building and Technology Fund (C.R.S. 22-45-103(1d)) -- A district may hold an election to authorize it to levy up to ten mills for not longer than three years. Moneys generated by this levy are available to fund the purchase of land, the construction, purchase, and maintenance of facilities, and the purchase and installation of building security, instructional, and informational technologies.

Building Excellent Schools Today (B.E.S.T.) (Article 43.7 of Title 22) -- Provides a new funding structure for school capital construction projects, allowing school districts to enter into certificates of participation for lease-purchase agreements through the State Treasury for construction projects. Maintains a grant program for school capital construction projects that do not meet the requirements of the lease-purchase program. Brings all capital construction funding under one umbrella for administration and distribution of funds and is intended to replace the remaining obligations of the “Giardino Settlement.”

Loan Program for Capital Improvements in “Growth Districts” (C.R.S. 22-2-125) -- A district which is identified as a “growth district” as defined above, is eligible to apply for a loan from the State Treasurer. This debt must be voter approved and if a property tax mill levy is the method of repayment, such levy must also be approved at the same time. At the time of the loan application, the district must specify the method of repayment and the terms of repayment may not exceed 10 years. The district must also have voter approval for a repayment period of longer than one year.

If a property tax mill levy will be used to repay the loan, the mill must be no more than 5 mills or a number of mills determined by dividing the latest statewide average per pupil assessed valuation (PPAV by the latest PPAV of the growth district, whichever is less. If the district’s PPAV is greater than the statewide average PPAV, the growth district may impose an additional property tax levy of no more than 1 mill.

Transportation
Based upon a one-day count of route miles districts receive $.38 per mile plus 34% of the difference between current operating expenses for pupil transportation and the amount determined by multiplying $.38 times miles traveled times days of school. Maximum reimbursement is 90% of current operating expenditures. Reimbursement is based on prior year July – June.

Charter Schools
No response

Student-Based Components

Special Education
(Article 20 of Title 22, CRS)
The State Exceptional Children's Act (ECEA) outlines administrative unit (school districts and boards of cooperative educational services) responsibilities for providing special education programs for children with disabilities. The Act recognizes the need to provide educational opportunities to all children, and the benefits of providing a continuum of services in the least restrictive environment.

In budget year 2014-15, Colorado administrative units will serve approximately 85,000 students with disabilities, or about 10% of the total pupil enrollment. Administrative units will provide services to approximately 90,000 children between the ages of three and twenty-one who, by reason of one or more of the following conditions, are unable to receive reasonable benefit from general education. Disability categories are: Autism Spectrum Disorders, Deaf-blindness, Developmental Delay, Hearing Impairment Including Deafness, Infant/Toddler with a Disability, Intellectual Disability, Multiple Disabilities, Orthopedic Impairment, Other Health Impaired, Serious Emotional Disability, Specific Learning Disabilities, Speech or Language Impairment, Traumatic Brain Injury, and Visual Impairment Including Blindness.

State ECEA funding of special education programs for children with disabilities is $161 million for budget year 2014-15.

- Five hundred thousand dollars is available to administrative units specifically for costs incurred for children with disabilities that live in eligible facilities within their boundaries, and for whom (a) parental rights have been relinquished by the parents; (b) parental rights have been terminated by the court; (c) parents are incarcerated; (d) parents cannot be located; (e) parents reside out of state, but the Department of Human Services has placed the children within the boundaries of the administrative unit; or (f) the children are legally emancipated.
- Four million dollars will be available for grants to administrative units for reimbursement of high costs incurred in providing special education services in the preceding school year. High costs are defined as the costs incurred by an administrative unit above a threshold amount.

The remaining amount will be distributed as follows:
- Administrative units will receive $1,250 for each child reported by the administrative unit on December 1 of the previous year.
- Administrative units will receive up to an additional $6,000 for each child reported on its previous December 1 count with the following disabilities: vision disability, hearing disability, deaf-blind, significant identifiable emotional disability, autism, traumatic brain injury, multiple disabilities, and significant limited intellectual capacity. This amount will be prorated based on the amount of the remaining appropriation.
- State ECEA moneys can be used to pay for the salaries of special education instructional and support personnel, purchased services (including tuition payments to other administrative units and eligible facilities), supplies and equipment.

In budget year 2014-15, total special education costs will equal roughly $829 million. State funding covers roughly 20% of special education costs; federal funding covers an additional 19% of these costs; and local sources of funding cover the remaining 61% of the costs.
Low Income / Comp Ed / At-Risk
The following is the list of programs under Colorado Revised Statutes which are classified as Low Income / At-Risk. The Revised Statutes are available at:
http://www2.michie.com/colorado/lpext.dll?f=templates&fn=fs-main.htm&2.0

Art. 20. Education of Exceptional Children, 22-20-101 to 22-20-117.
Art. 27.5. Before- and After-School Dropout Prevention Programs, 22-27.5-101 to 22-27.5-106.

English Language Learner/Bilingual Education
See Low Income / Comp Ed / At-Risk

Gifted and Talented Education
See Low Income / Comp Ed / At-Risk

Career and Technical Education
No response

Preschool Education
No response

Other
Each school district individually has the discretion, within the limits of existing law, to determine how its Total Program moneys are spent, with one exception required by the state in budget year 2014-15.

Programs for At-Risk Pupils -- Each school district must allocate at least 75% of its at-risk funding to school or district-wide instructional programs for at-risk pupils or to staff development associated with teaching at-risk pupils in the district.

Revenue and Expenditure Information
State Mandates Restricting Revenue or Expenditure Increases
Each school district's annual revenue and spending growth is limited by its percentage of growth in pupil enrollment plus the rate (percentage of inflation, in accordance with the Taxpayer's Bill of Rights (TABOR) state constitutional amendment). This limit initially may restrict a district's ability to accept the full amount of funding as determined by the Total Program formula calculation.

In such a case, to subsequently receive the full formula amount of funding, a district must certify to the Colorado Department of Education that receiving the full amount of Total Program funding would not violate its TABOR limit. A district may need to seek voter authorization for an increase to its TABOR limit before being able to make such a certification.

Property Assessment Ratios Used/Legal Standards for Property Assessment
The county assessor determines the valuation of all property located within a district’s boundaries (e.g. residential, commercial, agricultural, oil, and gas). The state is responsible for determining the valuation of public utilities within district boundaries. Regardless of property type, assessed valuation is based on a percentage of the property's actual value. For example, in budget year 2014-15, residential property is expected to have an assessed valuation equal to 7.96% of its actual value.

One mill of tax is the same as one-tenth of one percent (.001). Therefore, on residential property with an actual value of $100,000 and, thus, an assessed valuation of $7,960, each mill of tax raises $7.96.

Measure of Local Ability to Support Schools
Assessed valuation per pupil.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
Two local sources of revenues are incorporated into the Public School Finance Act of 1994, as amended: property taxes and specific ownership (vehicle registration taxes). Funding for a school district’s Total Program is provided first by these sources of revenues (the Local Share); if these local sources are insufficient to fully fund Total Program, state moneys fund any shortfall.

Property Taxes
Each school district is required to impose a property tax levy to finance its Local Share of Total Program. The ability to raise money from property taxes varies widely among districts. Differences in tax bases (assessed property values) result in differences in revenues collected, using a given mill levy. Nonetheless, no district’s property tax revenues are transferred to any other district; instead, moneys raised remain in the district which imposes the tax.

Beginning in FY 2007-08, legislation was passed to stabilize school district mill levies. The legislation caps mill levies at 27 mills and freezes mill levies for districts with mill levies of 27 mills or less. This legislation applies to the Total Program mill levy only. It does not affect override, bond, special building and technology, full-day kindergarten excess cost, or transportation mill levies. Additionally, this mill levy cap/freeze does not apply to districts that
have not held a successful TABOR election.

The four school districts which have not held a successful TABOR election must levy the least/smallest mill resulting from the following three options: (1) the mill that it levied in the prior year; (2) the mill necessary to entirely pay for its Total Program and categorical programs, less any specific ownership tax revenues and minimum State Share funding received (see subsequent discussion); or (3) the maximum mill allowed by the TABOR constitutional amendment.

Specific Ownership Taxes
Vehicle registration taxes are collected by counties and are shared with school districts. Each district’s Local Share includes an amount of specific ownership tax revenue equal to the prior budget year’s actual amount received.

Other Funding
Local Funding Sources
Override Revenues (C.R.S. 22-54-108)
A school district may desire to spend more property tax revenues than authorized/required to fund its Total Program. In this event, a district must seek approval from its voters to raise and expend “override” property tax revenues via an additional mill levy. Override revenues also are permitted for a district whose budget year 1994-95 actual Total Program exceeded its budget year 1994-95 formula calculation (a “hold harmless” district).

A district’s override revenues cannot exceed 25% of its Total Program or $200,000, whichever is greater, plus an amount equal to the maximum dollar amount of property tax revenue that the district could have generated for FY 2001-02 in a Cost of Living Adjustment election. All override revenues come from increased property taxes; no additional state funding occurs. A district's authorization to raise and expend “override” revenues does not affect the amount of State Share funding which the district is eligible to receive.

Contingency Reserve (C.R.S. 22-54-117)
The Colorado State Board of Education is authorized to approve emergency supplemental payments to assist school districts. Such payments are made at the discretion of the Board and following applicable statutory guidelines.

State Support for Nonpublic Schools
State funding of nonpublic schools is not allowed by the State Constitution. Private vendors receive state funding for education where pupils are placed by courts in private facilities with approved on grounds schools.
Description of the Formula

Education Cost Sharing (ECS) Target Aid is still a foundation-type formula and is currently comprised of two components: **Base Aid and a Regional Bonus.** **Base Aid** - For each weighted student, towns receive a portion of the foundation ($11,525) based on the ratio of the town’s wealth when compared to the guaranteed wealth level—1.5 times the median town’s wealth. Wealth is measured in terms of property per capita (90 percent of the weight) and median household income (10 percent). Students are weighted for poverty (free and reduced-price meals). **Regional Bonus** – Towns that are members of regional districts receive up to $100 for each such student, depending on the number of regional grades.

However, for 2014-15, as in several prior years, the ECS formula was not strictly followed, and town-by-town appropriations were set by statute. Legislation directs that each town receive an ECS entitlement equal to the amount they were entitled to in the previous year. In 2014-15, the bulk of ECS increases (94 percent) went to the lowest-performing 30 school districts (Alliance Districts), which allocations were subject to state-approved school-improvement uses.

District-Based Components

**Density/Sparsity of Small Schools**
There are no adjustments for population density or sparsity.

**Grade Level Differences**
Does not apply.

**Pupil Weights for District/School Size**
Does not apply.

**Declining Enrollment or Growth**
The state’s Minimum Budget Requirement (MBR) represents the minimum level that a town must appropriate to the school district. Generally, the MBR is predicated upon the prior year’s
budgeted appropriation to the school district plus the increase in the ECS grant. Some allowance is made for town-district cost savings and for declining enrollment.

**Capital Outlay and/or Debt Service**
The state pays 10-70 percent of approved projects (or 20-80 percent if it can be shown that new construction is less expensive than renovation), inversely related to district wealth. For regional districts, the state pays an additional 10 percentage points on an equalized basis, but such districts may not receive more than 85 percent reimbursement. In addition, the state pays 80 percent for approved interdistrict magnet schools, agricultural science centers and regional special education facilities. Bonded indebtedness may not exceed 160 percent of the current year estimated tax receipts.

**Transportation**
The state pays 0-60 percent of eligible prior year expenditures, inversely related to district wealth. Regional high school districts receive an additional 5 percent, and regional K-12 districts receive an additional 10 percent. Districts are guaranteed a minimum grant of $1,000. Grants are proportionally reduced to stay within the legislatively approved appropriation, inasmuch as the grant has been capped for several years.

**Charter Schools**
The state pays $11,000 per pupil to charter school operators, in addition to providing some start-up/planning funding. Sending districts are responsible for all special education costs, transportation, and certain other costs for their students who choose to attend a charter.

**Student-Based Components**

**Special Education**
Since 1995-96, the state’s primary contribution to general special education has been embedded within the Education Cost Sharing (ECS) formula described under [Description of Formula](#), constituting approximately 19 percent of the foundation amount. Thus the ECS foundation reflects the state’s contribution toward the cost of regular education and general education. The student count used in the ECS grant determination includes both regular education and special education students.

The state also supports extraordinary special education costs through its Excess Costs grant, which in principle is intended to fund 100 percent of student-based special education costs in excess of established thresholds. For children affected by state agencies, e.g., foster students and judicial placements, the state pays in excess of the district’s prior year average cost per student (including regular and special education). For all other special education placements, the state pays 100 percent of the costs in excess of 4.5 times the prior year’s average cost per student (including regular and special education). However, these grants are proportionately reduced to stay within the legislatively approved appropriation.

**Low Income / Comp Ed / At-Risk**
Does not apply.
**Bilingual Education**
Each district is entitled to receive a portion of the total amount appropriated according to the ratio of the number of eligible pupils in the district as compared to the total number of eligible pupils in the state. Among other criteria, program eligibility is limited to 30 months. Grant eligibility is limited to districts with schools containing 20 or more students with the same dominant language other than English.

**Gifted and Talented Education**
Does not apply.

**Career and Technical Education**
The state maintains and funds the Connecticut Technical High School System.

**Preschool Education**
Much focus has been paid to expanding universal access for low-income children to quality preschool programs. The Office of Early Childhood was established to further this agenda, and additional funding was appropriated.

**Other**
In addition to the 30 lowest-performing Alliance Districts previously mentioned, Connecticut targets additional funding to the 15 districts with the highest concentrations of poor and remedial students. Funding for these Priority Districts supports quality preschool education, summer school, and extended school building hours.

Among the state’s 1161 public schools that serve some 545,600 students, the state supports a variety of interdistrict choice programs for the purposes of providing academic alternatives and reducing racial and economic isolation:

- Magnet Schools - 77 interdistrict magnets
- Charter Schools – 18 charters
- Connecticut Technical High School System – 17 state-operated technical high schools
- OPEN Choice – city students enrolled in suburban districts; and
- Agricultural Science – 17 regional high schools

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Connecticut operates under a constitutional spending cap which requires a balanced budget. The cap limits appropriations based upon two major economic variables: either the five-year average growth in Connecticut personal income or annual growth of the Consumer Price Index, whichever is greater. The cap can only be exceeded if the Governor declares an emergency or the existence of extraordinary circumstances and three-fifths of both chambers of the General Assembly concur.
**Property Assessment Ratios Used/Legal Standards For Property Assessment**
Assessment ratios used may not exceed 100 percent of true and actual or fair market value.

**Measure of Local Ability To Support Schools**
For transportation, adult education, and school construction grants: Relative wealth of the town, based on equalized property value per capita.

For the Education Cost Sharing (ECS) grant: Equalized property value per weighted pupil and per capita, modified by a ratio of the town’s 2011 per capita income to the town with the highest per capita income and 2011 median household income to the town with the highest median household income. Pupils are weighted for poverty.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
The state’s 166 districts are fiscally dependent. Local boards of finance propose entire town budgets, which include the school budget. Voters accept or reject the total budget. Voter approval is required for a new tax increase.

**State Support for Nonpublic Schools**
Aid to public schools is provided for mandated services to nonpublic schools and/or pupils for health services (doctors, nurses and dental hygienists), transportation, and child nutrition.

*Source: Dianne deVries, Connecticut Coalitions for Justice in Education Funding*
Description of the Formula

State support is provided in five (5) major components.

Division I, employment costs, is allocated in accordance with state formulae.

Division II, All Other Costs (AOC) is allocated on a student-based unit system. All Other Costs Funds may be used for all operational costs other than employment costs, energy costs, transportation, or debt service.

Division II, All Other Costs - Energy is allocated on a student-based unit system. AOC-Energy funds may be used for heating oil, gas, or electricity.

Division II. All Other Costs – Vocational Education is allocated on the students that are participating in vocational classes. These funds are used to support the operations costs of the vocational programs.

Division III, Equalization funds are allocated inversely on the basis of school district wealth (full value of real estate per unit of pupils) and are distributed on a per unit basis. Equalization funds are to balance funds for education between poorer and wealthier districts. This funding can be used by the districts to support positions or operations.

Education Sustainment funds are allocated on a student-based unit system and the funds can be used just like Equalization funds.

Debt Service funding allocates between 60% and 80% of the cost of school construction in the districts and 100% for statewide special schools.

District-Based Components
Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences

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<th>Per Instructional Unit</th>
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<tr>
<td>Pre K – 12 Complex Special Education</td>
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Declining Enrollment or Growth
Based on Senate Bill 16 that was passed in March 2011 requires in April an estimated unit count for the following school year. This allows for the early hiring of teachers. Districts are guaranteed 98% of this estimated unit count.

Capital Outlay and/or Debt Service
The state pays between 60% and 80% of approved major capital projects (projects exceeding $750,000); 100% for special schools and vocational schools. Bond issue must be approved by referendum of the local district. Bonded indebtedness is limited to 10% of the assessed valuation of the district.

For Minor Capital Projects (projects up to $750,000) the state provides an annual allocation to districts and charters and the districts and charters must match the state contribution with a 40% local match.

Transportation
Transportation for eligible public school students is funded through a legislatively-directed transportation formula to provide funds to the districts for district- or contractor-provided school transportation. For the districts the State pays for 90% of these costs and the districts pay for approximately 10% of the costs. Transportation benefits are provided for pupils in grades K-6 whose legal residences are one (1) mile or more from the schools to which they would normally be assigned and for pupils in grades 7-12 whose legal residences are two (2) miles or more from the schools to which they would normally be assigned. Public charter schools are provided transportation funding for eligible students based on 70% of the average cost per student of transportation within the vocational district in which the charter school is located.

Charter Schools
Charter Schools receive funding similar to the local districts but their funding is placed in an operations line which allows charters to have flexibility with their state funds.

Pupil-Based Components
Special Education
Funding is provided through instructional units. The State uses a needs based funding system for special education students. Funding is based on three categories: basic, intensive, and complex with unit sizes of 8.4, 6.0, and 2.6 students per unit.

Low Income / Comp Ed / At-Risk
Academic Excellence instruction units are provided on the basis of one unit per 250 pupils enrolled and funds are provided for use by the districts to address areas of need.

English Language Learner/Bilingual Education
Academic Excellence instruction units are provided on the basis of one unit per 250 pupils enrolled and funds are provided for use by the districts to address areas of need.

Gifted and Talented Education
Academic Excellence instruction units are provided on the basis of one unit per 250 pupils enrolled and funds are provided for use by the districts to address areas of need.

Accelerated Academic Education grants are available to all districts and charters to support the highly able learners. This grant opportunity is available on an annual basis.

Career and Technical Education
As stated above, AOC-Vocational Education costs are allowed based on the number of minutes students are in vocational education classes.

Preschool Education
Preschool education is provided for special needs students for 3 and 4 year olds.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Districts tax between 50% and 100% of the county assessed valuations.

Measure of Local Ability To Support Schools
Market value of property per unit of pupils.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 19 districts are fiscally independent. Increase in total tax rates for current operations must be approved by referendum. Voter approval is required for a tax increase. A maximum of two elections may be held each year; a simple majority is required for approval. Local revenue sources are: property tax (74%), interest (1%), tuition (13%), and other (12%).
State Support for Nonpublic Schools
The State provides driver education to all eligible Delaware residents attending public and private high schools. While the State does not transport pupils attending non-public schools, it does provide school transportation stipends to parents of eligible pupils.
Description of the Formula

In 1973 the Florida Legislature enacted the Florida Education Finance Program (FEFP) and established the state policy on equalized funding to guarantee to each student in the Florida public education system the availability of programs and services appropriate to his or her educational needs that are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors.

To provide equalization of education opportunity, the FEFP formula recognizes: (1) varying local property tax bases; (2) varying education program costs; (3) varying costs of living; and (4) varying costs for equivalent educational programs due to sparsity and dispersion of student population.

The FEFP is the primary mechanism for funding the operating costs of public schools. As noted herein, there are other sources of funding; however, the FEFP is the finance program’s foundation. A key feature of the FEFP is that it bases financial support for education upon the individual student participating in a particular educational program rather than upon the number of teachers or classrooms. FEFP funds are primarily generated by multiplying the number of full-time equivalent (FTE) students in each of the funded educational programs by cost factors to obtain weighted FTEs. Weighted FTEs are then multiplied by a base student allocation and by a district cost differential in the major calculation to determine the base funding from state and local FEFP funds. Program cost factors are determined by the Legislature and represent relative cost differences among the FEFP programs. In addition to the base funding allocation, three major allocations within the FEFP are the Supplemental Academic Instruction Allocation, Exceptional Student Education Guaranteed Allocation, and the Class Size Reduction Allocation. Please see page 15 of “Funding for Florida School Districts” at http://www.fldoe.org/fefp/pdf/fefpdist.pdf for an explanation of these allocations.
District-Based Components

Density/Sparsity of Small Schools
The FEFP recognizes the relatively higher operating cost of smaller districts due to sparse student population through a statutory formula in which the variable factor is a sparsity index. This index is computed by dividing the FTE of the district by the number of permanent senior high school centers (not exceeding three). By Appropriations Act proviso, participation is limited to districts of 20,000 or fewer FTE. Each eligible district’s allocation is subject to an adjustment for relative wealth of the district. This adjustment is based on the per FTE value of the maximum discretionary levy in the district relative to the state average. If the district value per FTE exceeds the state average, then the sparsity entitlement is negatively adjusted by an amount equal to the district’s FTE multiplied by the per FTE amount by which the district’s maximum discretionary value per FTE exceeds the state average. However, no district shall have a sparsity wealth adjustment that would cause the district’s total potential funds per FTE to be less than the state average. This supplement is limited to $35,754,378 statewide for the 2010-11 fiscal year.

Grade Level Differences
Basic education programs are funded with the following program weights:

<table>
<thead>
<tr>
<th>Grade Levels</th>
<th>Program Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten and Grades 1 – 3</td>
<td>1.089</td>
</tr>
<tr>
<td>Grades 4 – 8</td>
<td>1.000</td>
</tr>
<tr>
<td>Grades 9 – 12</td>
<td>1.031</td>
</tr>
</tbody>
</table>

Declining Enrollment or Growth
The declining enrollment supplement is determined by comparing the unweighted FTE for the current year to the unweighted FTE of the prior year. In those districts where there is a decline in unweighted FTE, 25 percent of the decline is multiplied by the prior-year base funding per unweighted FTE. This amount is the declining enrollment supplement for the district.

Capital Outlay and/or Debt Service
Pursuant to Article XII, Section 9(d), of the Florida Constitution, the first proceeds from the tax on motor vehicle licenses are available to school districts and state colleges for capital outlay purposes. The number of instructional units determines the annual allocation of Capital Outlay and Debt Service funds for each school district and state college. A school district or state college may elect to bond its allocation or receive the funds as cash (commonly referred to as “flow-through”).

Transportation
The student transportation funding formula provides funds to 67 school districts based on each district’s pro rata share of eligible transported students. Eligible transported charter school students may be included in the districts’ student transportation funding claims. The formula includes an enhancement for the transportation of disabled students requiring specialized transportation services. In addition to students transported by public school buses, the funding formula includes students transported to and from school on local general purpose transportation systems and students transported to and from school in private passenger cars and boats when the transportation is for isolated students or for students with disabilities as defined by State Board
of Education, Administrative Rule 6A-6.0301, Florida Administrative Code. Adjustments to each district’s share of state transportation funds are made for cost of living differences, the percent of population outside of urban centers, and efficiency.

Students in membership in kindergarten through grade 12 (K-12) and in prekindergarten exceptional student education programs are eligible for transportation funding if one of the following conditions is met:

- The student lives two or more miles from the school.
- The student is classified as a student with a disability under the Individuals with Disabilities Education Act (IDEA), regardless of distance (excluding gifted students). K-12 students identified with Specific Learning Disabilities, Speech Impairments, or Language Impairments who live less than two miles from their assigned school are eligible only if transportation services are required by the student’s Individual Educational Plan.
- The student/parent or infant is enrolled in the Teenage Parent Program (TAP).
- The student is enrolled in a state-funded prekindergarten program (IDEA or TAP), regardless of distance from home to school. Prekindergarten children not enrolled in IDEA programs, or whose parent or parents are not enrolled in a TAP program, are not eligible for state transportation funding. Prekindergarten students in the following programs are ineligible for transportation funding under Section 1011.68, Florida Statutes (F.S.), unless the students are also disabled or in a TAP program. These ineligible groups include, but are not limited to, students in Prekindergarten Title I, federally funded Prekindergarten Migrant programs, Prekindergarten Early Intervention, Head Start, and Readiness Coalition programs.
- The student is a career or exceptional student being transported from one school center to another where appropriate programs are provided. Dually enrolled students, as defined by Section 1011.68, F.S., who attend a university, community college, or career college, are included.
- The student meets the criteria for hazardous walking as stated in Section 1006.23, F.S. Only elementary school students are eligible for funding under the hazardous walking category.

Charter Schools
No response

Student-Based Components

Special Education
In Florida, services for Exceptional Student Education (ESE) students (students identified as gifted and students identified as disabled) are funded through the FEFP. Exceptional education services for most students are funded through the ESE Guaranteed Allocation. For those ESE students requiring the most intensive services, funding is weighted by cost factors in accordance
with level of need. Please see Section 1011.62 (1)(e), F.S., for an outline of the funding model for ESE programs. Approximately 88 percent of the total expenditures for students with disabilities are funded through state and local programs.

Since July 1, 2000, approximately 95 percent of ESE students have generated base funding at the same level as non-disabled students. These students are reported under basic programs 111 (grades PK-3 basic with ESE services), 112 (grades 4-8 basic with ESE services), or 113 (grades 9-12 basic with ESE services). These programs have the same cost factors as basic programs 101, 102, and 103. A portion of funding for students in these programs is generated by multiplying the base student allocation by the program cost factor. For 2010-11, the base student allocation is $3,623.76. The approximate base weighted funding amounts generated by students in basic programs for 2010-11 are:

<table>
<thead>
<tr>
<th>Grades</th>
<th>Basic Amount</th>
<th>Program Cost Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>PK-3 Basic</td>
<td>$3,946.27</td>
<td>($3,623.76 x 1.089)</td>
</tr>
<tr>
<td>4-8 Basic</td>
<td>$3,623.76</td>
<td>($3,623.76 x 1.000)</td>
</tr>
<tr>
<td>9-12 Basic</td>
<td>$3,736.10</td>
<td>($3,623.76 x 1.031)</td>
</tr>
</tbody>
</table>

In order to fund exceptional education and related services (including therapies) for these students, an Exceptional Student Education Guaranteed Allocation was established by the Legislature in addition to the basic funding. The guaranteed allocation is a fixed amount provided each district. For the current school year (2010-11) the ESE Guaranteed Allocation appropriation is $980,571,070.

For the remaining five percent of students with disabilities (those with the most intense needs), funding is determined using a matrix of services. Consistent with the services identified on the Individual Educational Plan, matrices are completed by checking all the services that will be provided to the student. Students with the two highest matrix ratings (254 and 255) generate base weighted funding as follows:

<table>
<thead>
<tr>
<th>Support Level</th>
<th>Amount</th>
<th>Program Cost Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 (254)</td>
<td>$12,766.51</td>
<td>($3,623.76 x 3.523)</td>
</tr>
<tr>
<td>5 (255)</td>
<td>$17,883.26</td>
<td>($3,623.76 x 4.935)</td>
</tr>
</tbody>
</table>

The ESE matrix of services consists of five support levels and five domains: curriculum and learning environment, social/emotional behavior, independent functioning, healthcare, and communication. See “Use of the Exceptional Student Education Matrix of Services” at http://fldoe.org/ese/pdf/matrixnu.pdf/

**Low Income / Comp Ed / At-Risk**
There is no comparable program existing at this time.

**English Language Learner/Bilingual Education**
English for Speakers of Other Languages (ESOL) programs are funded with a program weight of 1.147.
Gifted and Talented Education
Please see the response for Special Education above.

Career and Technical Education
No response

Preschool Education
No response

Other
N/A

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
In accordance with Section 1011.71, Florida Statutes, districts may levy up to 0.748 mills for discretionary operating funds. In addition, each district school board may, by supermajority vote, levy an additional 0.250 mills for critical operating or critical capital outlay needs. If a school board’s 0.748 or additional 0.250 mill levy provides funds that are less than the state average per unweighted FTE, the school district shall receive a supplement that, when added to the funds generated by each of these levies, is equivalent to the state average per unweighted FTE.

Property Assessment Ratios Used/Legal Standards for Property Assessment
Each district’s share of the state total required local effort is determined by a statutory procedure that is initiated by certification of the property tax valuations of each district by the Department of Revenue. This certification occurs no later than two working days prior to July 19. No later than July 19, the Commissioner of Education certifies each district’s required local effort millage rate. These rates are primarily determined by dividing the dollar amount of required local effort by 96 percent of the aggregated taxable value for school purposes of all districts. Certifications vary due to the use of assessment ratios designed to equalize the effect on the FEFP of differing levels of property appraisal in the counties.

Measure of Local Ability to Support Schools
Each school board participating in the state allocation of funds for the current operation of schools must levy the millage set for its required local effort from property taxes. The Legislature set the amount of $7,197,552,375 as the required local effort for 2010-11. Millage rates are also adjusted because required local effort may not exceed 90 percent of a district’s total FEFP entitlement.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
The primary source of local operating and capital outlay revenue for schools is ad valorem taxes; however, school boards are authorized to levy a sales tax of 0.5% for capital outlay purposes if approval is granted by referendum.
**State Support for Nonpublic Schools**

Scholarship payments for education provided by private schools are available pursuant to the provisions of the John M. McKay Scholarships for Students with Disabilities Program and the Florida Tax Credit Scholarship Program.
Description of the Formula

Georgia has a two-tiered school finance program, the base is a foundation program with a five mill required local share; the state provides the difference between the foundation amount set by the state minus the local share, which is the amount raised locally by levying five mills on the 40% equalized property tax digest. For each mill raised above the five mills (up to 15 mills), the state will pay the difference needed in the per pupil amount for WFTE to bring the amount raised per pupil equal to the amount per pupil at the 75th percentile. The state has a minimum salary schedule for 10 months (190 days); the base salary was $33,424 for the 2014-2015 school year. Most school systems provide a local supplement to the base salary.

Due to the significant economic challenges the state experienced in previous years, a bottom line austerity reduction of 9.7% remains applied against the earnings of the education funding formula. With waivers of expenditure controls, school systems have the flexibility to implement these reductions as best fits their individual situation.

District-Based Components

Density/Sparsity of Small Schools
Additional funds are provided to small schools on a case by case basis subject to the conditions of O.C.G.A. 20-2-292. Requirements for receiving a Sparsity grant include:

- The inability of the local school system to offer its students or a portion of its students the educational programs and services that are typically offered with state and local funding;
- the reason for the inability to offer these services is because the number of full time equivalent students participating in the school is less that the base size identified under the QBE law;
- there has been a study completed in the last five years that indicates that merging of smaller schools is unfeasible due to the extensive travel time required for students to arrive to attend school; or
- that there arises local objections to the possibility of merging two or more separate systems into one new system; or
- the adjoining local school system or systems refuse to participate in a study to determine the feasibility of a merger; or
- any proposed local school system would still be unable to offer comparable educational programs and services to its students or a portion of its students even if the local school systems were merged or if schools were consolidated, since the resulting schools would still be smaller than the base sizes.
- Funds are subject to appropriation.

### Grade Level Differences

<table>
<thead>
<tr>
<th>Grade</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>1.6519</td>
</tr>
<tr>
<td>K Early Intervention</td>
<td>2.0363</td>
</tr>
<tr>
<td>1-3</td>
<td>1.2853</td>
</tr>
<tr>
<td>1-3 Early Intervention</td>
<td>1.7941</td>
</tr>
<tr>
<td>4-5</td>
<td>1.0356</td>
</tr>
<tr>
<td>4-5 Early Intervention</td>
<td>1.7877</td>
</tr>
<tr>
<td>6-8</td>
<td>1.0279</td>
</tr>
<tr>
<td>6-8 Middle School Base Grades 9-12</td>
<td>1.1313</td>
</tr>
</tbody>
</table>

### Declining Enrollment or Growth
Average of three most recent FTE counts for each program with a mid-year adjustment the following year for growing school systems. Systems with declining enrollment are typically held to the initial appropriation for the remainder of the year, and funding is adjusted downward in the subsequent year.

### Capital Outlay and/or Debt Service
The state provides grants based on increased growth and consolidation. Bonded indebtedness may not exceed 10% of a school district’s total assessed property.

### Transportation
State aid is provided according to a schedule of standard transportation costs and a schedule of variable transportation costs.

### Charter Schools
Local school system charter schools are funded in the same fashion as traditional public schools, using the existing Quality Basic Education funding formula. There are differences in governing structures and approval methodologies, but no significant differences in funding. In the 2012 Legislative Assembly, the State of Georgia created via state law the State Charter Schools Commission of Georgia (SCSC) as a state-level, independent charter school authorizing entity. The SCSC has the power to approve or deny petitions for state charter schools and renew, non-renew, or terminate state charter school contracts in accordance with Georgia law. The mission of the State Charter Schools Commission of Georgia is to improve public education throughout
the state by authorizing high quality charter schools that provide students with better educational opportunities than they would otherwise receive in traditional district schools.

There are currently 15 state chartered schools in operation in the state of Georgia, serving as standalone schools/local school systems.

**Student-Based Components**

**Special Education**
Funding is provided through the foundation program for five weighted categories for special education. The weights range from 2.3810 to 5.7555 depending on the type of disability and service and program provided to the pupil.

<table>
<thead>
<tr>
<th>Special Education Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category I</td>
<td>2.3810</td>
</tr>
<tr>
<td>Category II</td>
<td>2.7903</td>
</tr>
<tr>
<td>Category III</td>
<td>3.5250</td>
</tr>
<tr>
<td>Category IV</td>
<td>5.7555</td>
</tr>
<tr>
<td>Category V</td>
<td>2.4520</td>
</tr>
</tbody>
</table>

**Low Income / Comp Ed / At-Risk**
A weight of 1.3092 is provided for students in remedial education programs; a weight of 1.4717 is provided for students in alternative education programs.

**English Language Learner/Bilingual Education**
The formula includes a weight of 2.5068 for students in the English for Speakers of Other Languages (ESOL) program.

**Gifted and Talented Education**
A weight of 1.6597 is provided for students in programs for the gifted.

**Career and Technical Education**
A weight of 1.1912 is provided for students in the Career, Technical and Agricultural Education program, formerly called vocational education.

**Preschool Education**
Traditional preschool is funded by a separate state agency, the Georgia Department of Early Care and Learning. The Georgia Department of Education is responsible for the preschool handicapped grant for 3-4 year old students who have been identified as eligible for special education services.

**Categorical Programs**
Districts also may be eligible for the following categorical program(s):
Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Expenditure controls for FY 2015 are as follows:
- Due to the precipitous economic decline, all expenditure controls remain waived through the SY 2014-2015.

Property Assessment Ratios Used/Legal Standards for Property Assessment
Forty percent of fair market value, less statewide exemptions and an adjustment factor for the elderly, is used.

Measure of Local Ability to Support Schools
Property valuation.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
There are 159 fiscally dependent school districts and 27 fiscally independent school districts. Maximum local levy without voter approval is 20 mills. A simple majority vote is required for a tax increase; one election can be held per year. Eighty percent of local revenues derive from property taxes; 20% from sales taxes.

State Support for Non-Public Schools
The state provides tuition for multi-handicapped pupils, and for students eligible to participate in a special needs scholarship program.
Description of the Formula

Hawaii is the only state with a single, statewide school district. The system of state financing for public education is also different from any other state. Property taxes do not fund public education; property tax revenues support city and county governmental services.

In addition, the appointed elected State Board of Education has no independent taxing authority to pay for either operations or capital improvements for the public school system. State funding for the public school system is determined by the state legislature on a biannual budget basis, and is actually disbursed by the Governor.

State support for the operation of public schools comes from the general fund, which is the repository for all non-earmarked taxes. The major taxing sources for state governmental services are: general excise tax; personal income tax; corporate income tax; and other special taxes, such as inheritance, liquor, use taxes, and license fees. (Property taxes provide funding for city and county governmental services).

Weighted Student Formula

As a result of landmark legislation in 2004, the State Board of Education adopted a new weighted student formula, effective with the 2006-07 school year, to allocate a large portion of state funding to public schools within the statewide school district based on student needs. The formula consists of a specific dollar amount per student as a base amount for each student enrolled, coupled with additional funding for students with special needs that impact their learning.

Student characteristics that are weighted include economically disadvantaged; English Language Learners; gifted and talented; and transience due to movements of students and their families. Another factor is a middle school grade-level adjustment for a weighted equivalent of $150 per student was implemented. A Committee on Weights meets biennially to review the formula and possibly recommend changes to the Board of Education. Please refer to the Hawaii public school website, at http://www.hawaiipublicschools.org/VisionForSuccess/SchoolDataAndReports/StateReports/Pages/Weighted-Student-Formula.aspx
**District-Based Components**

**Foundation Funding**
Effective 2012-2013 school year, the Board of Education adopted a foundation funding to provide all schools with a set amount of funds to address basic operating expenses. This will help small schools, in particular, that might otherwise need to commit a larger percentage of their annual WSF allocation to meet basic operating expenses:

<table>
<thead>
<tr>
<th>School Type</th>
<th>Foundation Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary</td>
<td>$200,000</td>
</tr>
<tr>
<td>Elementary Multi-track</td>
<td>$280,000</td>
</tr>
<tr>
<td>Middle</td>
<td>$347,000</td>
</tr>
<tr>
<td>Middle Multi-track</td>
<td>$427,000</td>
</tr>
<tr>
<td>High</td>
<td>$354,000</td>
</tr>
<tr>
<td>K-8 or K-9 Combination</td>
<td>$403,000</td>
</tr>
<tr>
<td>6-12 Combination</td>
<td>$410,000</td>
</tr>
<tr>
<td>K-12 Combination</td>
<td>$465,000</td>
</tr>
</tbody>
</table>

**Declining Enrollment or Growth**
Within the Hawaii statewide school district, as part of the new weighted student formula, funding adjustments are made school-by-school based on enrollment changes, at four times during the planning and allocation process, as follows:

1. Annual academic and financial plans are developed by each school based on projected student enrollments. Weighted student formula funding is then provided to all public schools in early July at the start of the fiscal/school year. This excludes public charter schools, which receive separate state appropriations.

2. In August, weighted student formula funding is adjusted up or down based on an official student enrollment count taken 10 days after school starts in July.

3. In September, another enrollment count is taken, and weighted student formula funding is adjusted upward only for those schools experiencing increased student enrollment, at 75% of the updated weighted student formula calculation. Funding is not decreased for schools experiencing enrollment decreases at that time, to minimize disruption of school staffing and other budget issues during the year.

4. In January, a mid-year enrollment count is taken, and weighted student formula funding is adjusted upward again only for those schools experiencing increased student enrollment, at 50% of the updated weighted student formula calculation. Funding is not decreased for
schools experiencing enrollment decreases at that time, to minimize disruption of school staffing and other budget issues during the year.

**Capital Outlay and/or Debt Service**
The State Legislature appropriates funds for public school system capital improvements. The appropriation varies depending on annual decisions; however, the major components are:

- New school construction projects
- Construction of new classrooms or other facilities on existing campuses
- Major repairs and maintenance, such as roofing, remodeling, etc.
- Whole school renovations, prioritized based on age of the campuses
- Compliance with the Americans with Disabilities Act (ADA requirements and other health and safety regulations, including noise/heat abatement).
- Electrical upgrades

As part of landmark legislation in 2004, several school construction and repairs/maintenance functions were transferred from another state agency to the public school system. As a result of the successful implementation of this transfer, the public school system achieved significant improvements in service levels, response time and efficiencies in providing services to schools.

**Transportation**
Funds for the student transportation program are appropriated by the State Legislature to the public school system. In 2000, the student transportation program was transferred to the public school system from another state agency.

**Charter Schools**
No response

**Student-Based Components**

**Special Education**
State funding for special education increased dramatically between FY 2000 and FY 2008, primarily due to a federal court decree. Hawaii’s public school system also receives Federal funding for special education as part of the Individuals with Disabilities Education Improvement Act of 2004 (IDEA).

State funded resources, including special education teacher positions, are allocated to the districts based on a district’s special education student enrollment percentage of the state’s total special education enrollment. Started in school year 2010-11, this proportional staffing methodology places decision making at the district-level.

**Low Income / Comp Ed / At-Risk**
Over 59% of Hawaii public school students require more educational resources, including at least 39% economically disadvantaged; 3% with English language difficulties; 5% special
education; and 14% with multiple special needs.

Within the Hawaii statewide school district, the weighted student formula allocates state funding to schools for economically disadvantaged students, based on the Federal free and reduced lunch classifications, that are similarly used for Federal Title I grants. The economically disadvantaged weight is 0.10 per student at this time.

**English Language Learner/Bilingual Education**
Within the Hawaii statewide school district, state funding for the English Language Learners (ELL) program is included as part of the weighted student formula, and is allocated to schools that have those populations of students, based on weights that vary with the level of English proficiency.

**Gifted and Talented Education**
With the implementation of the weighted student formula effective beginning fiscal/school year 2006-07, the categorical program for gifted and talented education was folded into the amounts subject to weights. The 2010 Committee on Weights recommended, and the Board of Education approved, the additional of a weight for gifted and talented (G/T) students, effective school year 2011-12. Since identification of G/T students is still largely subjective, the Committee on Weight’s recommended that an estimate of 3% of a school’s total population be used to determine the number of potentially G/T students at any given school. This equates to a weight of 0.0265 at this time.

**Other**

*Weighted student formula:*
Within the Hawaii statewide school district’s weighted student formula for state funding, transiency is weighted at 0.050 per transient student, in recognition of the fact that the degree and frequency of movements of families and students in and out of schools creates educational needs for those students.

Since Hawaii is a state consisting of seven major islands, a fixed dollar amount of $50,000 for schools defined as “geographically isolated” is also applied.

*Categorical funding:*
The State Legislature appropriates categorical state funding for other instructional programs such as:

- Vocational education
- Athletics
- Alternative education programs for “at-risk” students
- Hawaiian language studies
- Preschool Education

These categorical appropriations are restricted and cannot be used for other purposes.

**Revenue and Expenditure Information**
State Mandates Restricting Revenue or Expenditure Increases
A constitutional amendment limits state spending to growth in personal income.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Does not apply. Property taxes are not used to fund the state public school system, or any state governmental services. Property taxes provide funding for city and county governmental services.

Measure of Local Ability To Support Schools
Does not apply. There are no “local” revenues, only state revenues that support the public school system.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
Does not apply. There are no “local” revenues, only state revenues that support the public school system.

State support for the operation of public schools comes from the general fund, which is the repository for all non-earmarked taxes (other than property taxes). The major taxing sources for state governmental services are: general excise tax; personal income tax; corporate income tax; and other special taxes, such as inheritance, liquor, use taxes, and license fees. (Property taxes provide funding for city and county governmental services).

State Support for Nonpublic Schools
Does not apply.
**Description of the Formula**

A Foundation program based on Support (instructional) Units. Pupil count using ADA is the basis for determining Support Units. School districts and charter schools will receive $22,401 of discretionary funds per unit for 2014-2015 from state revenues. The 2006 Legislature replaced local revenues (Maintenance & Operations property taxes) with state general fund revenues beginning with the 2006-2007 school year. School districts and charter schools also received salary and benefit (employer obligations for retirement and FICA) apportionment based on support units, and the experience and education of staff hired. The estimated average amount of salary and benefits distributed is $63,580.

**District-Based Components**

**Pupil Weights for District/School Size**

**COMPUTATION OF KINDERGARTEN SUPPORT UNITS**

<table>
<thead>
<tr>
<th>Average Daily Attendance</th>
<th>Attendance Divisor</th>
<th>Units Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>41 or more</td>
<td>40</td>
<td>1 or more as computed</td>
</tr>
<tr>
<td>31- 40.99</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>26- 30.99</td>
<td>-</td>
<td>.85</td>
</tr>
<tr>
<td>21- 25.99</td>
<td>-</td>
<td>.75</td>
</tr>
<tr>
<td>16- 20.99</td>
<td>-</td>
<td>.6</td>
</tr>
<tr>
<td>8- 15.99</td>
<td>-</td>
<td>.5</td>
</tr>
<tr>
<td>1- 7.99</td>
<td>-</td>
<td>Count as elementary</td>
</tr>
</tbody>
</table>

**COMPUTATION OF ELEMENTARY SUPPORT UNITS**

<table>
<thead>
<tr>
<th>Average Daily Attendance</th>
<th>Attendance Divisor</th>
<th>Minimum Units Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 or more ADA</td>
<td>23 for grades 4-6</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>20 for grades 1-3</td>
<td></td>
</tr>
<tr>
<td>160 to 299.99</td>
<td>20</td>
<td>8.4</td>
</tr>
<tr>
<td>110 to 159.99</td>
<td>19</td>
<td>6.8</td>
</tr>
</tbody>
</table>
### COMPUTATION OF SECONDARY SUPPORT UNITS

<table>
<thead>
<tr>
<th>Average Daily Attendance</th>
<th>Attendance Divisor</th>
<th>Minimum Units Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>750 or more</td>
<td>18.5</td>
<td>47</td>
</tr>
<tr>
<td>400 - 749.99</td>
<td>16</td>
<td>28</td>
</tr>
<tr>
<td>300 - 399.99</td>
<td>14.5</td>
<td>22</td>
</tr>
<tr>
<td>200 - 299.99</td>
<td>13.5</td>
<td>17</td>
</tr>
<tr>
<td>100 - 199.99</td>
<td>12</td>
<td>9</td>
</tr>
</tbody>
</table>

99.99 or fewer Units allowed as follows:

<table>
<thead>
<tr>
<th>Grades</th>
<th>Units Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 - 12</td>
<td>8</td>
</tr>
<tr>
<td>9 - 12</td>
<td>6</td>
</tr>
<tr>
<td>7 - 9</td>
<td>1 per 14 ADA</td>
</tr>
<tr>
<td>7 - 8</td>
<td>1 per 16 ADA</td>
</tr>
</tbody>
</table>

Charter schools with fewer than one hundred (100) secondary ADA shall use a divisor of twelve (12) and the minimum units shall not apply.

### Density/Sparsity of Small Schools

Support Unit allotments vary according to educational level and school district size. Generally, smaller school districts and charter schools will receive more funding per ADA than larger school districts and charter schools. School districts with less than 40 support units receive an additional 0.5 FTE of instructional staff and an additional 0.5 FTE of administrative staff. School districts with less than 20 support units receive an additional 0.5 FTE of instructional staff. Remote and necessary schools may petition state board of education for special consideration.

### Grade Level Differences

Instructional (Support) units vary according to grade levels: Kindergarten, Elementary (1-6); Secondary (7-12); Exceptional Education; and Alternative Programs.

### Declining Enrollment or Growth

The state school support of a school district with a decreasing ADA of 3% or more will be maintained at the level of the previous year less 3%. Beginning in FY 2013 (2012-2013 school year), all school district support units were reduced proportionately to equal the amount of support units received by those school districts that qualified. Charter schools are not eligible for this provision.
Capital Outlay and/or Debt Service
Bonded indebtedness may not exceed 5% of total assessed market value of property. Some elementary school districts have a limit of 2%.

Transportation
District transportation support program is based on transporting pupils 1-1/2 miles or more to school. The state funds 85% of the allowable cost through the foundation program, less $7.5 million, which is to be used as discretionary funding.

Charter Schools
No response

Student-Based Components

Special Education
The foundation program provided salaries and benefits (employer obligations for retirement and FICA) of ancillary personnel (special education teachers, psychologists, psychological examiners, therapists, and social workers) through an instructional staff allowance ratio of 0.1 per support unit.

Pupil Weights for Special Education Programs
The state formula shifts 6% of K-6 ADA and 5.5% of 7-12 ADA to exceptional child ADA, which generally provides school districts and charter schools with additional support units.

Computation of Exceptional Education Support Units

<table>
<thead>
<tr>
<th>Average Daily Attendance</th>
<th>Attendance Divisor</th>
<th>Minimum Units Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 or more</td>
<td>14.5</td>
<td>1 or more as computed</td>
</tr>
<tr>
<td>12 - 13.99</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>8 - 11.99</td>
<td>-</td>
<td>.75</td>
</tr>
<tr>
<td>4 - 7.99</td>
<td>-</td>
<td>.5</td>
</tr>
<tr>
<td>1 - 3.99</td>
<td>-</td>
<td>.25</td>
</tr>
</tbody>
</table>

Low Income / Comp Ed / At-Risk
Does not apply.

English Language Learner/Bilingual Education
The state distributed $3.5 million based on the number of Limited-English Proficient (LEP) students (approximately $263 per student) and $450 thousand in three-year grants to school districts whose LEP students failed to meet adequate yearly progress in math or reading.

Gifted and Talented Education
The ADA of gifted and talented students is included in the elementary and secondary ADA, which earns Support Units. A portion (see above) is shifted to the ADA of the Exceptional Child Program and earns Support Units.
Career and Technical Education
No response

Charter Schools
There are 48 charter schools

Preschool Education
The Division of Professional-Technical Education is responsible for secondary, postsecondary, and adult professional-technical programs that are delivered throughout the majority of Idaho public school districts and six technical colleges. Professional-technical education programs start at the 9th grade and provide the foundation for portable, stackable credentials that can be pursued beyond high school, up to, and including, an Associate of Applied Science degree. In FY 2014, PTE programs served over 80,000 students at the secondary level and graduated more than 2,000 students at the postsecondary level. Professional-technical education in Idaho is also delivered through Professional-Technical High Schools. These schools deliver high-end technical education programs that go beyond the scope of professional-technical education programs found in the comprehensive high school. There are 17 approved PTS schools in Idaho, with two being charter schools.

Other
Computation of Alternative School Secondary Support Units

<table>
<thead>
<tr>
<th>Pupils in Attendance</th>
<th>Attendance Divisor</th>
<th>Minimum Units Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 or more</td>
<td>12</td>
<td>1 or more as computed</td>
</tr>
</tbody>
</table>

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
The 2006 Legislature eliminated maintenance & operations property taxes for all but five school districts, one of which is a charter school district that was formed prior to statehood, and has taxing authority in its charter. The remaining four school districts were raising more maintenance and operations property taxes than what the state foundation program was providing. The state allowed these four school districts to continue levying these amounts, capped at the amount received by each in the year prior to the elimination of the maintenance and operations property taxes. The only revenue limits (3% per annum) remaining are on tort and migrant property tax levies.

Property Assessment Ratios Used/Legal Standards for Property Assessment
Property is assessed at a “true” market value.

Measure of Local Ability to Support Schools
Does not apply.
School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 115 districts are fiscally independent. Voter approval is required for override (supplemental) levies (simple majority, 50% +1); plant facility levies (55%, 60%, or 66 2/3%, depending on current and proposed levies; and bond levies (66 2/3%).

State Support for Nonpublic Schools
Does not apply.
Note: Data are FY 2015
Description of the Formula

General State Aid is the primary state grant, providing unrestricted grants-in-aid to Illinois School districts in an equitable manner. The grant has two components; a foundation level formula and a poverty grant formula. Beginning in FY 1999 Illinois implemented major revisions to their GSA formula.

We have 3 formulas: Foundation, Alternate Method and Flat Grant. In FY 15 the foundation level is $6,119. Districts that have available local resources per pupil equal to less than 93% of the foundation level are Foundation districts and receive the difference between the foundation level and their available local resources per pupil.

Districts that have 93% but less than 175% of the foundation level in available local resources per pupil are Alternate Method districts and they receive 7%-5% of the foundation level, according to their available local resources per pupil.

Flat Grant districts have 175% or more of the foundation level in available local resources per pupil and they receive $218 per pupil.

District-Based Components

Density for Small Schools
Does not apply

Grade Level Differences
No Grade Level weighting – eliminated with implementation of the new formula in FY 1999.

Declining Enrollment or Growth
Greater of best three months Average Daily Attendance (ADA) from 2013-14 school year or the prior 3 years average of the best 3 months of ADAs (2011-12, 2012-13, 2013-14).
Capital Outlay and/or Debt Service
Funds are annually appropriated for capital construction projects. However, due to a lack of available revenues to support these appropriations, funds are regularly re-appropriated until such time as revenues become available.

Transportation
For regular pupils, the state provides a minimum of $16 per pupil or actual eligible costs less a qualifying amount which is equalized based on district wealth. For vocational and special education, 80% of allowable costs from the prior year are reimbursed to the extent that appropriated funds are available.

Charter Schools
Charter schools receive public funds primarily through the mechanism of per pupil tuition. By law, charter schools are entitled to receive not less than 75 percent and not more than 125 percent of the local school district’s per capita tuition costs, multiplied by the number of students enrolled in the charter school who reside in the district. Charter schools authorized by a local school board receive student tuition directly from the school district. Charter schools authorized by the Illinois State Charter School Commission—an independent state commission with statewide chartering jurisdiction and authority—receive student tuition from the State Board. To make these payments, the State Board withholds General State Aid funds that would otherwise go to the local school district, and releases payments directly to the charter on a quarterly basis. In addition to per pupil tuition, charter schools are entitled to receive a proportionate share of state and federal special education funds and other state and federal categorical funds to serve special student populations. As with student tuition, these supplemental funds are paid directly by the district in the case of district-authorized charters, and by the State Board in the case of Commission-authorized charters. A more comprehensive overview of funding of charter schools in Illinois is provided by the Charter School Funding Taskforce Report (February 15, 2014), available at http://www.isbe.state.il.us/scsc/pdf/csftf-final-report.pdf.

Student-Based Components

Special Education
There are six state grants for funding special education. These are as follows:
1) Funding for Children Requiring Special Education Services – 85% of funding based on district ADA and 15% based on low-income counts reported in General State Aid
2) Special Education – Personnel Reimbursement – Grants are calculated at $9,000 per full-time professional certified worker and $3,500 per full-time non-certified worker.
3) Special Education – Private Tuition – Prior year costs are reimbursed based on the difference between $4,500 and a district’s per capita tuition costs per pupil in excess of $4,500 plus a second per capita tuition charge.
4) Special Education – Summer School – Provides grants based on multiple formulas to assure educational services through the summer.
5) Special Education – Transportation – Described above under Transportation.
6) Special Education – Orphanage – Reimburses districts for the cost of special education services to children residing in state-owned facilities and with foster families. Any costs not covered by the current year appropriation must be covered by future years’ appropriations.

**Low Income / Comp Ed / At-Risk**
Grants for low-income students have been a part of the GSA formula since FY 1999. Grants are based on a district’s concentration ratio of low-income students. This ratio is the three-year average of students in the district who received services through Medicaid, the Supplemental Nutrition Assistance Program, the Children’s Health Insurance Program or Temporary Assistance for Needy Families (TANF) divided by the Average Daily Attendance of the most recent school year. In FY 2015, the district concentration ratio (DCR) is calculated as the average number of students receiving services via the aforementioned programs in FYs 2011, 2012 and 2013 divided by the 2013-14 ADA.

Districts with a DCR ≤ 15% receive a flat grant of $355 per pupil.

Districts with a DCR > 15% receive per pupil grants based on the following curvilinear formula: 
\[ [2,700 \times (DCR)^2 + 294.25] \times 3 \text{ year average} \]

**Pupil Weights for Low Income / At-Risk**
Does not apply

**English Language Learner / Bilingual Education**
The Bilingual Education grant program reimburses the excess cost of providing programs of instruction for eligible English learners. District grant allocations are determined by the number of eligible students, levels services provided, and the anticipated state appropriation for Bilingual Education. Only students receiving five or more class periods of bilingual / English as a Second Language services per week generate funding.

**Gifted and Talented Education**
Does not apply

**Career and Technical Education**
All entities begin with 90% of the previous year’s Career and Technical Education (CTE) courses allocation. 10% of the funds will be based on the entities’ student course assignments from the previous year:
- 50% on the number of approved CTE Courses students took; and
- 50% on the number of credits in approved CTE Courses students received.

No entity with student course assignments in approved CTE Courses will receive less than 90% and no more than 110% of last year’s allocation.

**Early Childhood Education**
The Early Childhood Block Grant (ECBG) is administered on a competitive basis. The ECBG is a birth to age 5 grant program which includes a Prevention Initiative (PI) program for ages 0-3 and Preschool for All (PFA) program for ages 3-5.
The ECBG’s purpose is to provide early, continuous, intensive, and comprehensive evidence-based child development and family support services to help families prepare their young children for later school success. ECBG funds are distributed to eligible applicants, including school districts, social service agencies and other entities on a competitive basis. Both PI and PFA programs are intended for children who have been determined to be at risk for school failure as indicated by their families’ high levels of poverty, illiteracy, unemployment, limited-English proficiency, or other need-related indicators (e.g., school districts’ rate of dropouts, retention, truancy, teenage pregnancies and homeless students; high rates of infant mortality, birth trauma, low birth weight or prematurity; and high rates of child abuse or neglect).

The FY14 state appropriation was $300,192,400 with 37% of the overall appropriation allocated to Chicago District 299 with the remaining funds distributed to entities outside of the city of Chicago. In FY14, there were 463 Preschool for All 3-5 programs and 153 Prevention Initiative 0-3 programs outside of the city of Chicago.

Districts that wish to continue to operate an ECGB Program submit an electronic application annually that includes at minimum an overview of the program and a budget summary. An ECGB Program shall be approved for continuation provided that a need continues to exist for the program, as evidenced by the number or proportion of children and families to be served, the program components proposed will be effective in assisting at-risk children and families, and the proposed budget is cost-effective. Grants for new or expanded programs shall be offered in years in which the level of available funding is such that one or more new or expanded programs can be supported, along with those currently funded programs that seek continuation funding.

Other
Does not apply

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Truth-in-taxation law requires a district to notify their voters when the current levy exceeds the prior year extension by 5% or more.

Property Tax Extension Limitation Law (PTELL) applies to districts in select counties and limits the annual growth in extensions. Tax extensions in PTELL districts are allowed to grow by the lesser of 5% or the Consumer Price Index (CPI).

Statute implemented for suburban Chicago counties in 1991 (DuPage, Kane, Lake, McHenry and Will) and for Cook County in 1994. All other counties were allowed to place the question of whether to apply PTELL on the ballot of local elections.

Property Assessment Rations Used / Legal Standards for Property Assessment
Thirty-three and three-tenths percent of market value is used to derive property values. Counties with 200,000 or more population may elect to establish property classification and differential tax rates that average 33.3% of market value in the aggregate. County level assessed valuations
are equalized across counties by the use of a multiplier factor imposed by state government. Farmland property is taxed on the basis of productivity.

**Measure of Local Ability to Support Schools**
School district available local resources consist of revenues from property taxes and the Corporate Personal Property Replacement Tax. Equalized Assessed Values (EAVs) are multiplied by an assumed tax rate, regardless of actual tax rate. These rates are as follows:
- 3.00 Per $100 for unit districts
- 2.30 Per $100 for elementary districts
- 1.05 Per $100 for high school districts

Districts subject to PTELL may receive an adjustment to their property values. For such districts, Illinois uses the lesser of their actual EAV or the EAV used in the prior year’s GSA calculations multiplied by an inflator that calculates the maximum increase possible in their tax levy. For FY 11, the PTELL adjustment inflator is calculated as follows:

$\frac{(2012 \text{ EAV} \times 2012 \text{ Limiting Rate})}{(2011 \text{ EAV} \times 2011 \text{ Operating Tax Rate})}$

**School District Budget and Tax Rate Procedures / Sources of Local Revenue**
For current expenses for education, maximum local levy without voter approval is 9.2 mills for K-8 and 9-12 districts and 18.4 mills for K-12 districts. Maximum local levy with referendum is 35 mills for K-8 and 9-12 districts and 40 mills for K-12 districts. Separate tax rate limitations apply for building operations and maintenance, capital improvements, transportation and summer school. Local revenues are provided by the real property tax, corporate personal property replacement tax, and other non-tax sources.

**State Support for Non-Public Schools**
Participation is authorized and funded for the state school lunch and breakfast programs.
Description of the Formula

The Indiana General Assembly revisits the school distribution formula in its budget making sessions, on odd years. The 2015 session will be a budget making session and the General Assembly will both enact legislation to enumerate the formula and its various components and provide appropriations for the 2015-2016 and 2016-2017 state fiscal years. Due to the fact that the formula for each of these two fiscal years build from previous year data, the narrative that follows reflects the formula for both the 2013-2014 (FY 2014) and 2014-2015 (FY 2015) distribution. Beginning July 1, 2013, the Indiana General Assembly moved from a calendar year to a fiscal year formula for school corporations.

Total Tuition Support: The following summary includes the grants that comprise state tuition support funding for FY2014 and FY2015 and is the addition of these components in for each school corporation, charter school, and virtual charter school as they apply.

- Basic Tuition Support
- Honors Diploma Grant
- Special Education Grant
- Vocational Education Grant
- Complexity Grant
- Full day kindergarten Grant

The Department computes state tuition support for each school corporation and charter school based on the variables described below. Accordingly, it is not possible to provide examples of these calculations applicable to school corporations, charter schools and virtual charter schools. Further, input variables are subject to change due to modifications in student count variables, or reductions made by the Department of Education required by statute to preclude overspending either the fiscal year appropriation or a state ordered reduction. At the end of the state tuition support section is a brief discussion pertaining to the fiscal year cap.
In its simplest form, the state tuition support formula determines the gross amount of state revenue for each school corporation, charter school, and virtual pilot school.

**Definitions and Formula Components:**

**Average Daily Membership (ADM):** The Average Daily Membership is a count of students enrolled for Kindergarten through Grade 12 in Indiana public school corporations and all charter schools on a particular day. Kindergarten students are counted as one-half (1/2) ADM. The ADM is the sum of students considered resident attendees, transfers out, cash transfers, state obligations, placements in and dual enrolled.

Beginning in FY2014, the state tuition support formula used two membership counts to determine grant funding for basic tuition support, complexity and full day kindergarten. The first is called the fall membership count, which is taken in September, and provided funding for the period of July through December. The second is the spring membership count, which is taken in February, and provides funding for the period of January through June. Because an updated membership count is not known for the July payment of the fiscal year, school corporations and charter schools provide an estimated membership count for which payments are based until actual counts become available.

For funding purposes, a career and technical education count is taken annually, the second Friday after Labor Day as established by the State Board of Education. In addition, a special education count is required December 1 (used for funding purposes) with another count on April 1. The April 1 special education count is for informational purposes only and is not used for funding. Indiana law provides that a charter school is a public school.

**Basic Tuition Support Formula Calculations:** Unless otherwise noted, the following formula calculations apply to both school corporations and charter schools.

**PREVIOUS YEAR REVENUE**

Selected state revenues establish a revenue base to determine the ensuing years funding. For FY2014, Previous Year Revenue, reflected the July to December 2012 Basic Tuition Support actually received plus the January to June 2013 Basic Tuition Support actually received. As part of the previous year revenue calculation for FY2014, the calculations determine the fiscal year distribution amount associated with the complexity index calculations from the calendar year 2012 and calendar year 2013 tuition support worksheets. By determining the amount associated with the complexity index, that amount is subtracted from the actual previous fiscal year basic tuition support to determine previous year revenue. Unless otherwise specified all calculations were round to two places. For FY2015, previous year revenue is the amount of actual basic tuition support received in FY2014 (July 1, 2013 through June 30, 2014).

Charter schools in the first year of operation outside of Marion County are funded based on the transition to foundation amount for the public school corporation where the charter school is located and do not have a previous year revenue. Charter schools in the first year of operation in
Marion County use a weighted average of the transition to foundation funding from the school corporation where the student has legal settlement.

**ADJUSTED AVERAGE DAILY MEMBERSHIP (ADM) FOR 2013-2014 and 2014-2015**

The ADM counts are currently taken twice a year, in February and September. Starting with the FY2014 school funding formula, the fall (September) count was used for July-December state tuition support funding calculations and the spring (February) count for January-June funding calculations. School corporations, virtual charter schools, and charter schools submitted an estimated ADM and FDK count that was used until the September count was final. For FY2014 state tuition support, the estimated count was collected in June 2013. For FY2015 basic tuition support, the Department collected an ADM and full day kindergarten estimate in May 2014. In FY 2014 and FY 2015, for the purposes of calculating tuition support, the February count cannot be less than 90% of the September count of the previous year, regardless of the actual amount of February count.

Beginning with FY2014, adjusted ADM was dependent on the period for which basic tuition support is being calculated. Both counts will be used to determine funding for the applicable six month period. This same methodology is in place for FY2015 too.

**TRANSITION TO FOUNDATION REVENUE**

The transition to foundation revenue calculation determines the total state dollars generated by the formula, excluding categorical funding for honors grant, special education, career and technical education, complexity index and full day kindergarten. A calculation is made to determine the foundation amount per pupil for each individual school corporation and charter school. Additionally, a foundation amount is calculated for virtual charter schools as part of determining the foundation amount used in the calculation of a virtual charter school’s tuition support.

A charter school in the first year of operation in FY2014 that was located outside Marion County used the foundation amount per ADM for the public school corporation in which the charter school was located to compute total basic tuition support revenue. For Marion County charters, in the first year of operation for FY2014, it was a weighted average of the funding from the public school corporation where the student resided.

**Transition to Foundation Revenue Calculation:** A calculation is made to determine the transition to foundation amount per pupil for each individual school corporation and charter school by calculating a foundation funding amount, and the transition to foundation per ADM. In FY2014, transition to foundation revenue is defined as the per pupil foundation funding amount multiplied by the current (fall) 2013-2014 adjusted ADM for September and also the current (spring) 2013-2014 adjusted ADM for February to determine basic tuition support for FY2014 and by the current (fall) 2013-2014 adjusted ADM for September and also the current (spring) 2013-2014 adjusted ADM for February to determine basic tuition support for FY2015.

The calculation considers:
1. Previous year revenue per adjusted ADM
2. Transition to Foundation per adjusted ADM
3. Current (fall or spring) ADM

**Transition to Foundation Calculation:** The transition-to-foundation computation is changed for school corporations and charter schools transitioning down to foundation. School corporations and charter schools continued to transition down to foundation over 5 years in FY2014 and over 4 years in FY2015. The foundation amount is multiplied by the number of students to calculate basic tuition support.

**Reconciliation:** When the Department finalizes the September ADM count, the remaining tuition support distributions for November and December will be adjusted to reflect any overpayment or underpayment in the July through October tuition support distributions. When the February 2015 ADM counts are final, the Department will recalculate and adjust positively or negatively the remaining tuition support distributions to effect the change in January to June 2015 funding of FDK.

**VIRTUAL CHARTER SCHOOLS**

Beginning with FY2014, Virtual Charter Schools are funded at 90.0% of the charter schools foundation amount ($4569) in the same fiscal year multiplied by the Virtual Charter schools September (fall) ADM for the period of July to December and February (spring) ADM for the period of January to June. The same held true for FY2015 using a foundation amount of $4587. In order to determine the foundation amount, virtual charter schools must use part of the basic tuition support calculation. The funding continues at the 90% level in FY2015.

In addition to special education grants, virtual charters are also eligible for Career and Technical Education, Honor grants, Complexity, and Full-day kindergarten grants.

**Reconciliation:** When the Department finalizes the September ADM count, the Department adjusts the remaining virtual charter tuition support distributions for November and December to reflect any overpayment or underpayment in the July through October tuition support distributions. When the February FDK count of the ensuing year is final, the Department recalculated and adjusted positively or negatively the remaining virtual charter tuition support payments positively or negatively to effect the change in January to June 2014 virtual charter funding. The same process occurs as part of the FY2015 school funding formula.

**Student Based Components**

**HONORS GRANT**
Each school corporation, charter school, and virtual charter school is eligible to receive $1,000 for each student who received an academic honors diploma as well as those students who received a Core 40 diploma with technical honors in school year 2012-2013 for FY2014 and in school year 2013-2014 for FY2015 funding. This amount reflects a $100 increase per student from the prior biennium budget. One honors count will be used for fiscal year funding in both FY2014 and FY2015.

Reconciliation: When the final honors counts are known, the Department reconciled FY2014 and FY2015 honors funding by increasing/decreasing the remaining months honors grant payments.

SPECIAL EDUCATION GRANT

School corporations and charter schools are entitled to receive a grant for special education programs. The special education grant is based on a count of students who are enrolled in special education programs on December 1 of the current fiscal year. The enrollment of December 1, 2013 was used in the FY2014 funding formula and the enrollment of December 1, 2014 will be used for the FY2015 funding formula. Additionally virtual charter schools are eligible to receive special education funding in both FY2014 and FY2015 using the same formula as school corporations and charter schools.

The grant is the sum of multiplying the count of enrolled students by the following:

- $8,350 multiplied by the unduplicated count of students with severe disabilities.
- $2,265 multiplied by the unduplicated count of students with mild and moderate disabilities.
- $533 multiplied by the duplicated count of students with communication disorders.
- $533 multiplied by the duplicated count of pupils in homebound programs.
- $2,750 multiplied by the special preschool education program pupil count.

The same per pupil program dollar amounts are used for both FY2014 and FY2015.

Reconciliation: If an overpayment occurs, the Department will decrease the February through May special education payments to effect the change. If an underpayment occurs, the Department will increase the February special education payment to effect the change in the special education grant.

CAREER & TECHNICAL EDUCATION GRANT

The distribution of career & technical education monies is based on labor market demand and wage data calculated according to the following table. School corporations and charter schools are eligible to receive a vocational education grant. Students enrolled in these categories must be enrolled and attending the school corporation and be counted in the school corporation ADM. For FY2014, the formula used the fall 2013 career and technical education counts and for FY2015, the formula uses the fall 2014 career and technical education counts to calculate the grant. Information needed for both collections was collected through the INTERS system at the Department of Workforce Development. All calculations were rounded to the nearest dollar.
The calculation is the number of students enrolled in career and technical education programs that are addressing employment demand for individuals in labor market categories that are projected to need a:

1. The number of students enrolled in career and technical education programs that are addressing employment demand for individuals in labor market categories that are projected to need a more than moderate number of individuals in the high wage category is multiplied by $450 times the number of hours (up to 3 hours); plus,

2. The number of students enrolled in career and technical education programs that are addressing employment demand for individuals in labor market categories that are projected to need a more than moderate number of individuals in the moderate wage category is multiplied by $375 per hour; plus,

3. The number of students enrolled in career and technical education programs that are addressing employment demand for individuals in the labor market categories that are projected to need a moderate number of individuals in the high wage category is multiplied by $375 per hour; plus,

4. The number of students enrolled in career and technical education programs that are addressing employment demand for individuals in the labor market categories that are projected to need a moderate number of individuals in the moderate wage category is multiplied by $300 per hour; plus,

5. The number of students enrolled in career and technical education programs that are addressing employment demand for individuals in the labor market categories that are projected to need a less than moderate number of individuals in the high wage category is multiplied by $300 per hour; plus,

6. The number of students enrolled in career and technical education programs that are addressing employment demand for individuals in the labor market categories that are projected to need a less than moderate number of individuals in the moderate wage category is multiplied by $225 per hour; plus,

7. The number of students enrolled in all other career and technical education programs, not covered in the above categories is multiplied by $250; plus,

8. The number of students enrolled for career and technical education programs served in an area vocational school receiving students from more than one high school is multiplied by $150. This applies to programs enumerated under 1-6 above.

Area Participation funding is for students participating in a vocational education program in which students from multiple schools are served in the same classroom at a common location. This does not include students served in programs that meet for one class period a day.
The total career & technical education grant is the sum of the dollar amounts calculated under steps one through eleven. The Indiana Department of Workforce Development defines the areas of job demand annually. If a school corporation feels the determined job demand categorization is not representative of their area, that school corporation may petition the Department of Workforce Development for re-categorization.

**Reconciliation:** When the final career and technical education counts are known, the Department reconciled both FY2014 and FY2015 funding by increasing/decreasing the remaining months’ career and technical education grant distributions.

**COMPLEXITY GRANT**

The funding associated with the complexity index is computed as a separate Complexity Grant in FY2014 and FY2015. The free and reduced lunch percentage used in the FY2014 formula was updated to the 2012-2013 school year percentage of students eligible for free or reduced lunch. Additionally, it was only used in the FY2014 formula. In the FY2015 complexity formula, it was replaced by the percentage of students receiving free textbooks during the 2013-2014 school year. The foundation grant increased from $4,569 in FY2014 to $4,587 for FY2015. The second tier calculation of the complexity index is increased from 1.33 in FY2014 to 1.35 in FY2015.

Both a current September (fall) ADM and current February (spring) ADM were used in the complexity grant formula for FY2014 and FY2015. The Complexity Grant uses two counts for fiscal year funding. For FY2014, the percentage of the school corporations’ students eligible for free or reduced lunch in the 2012-2013 school year divided by two (2) is rounded to four places with the result not being less than zero. If the result of the addition is equal to or greater than .33 in FY2014, it was adjusted by subtracting .33 from the result and adding back the difference in FY2014. This result was then multiplied by the FY2014 foundation amount of $4569. The grant calculation then multiplied this amount by the current adjusted September (fall) ADM and divides by two (2) to determine the July to December complexity grant. The grant calculation multiplied the foundation amount by the current adjusted February (spring) ADM and divided by two (2) to determine the January to June complexity grant. The sum of these two results was the fiscal year complexity grant.

**Reconciliation:** When the Department finalizes the September ADM count, the remaining complexity grant payment distributions for November and December were adjusted to reflect any overpayment or underpayment in the July through October complexity grant distributions. When the February 2015 ADM count is final, the Department will recalculate and positively or negatively adjust the remaining complexity grant distributions to effect the change in January to June 2015 funding.

**FULL DAY KINDERGARTEN (FDK) GRANT**

Added to the state tuition support formula for FY2014 and FY2015 was the full day kindergarten grant. The FDK grant will use a September (fall) count for July to December funding and the February (spring) count for January to June funding. The grant was $2448 per student for
FY2014 and is $2472 per student for FY2015 funding. For purposes of the FDK grant, kindergarten students are counted as one (1).

Previously the full day kindergarten grant was outside of state tuition support and a flat amount of $2,400 per eligible student was paid to school corporations and charter schools in December. Because full day kindergarten is a grant within state tuition support, payments are made according to a schedule provided by the State Budget Director. In 2013, the Department distributed $190,228,800 for 79,262 full day kindergarten students.

**Reconciliation:** When the Department finalized the September (fall) FDK count, the remaining FDK grant payments for November and December were adjusted to reflect any overpayment or underpayment in the July through October FDK grant payments. When the Department finalizes the February (spring) FDK count, the remaining FDK grant payments during the six month period will be positively or negatively adjusted to reflect any overpayment or underpayment in the FDK grant distributions.

**STATE TUITION SUPPORT FISCAL YEAR CAP**

The Department monitors the total state tuition support spent for FY2014 and FY2015 to ensure total payments do not exceed funds available. For calculations that result in funding that exceeds the cap, the Department adjusts the state tuition support funds received by school corporations and charter schools to remain within the applicable fiscal year cap.

**Revenue and Expenditure Information**

**State mandates restricting revenue and expenditure increases:** The Indiana General Assembly appropriates funds available for state tuition support, which are controlled by the state tuition support formula.

**Distributions:** The distribution of state tuition support is based on a schedule set by the State Budget Agency and approved by the Governor. The schedule must provide for at least 12 payments that cannot be more than 40 days apart, and the aggregate number of payments in each fiscal year must equal the amount required under statute. The Distribution is made via wire transfers. Calculations are made by the Indiana Department of Education Office of School Finance.

If the amount distributed in either fiscal year 2014 or 2015 exceeds the statewide amount statutorily established by the General Assembly, the statute requires the distribution to each school be proportionately reduced so that the total reductions equal the amount that the total distribution exceeds the statutory authority.
School district budget and tax rate procedures/sources of local revenue: All school districts are fiscally independent. Only two schools in the state operate on a fiscal year basis with the remaining schools operating under a calendar year basis. Each school corporation, not charter schools, has the ability to raise property taxes in five separate property based funds: Debt service, capital projects, transportation, bus replacement, and operating referendum. Under Indiana Law, a corporation must budget expenditures for transportation, school bus replacement, and or debt service to levy taxes for those funds. The capital projects fund has a rate cap. Both the capital projects and bus replacement funds are based upon need and an adopted plan. School referendum is imposed after approval by voters in a special or general election.

Beginning in 2009, school’s no longer had the ability to raise property taxes under the general fund. State tuition support funding comes from within the state’s general fund with no applicable local property tax piece.

State tuition support for nonpublic schools
This does not apply in Indiana.
Description of the Formula

This is a foundation program based on FTE pupil units. The state guarantees 87.5% of the state cost per pupil, which is $6,366 per pupil from a combination of state aid and a uniform local property tax levy (2014-15). State aid is the difference between a district’s total foundation cost and the amount a school district raises from the uniform property tax levy of $5.40 per $1000 of taxable valuation. The foundation program allows districts to levy an additional property tax for the difference between the 87.5% foundation guarantee and 100% of the district’s cost per pupil. Every district’s cost per pupil is between 100% and 105% of the state cost per pupil ($6,366 in 2014-15). The rate of growth in the state per pupil cost is set as a percentage annually by the legislature. The calculated dollar growth in the state per pupil cost is added to each district’s per pupil cost.

District-Based Components

Density/Sparsity of Small Schools
The state does not have a factor for density/sparsity within the formula, but does have additional funding for districts that share teachers and programs. Additional pupil FTE is provided for .48 of the time that pupils attend classes in another school district, attend classes taught by a teacher jointly employed by two or more school districts, or attend classes taught by a teacher who is employed by another school district. The weighting for sharing whole grades is .1. There is also supplementary weighting of .1 provided for a school district that establishes a regional academy to which two or more other districts send high school students. The total amount or supplementary weighting provided for a regional academy cannot exceed the equivalent of 30 additional pupils and is guaranteed a minimum of 15 additional pupils. There is also supplementary weighting of .05 for providing or utilizing courses over the Iowa Communications Network (ICN); and there is supplementary weighting for resident students who attend classes in a community college--.46 for arts and science courses and .70 for career and technical courses. There is an additional supplementary weighting for the sharing of operational functions between districts – to a maximum of 21 additional students across all sharing arrangements per district.
Grade Level Differences
Does not apply.

Declining Enrollment or Growth
For enrollment growth, a school district can request an on-time budget adjustment of 101% of the difference between the actual (current) and budget (prior year enrollment) amounts, multiplied by district cost per pupil. The school district board of directors must adopt a resolution and apply to the School Budget Review Committee after November 1 annually to receive the on-time budget adjustment.

When a district experiences a decline in enrollment, its budget for the next fiscal year may be increased or adjusted to a guaranteed level compared to either its prior year. The local school board must adopt a resolution to receive the budget adjustment.

Capital Outlay and/or Debt Service
Debt is limited to 5% of assessed property valuation.

Capital outlay is provided by a local property tax levy/income surtax, a local bond issue, or a statewide one-cent sales and services tax for school infrastructure. No supplemental state aid is provided.

Transportation
Transportation is not categorically funded but is included in the foundation program funding.

Charter Schools
In Iowa, charter schools must exist within school district purview – they are buildings in an existing school district and not independent. As a result, there is no separate school aid formula consideration for charter schools.

Student-Based Components

Special Education
Three levels of additional pupil FTE weighting, 0.72, 1.21, or 2.74 beyond the 1.0 state per pupil funding, are available for students with IEPs. Which additional weighting applies to the student is determined by the level of services required on the IEP for special education instructional staff or supplemental aids and other services in the areas of required curriculum modification, specially designed instruction, amount of school personnel support and Least Restrictive Environment (LRE) efforts, and amount of supplementary aid or assistance necessary including assistive technology, instructional associates or specialized transportation.

Low Income / Comp Ed / At-Risk
Formula supplementary weighting is provided for at-risk programs and alternative schools and is determined partially on the percentage of pupils enrolled in grades one through six eligible for free and reduced price meals in a school district and partially on the budget enrollment of the school district. In addition, spending authorization for returning dropout and dropout prevention
programs is funded on the basis of 25% or more from the combined district cost of the school district and up to 75% through modified allowable growth approved by the School Budget Review Committee. Modified allowable growth is an increase in budget authority, requested by the district, and is funded with balance on hand or a local property tax levy.

**English Language Learner/Bilingual Education**
Students identified as limited English proficient are assigned an additional pupil FTE weighting of .22. The supplementary weighting may be assigned for up to five years. A school district may apply to the School Budget Review Committee for an adjustment to budget authority for the cost to continue providing the program beyond the five years of weighting.

**Gifted and Talented Education**
A portion of the district cost per pupil in the foundation formula is earmarked for the gifted and talented program. $59 per pupil is incorporated in the regular program cost for 2014-15 to fund 75% of the gifted and talented program budget. The local district must provide the remaining 25% of the budget, or just over $19 per pupil for 2014-15.

**Career and Technical Education**
There is no specific funding within the state aid formula for career and technical education. There is supplementary weighting assigned to courses at the community college offered for concurrent enrollment high school and community college credit. CTE courses are weighted at 0.70.

**Preschool Education**

**Statewide Voluntary Four-Year-Old Preschool**
Funding is provided at a .5 FTE level for four-year-olds voluntarily enrolled in the district’s program.

**Other**
- **Reorganization Incentive**
  Whole grade sharing supplementary weighting carry forward for three years following reorganization or dissolution is provided as an incentive for districts that reorganize or dissolve during an incentive period that ends on July 1, 2019.

- **Operational Function Sharing**
  School districts and AEAs receive a supplementary weighting for sharing administration and central services. The weighting is a standard number of pupils per shared position with a maximum of 21 FTE. The incentive is for a five-year period and sunsets at the end of FY 19.

- **Taxpayer Incentives for Reorganization or Dissolution**
  The uniform levy is reduced in the first year from $5.40 to $4.40 per $1,000 of taxable value. It is increased in the succeeding years to $4.90, $5.15, and back to $5.40. There is a maximum of 600 enrollment to receive the full benefit of this incentive.
• **Iowa Early Intervention Program**  
  A per pupil funding is provided to districts to reduce class size and provide early intervention programs to kindergarten to third grade classes.

• **Teacher Salary and Professional Development**  
  A per pupil funding is also provided to the districts and AEAs to help improve salaries for teachers and to provide quality professional development programs to teachers.

• **Teacher Leadership and Compensation**  
  In 2012, Iowa passed landmark reform in the area of teacher leadership and compensation, committing to $150 million additional dollars or $308 per student to assist districts with implementation of a new Teacher Leader System designed to enhance classroom instruction.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**  
Increase in the district cost per pupil is limited by a state growth factor set annually by the legislature for the subsequent budget year. The finance formula has a limit on total expenditures in a fiscal year, called budget authority. Unused budget authority may be carried forward.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**  
The property tax due and payable in a fiscal year is determined by taking the property's assessed value determined as of January 1 of the year preceding the year in which the fiscal year begins (18 months) prior adjusted by statutory exemptions and the applicable rollback, and multiplied by the total levy rate. The tax levy rates are expressed in dollars and cents per $1,000 of assessed valuation.

Real property is placed in one of six classes: agricultural, residential (including agricultural dwellings), commercial, industrial, agricultural buildings, and railroads. The latter is a statewide assessment and divided between the levy authorities like Utility tax replacement excise taxes. Taxable real property is assessed at 100 percent of market value, except for agricultural property. The assessment for agricultural property, excluding agricultural dwellings, is based on productivity, or net earning capacity, capitalized at a set rate. The assessment procedures in valuing property for property tax purposes of entities involved in the generation, delivery, and transmission of electricity and natural gas in the state were replaced by excise taxes on generation, delivery, and transmission effective for the assessment year beginning January 1, 1999.

The assessed value of property may be a percentage of the assessed value as a result of statewide limitations, or rollback provisions, on annual growth in assessed values. The rollback percentage is multiplied by the assessed value to obtain the taxable value of the property. Increases in the assessment of residential and agricultural property are tied to each other. The annual increase in
each class of property is limited to the smaller of the two increases in either class of property. The state is required to fully reimburse local governments for all newly enacted property tax credits granted to taxpayers on or after January 1, 1997, and for certain credits that existed prior to that time. If the full reimbursement is not made, the amount of the credits underfunded is passed onto the taxpayers as per Iowa Code Section 25B.7.

**Measure of Local Ability To Support Schools**
Property valuation per pupil.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
All school districts are fiscally independent. Voter approval is not required for budget certification, but local taxpayers can protest local tax levies to a state appeal board. Special levies or bond issues are voted by the local taxpayers. The School Budget Review Committee reviews budgets and reduces each cash reserve levy that it determines is excessive.

**State Support for Nonpublic Schools**
A state appropriation is distributed to public school districts in which accredited nonpublic schools are located to provide textbook services to the students enrolled in that nonpublic school. The nonpublic school makes its request for textbook services when it certifies its enrollments to the state. Students in accredited nonpublic schools may enroll part-time for coursework in the public school district in which the nonpublic school is located. The public school district may include the part-time FTE of these students in its public enrollment count within the foundation formula. Transportation aid is provided to public school districts that provide transportation, or transportation reimbursement to parents, for nonpublic students. The amount of aid is determined by statute based on the district’s average transportation cost per pupil in the prior year or based on a reimbursement formula.
**Description of the Formula**

The general funding formula provides base state aid per pupil (BSAPP) of $3,852 in 2014-15. Regular enrollment is adjusted to reflect additional costs associated with serving certain pupil populations, transporting pupils, operating smaller and larger enrollment school districts, and adding and operating new school facilities (two provisions). There is also a “decreasing” enrollment factor. State aid is determined by taking the general fund and subtracting local tax revenue. The difference between the general fund and those revenues is the amount of state aid. Local option budgets are matched by the state up to 81.2% of assessed value per pupil with certain restrictions.

**District-Based Components**

**Density/Sparsity of Small Schools**
It is a linear transition formula ranging from 100 students up to 1,622 students. The low enrollment weight of districts having enrollments of 100 or fewer is 1.014331 times the BSAPA per pupil. Each change of one pupil changes the low enrollment weight down or up inversely to the enrollment change. High enrollments, above 1,622 and over, are weighted an additional 0.03504 times the BSAPP.

**Grade Level Differences**
Does not apply.

**Declining Enrollment or Growth**
A school district determines their enrollment by using the highest enrollment of current year, prior year, or a three-year average of the current year and the two prior years.

**Capital Outlay and/or Debt Service**
Districts may make a mill levy of up to 8 mills for capital projects and equipment. The state provides state aid to school districts based upon the amount of taxes levied. The state aid rate for each district is computed based on the assessed valuation per pupil of the district, with the lower valuation per pupil districts getting a higher state aid rate.
Transportation
All districts transporting pupils living 2.5 miles or more from the school receive the state average cost per pupil based on a linear-density formula. The formula takes into account the per pupil cost of transportation, density of the district in terms of pupils transported, and square miles in the district.

Charter Schools
Charter schools are part of the local school district in Kansas. As such, charter schools are public schools and receive the same funding as traditional schools.

Student-Based Components

Special Education
State provides 80% of special education transportation costs and $27,900 in categorical aid per instructional unit. That amount is paid on all certificated education teachers, while paraprofessionals are paid .4 or $11,160 per fulltime paraprofessional.

Low Income / Comp Ed / At-Risk
Funding for At-Risk Students
Additional funding is provided for at-risk students. The formula is based on the number of students qualifying for free meals with the additional weight set at 0.456. Additional funds are available for high density at-risk percentages. High Density Weighting: Districts in which their students on free meals exceed 35% of their total enrollment.

English Language Learner/Bilingual Education
State aid is weighted at 0.395 per eligible pupil, based on the full-time equivalency enrollment of bilingual students receiving services.

Gifted and Talented Education
Does not apply. Paid under the special education reimbursement schedule.

Career and Technical Education
Funding for Vocational Education
Weighting determined by multiplying the FTE enrollment in vocational education programs by a factor of 0.5; resulting funds must be spent on vocational education.

Preschool Education
A limited number of 4-year old at-risk students are funded in the general fund formula at 0.5 full-time equivalency. Three and four year old children with an individualized education plan are funded at 0.5 full-time equivalency through the general fund formula.

Other
N.A.
**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
The base state aid per pupil is set by the legislature and is the amount that establishes the spending authority of school districts. That amount is $3,852 for 2014-15.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
Residential property is assessed for tax purposes at 11.5% of full market value.

**Measure of Local Ability To Support Schools**
Under the formula, all school districts levy 20 mills on the assessed value per pupil for the general fund and the state makes up the difference between the budget authority and the 20 mills.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**

*Supplemental General Fund (Local Option Budget or LOB)*
Districts can budget up to 30% of their general fund budget providing certain criteria are met (33% in 2014-15). Supplemental General State Aid for the LOB is based on funding that would be generated for the district at the 81.2% AVPP statewide and is equalized minus local taxes. See * 2014-15 Edition - School District and Quality Performance Act and Bond and Interest State Aid Program - Attachment I, LOB.

*State Aid for Bond and Interest*
State aid is provided for bond issues based on the assessed valuation per pupil of the district. See * 2014-15 Edition - School District and Quality Performance Act and Bond and Interest State Aid Program.

*State Aid for Capital Outlay*
Districts can levy up to 8 mills for capital outlay and the state aid rate for bonds (above) is multiplied by the dollars levied to determine the capital outlay state aid).

*State Support for Nonpublic Schools*
Drivers Education aid at $90 per pupil.
Description of the Formula

SEEK Program
Support Education Excellence in Kentucky (SEEK) is the funding formula developed as part of the 1990 Kentucky Education Reform Act (KERA). A base funding level defined in KRS 157.320(2) guarantees an amount of revenue per pupil to be provided for regular operating and capital expenditures ($3,911 for 2014-2015, $3,981 for 2015-2016). According to KRS 157.360, each school district's base funding level is adjusted by the following factors:

a. The number of at-risk students identified as those approved for the free lunch program. The prior year average daily membership number of students approved for free lunch is multiplied by 15% of the base funding amount;

b. The number and types of exceptional children as defined by KRS 157.200 based on the prior year December 1 child count. Specific weights for each category of exceptionality are used to calculate the add-on factor for exceptional children. Weights and corresponding categories of exceptionality are as follows:


   Moderate Incident Disabilities, 1.17 weight - Mild Mental Disability, Orthopedic Impairment or Physically Disabled, Other Health Impaired, Specific Learning Disabilities, and Developmental Delay;

   High Incident Disability, 0.24 weight - Communication Disorders of Speech or Language;

c. LEP (Limited English Proficiency, 0.096 weight for 2014-15 and 2015-16.

d. Transportation cost as calculated under the provisions of KRS 157.370;

e. The number of home and hospital students in average daily attendance as calculated under the provisions of KRS 157.270. The number of home and hospital students in average daily attendance in the prior year is multiplied by the base funding amount less the capital outlay allotment.
A guarantee of a minimum level of local support is generated by a required local effort of 30 cents per $100 assessed property valuation (KRS 160.470(9)(a)).

A **two-tier system** allows school districts to exceed the required minimum level of local support (KRS 157.440):

a. **Tier I** - allows school districts to levy an equivalent tax rate which will raise revenue up to 15% above the adjusted SEEK base. The local effort is equalized at 150% of the statewide average per pupil assessed property valuation. This levy is not subject to hearing or recall.

b. **Tier II** - allows additional levies to produce up to 30% above the adjusted SEEK base plus Tier I. Tier II revenue is all local funds and is not equalized with state funds.

If a school district's levy exceeds Tier I and exceeds the limits of subsection (1) of KRS 160.470, the levy must be submitted to the voters with the following exception: Section (1(c) of KRS 157.440 provides that a school district which was above the maximum Tier I equivalent tax rate the year before KERA (1989-90), would not be required to levy a lower equivalent rate in succeeding years.

**Hold Harmless** - school districts are guaranteed the same per pupil state funding as received in the 1991-92 school year. Even though a school district qualifies to be hold harmless, it could receive less total state funding than in 1991-92 if it had declining enrollment.

A school district must levy a five-cent equivalent tax to participate in the School Facilities Construction Commission (SFCC) program that provides revenue for debt service for new facilities or major renovations (KRS 157.620). The five cents is equalized when committed to debt service by the Facilities Support Program of Kentucky (FSPK) on the same basis as Tier I. (See Section V Restricted Funds/Balances, Building Fund/FSPK).

### District-Based Components

#### Grade Level Differences

(702 KAR 3:246 - the Council Allocation Formula and KRS 157.360 on Maximum Class Size)

<table>
<thead>
<tr>
<th>Grade</th>
<th>One Unit For</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary (K-3)</td>
<td>24 pupils</td>
</tr>
<tr>
<td>Grade 4</td>
<td>28 pupils</td>
</tr>
<tr>
<td>Grade 5-6</td>
<td>29 pupils</td>
</tr>
<tr>
<td>7-12</td>
<td>31 pupils</td>
</tr>
</tbody>
</table>

(31 pupils and no more than 150 pupil hours per teacher = 25:1)

SEEK is funded on the previous year EOY AADA plus the difference (positive only) between the prior year 2nd month growth factor report and the current year 2nd month growth factor report.
**Capital Outlay and/or Debt Service**
The state provides $100 per aggregate average daily attendance (AADA) in its biennial budget for school districts to use for priority projects approved on the district facility plan or for payment of debt service. These are restricted funds.

School Facilities Construction Commission issues and pays principal and interest on bonds based on the funding allotted in the biennial budget for that purpose. The allocation of funds is paid on behalf of the districts based on the district’s unmet need percentage relative to the total district unmet need of the state.

**Transportation**
*KRS 157.370 Allotment of transportation units.*
1. In determining the cost of transportation for each district, the chief state school officer shall determine the average cost per pupil per day of transporting pupils in districts having a similar density of transported pupils per square mile of area served by not less than nine different density groups.

2. The annual cost of transportation shall include all current costs for each district plus annual depreciation of pupil transportation vehicles calculated in accordance with the administrative regulations of the Kentucky Board of Education for such districts that operate district-owned vehicles.

3. The aggregate and average daily attendance of transported pupils shall include all public school pupils transported at public expense who live one mile or more from school. Children with disabilities may be included who live less than this distance from school. The aggregate and average daily attendance referred to in this subsection shall be the aggregate and average daily attendance of transported pupils the prior year adjusted for current year increases in accordance with Kentucky Board of Education administrative regulations.

4. The square miles of area served by transportation shall be determined by subtracting from the total area in square miles of the district the area not served by transportation in accordance with administrative regulations of the Kentucky Board of Education. However, if one district authorizes another district to provide transportation services for a part of its area, this area shall be deducted from the area served by the authorizing district and added to the area served by the district actually providing the transportation.

5. The density of transported pupils per square mile of area served for each district shall be determined by dividing the average daily attendance of transported pupils by the number of square miles of area served by transportation.

6. The chief state school officer shall determine the average cost per pupil per day of transporting pupils in districts having a similar density by constructing a smoothed graph of cost for the density groups required by subsection (1). This graph shall be used to construct a scale showing the average costs of transportation for districts having a similar density of transported pupils. Costs shall be determined separately for county school districts and independent school
districts. No independent school district will receive an average cost per pupil per day in excess of the minimum received by any county district or districts. These costs shall be the costs per pupil per day of transported pupils included in the public school fund and these costs shall be recalculated each biennium.

7. The scale of transportation costs included in the fund to support education excellence in Kentucky for county and independent districts is determined in accordance with the provisions of KRS 157.310 to 157.440 for the biennium beginning July 1, 1990.

8. The cost of transporting a district's pupils from the parent school to a state vocational-technical school or to a vocational educational center shall be calculated separately from the calculation required by subsections (1) through (7) of this section. The amount calculated shall be paid separately to each district from program funds budgeted for vocational pupil transportation, as a reimbursement based on the district's cost for providing this service. The amount of reimbursement shall be calculated in accordance with Kentucky Board of Education administrative regulations. In the event that the appropriation for vocational pupil transportation in the biennial budget is insufficient to meet the total calculated cost of this service for all districts, the amount paid to each district shall be ratably reduced. For the purpose of this subsection, the parent school shall be interpreted to mean that school in which the pupil is officially enrolled in a district's public common school system.

9. The Kentucky Board of Education shall determine the type of pupil with a disability that qualifies for special type transportation to and from school. Those qualified pupils for which the district provides special type transportation shall have their aggregate days' attendance multiplied by five (5.0) and added to that part of the district's aggregate days' attendance that is multiplied by the district's adjusted cost per pupil per day in determining the district's pupil transportation program cost for allotment purposes.

**Charter Schools**
Kentucky has no charter schools.

**Student-Based Components**

**Special Education**
Special Education is funded through an Exceptional Child Add-on to Kentucky’s base funding mechanism. The base funding formula is determined based on the district’s average daily attendance multiplied by a guaranteed amount per child established by the Kentucky General Assembly in the State’s biennial budget. The Exceptional Child Add-on also uses this guaranteed amount per child. Kentucky’s formula assigns one of three weights to each of the disability categories. Students with a Speech Language disability only have a weight of 0.24; disability categories of Orthopedically Impaired, Other Health Impaired, Specific Learning Disability, Developmentally Delayed and Mild Mental Disability have a weight of 1.17; and disability categories of Hearing Impaired, Visually Impaired, Emotional Behavior Disability, Deaf Blind, Multiple Disabilities, Autism, Traumatic Brain Injury and Functional Mental

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Disability have a weight of 2.35. The total count of students for each of these weight categories are summed and that categories total of children ages 5 through 20 is multiplied by its weight as noted above. The product of each categories assigned weight multiplied by its child count is then multiplied by the guaranteed base amount in the biennial budget. When these three products are combined that is the amount of the district’s Exceptional Child Add-on funds.

**Low Income / Comp Ed / At-Risk**
Funding for the at-risk student population is based on the average daily membership of students in the district who are approved for free meals under the National School Lunch Program. The average daily membership is multiplied by 15% of the base funding amount.

**English Language Learner/Bilingual Education**
Funding for students with limited English proficiency is based on the number of students with LEP receiving instruction. The prior year child count for LEP is multiplied by the weighting of 9.6% and multiplied by the base funding amount.

**Gifted and Talented Education**

**TYPE OF GRANT AWARD:**
*Entitlement/Formula Driven/Flow Through Grant Award*

**A. Criteria for Recipient Eligibility**

704 KAR 3:285 Section 9 (4) requires districts to employ properly certified personnel to administer and teach in the program, submit an annual local district gifted education year-end report, submit a summative evaluation of the program and student progress and to comply with all sections of 704 KAR 3:285. Grant awards are based on funding units reflecting district population at the end of the year preceding the prior year. General purpose or intended use of funds

Seventy-five (75) percent of a district’s gifted education allocation is used to employ properly certified personnel for direct services to students who are identified as processing demonstrated or potential ability to perform at an exceptionally high level in general intellectual aptitude, specific academic aptitude, creative or divergent thinking, psychosocial or leadership skills, or in visual or performing arts. Additional uses of state funds for gifted education may include consultation services, counseling services, differentiated study experiences, professional development focused on the needs and services for gifted and talented students, instructional resources to assist teachers in differentiating services, or other appropriate resource services as specified in 704 KAR 3:285, Programs for the Gifted and Talented.

**C. Application Process**

Submission of a local district’s Comprehensive Improvement Plan with approved budget and a local district year-end report (Infinite Campus), summative evaluation and year-end MUNIS expenditure report are considered application for continued funding.

**D. Recipient Reporting Requirements**
Each local district must submit an end-of-year summative evaluation report, quarterly MUNIS expenditure reports and update student data in Infinite Campus.

**Career and Technical Education**
Eligible recipients are local school districts having a career and technical education department in a public high school or a technical education center providing career and technical education in no less than five different occupational clusters to students in preparation for entering the workforce or postsecondary education. Funds are allocated based on full time equivalent (FTE) enrollment in technical skill and high cost technical skill programs.

**Preschool Education**
Kentucky's preschool education programs are available for all four-year-old children whose family income is no more than 150% of poverty; all three and four-year-old children with developmental delays and disabilities, regardless of income; and other four-year-old children as placements are available based on district decision.

**Other**
N.A.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Revenue from property taxation may not exceed the revenue that the maximum rate would have produced the year before. Exceptions are new property and an allowable tax increase that does not produce revenues in excess of 4% of the prior year property tax revenues.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
Fair cash value is used.

**Measure of Local Ability To Support Schools**
Property valuation per pupil.

**Measure of Local Ability To Support Schools**

*Local Sources*
The local board of education is described as the “tax-levying authority” in KRS 160.455. KRS 160.460 requires that all school taxes be levied by the board of education of each school district.

As part of the Kentucky Education Reform Act of 1990, KRS 160.470 was amended to require the boards of education to levy a minimum equivalent tax rate of 30 cents per $100 of assessed property valuation.
School District Budget and Tax Rate Procedures/Sources of Local Revenue

Equivalent tax rate is defined as the rate that results when income collected during the prior year from all taxes levied by the school district is divided by the total assessed value of property and motor vehicles certified by the Revenue Cabinet. School districts can raise this money through any combination of property tax, motor vehicle tax, and three permissive taxes. Additionally, KRS 157.440 was amended to allow school districts to levy above the minimum 30 cents and qualify for additional state funds.

a. Property Taxes
The local board of education is authorized by KRS 160.460 to levy an ad valorem tax (imposed as a percent of value). The following property is subject to an ad valorem tax: real property - all lands within the school district and improvements thereon, including real property of public service corporations; personal property - certain classes of tangible personal property (any equipment or inventory used in the operation of a business, including tangible property of public service corporations; distilled spirits - the fair cash value of distilled spirits stored in bonded warehouses or premises within the school district (KRS 132.140); motor vehicles (KRS 132.487); federally documented boats and airplanes (KRS 132.200).

The Commissioner of Education certifies the tax rate limits prescribed in KRS 160.470 and 157.440 to the board of education each year after receiving certified property assessment data from the Revenue Cabinet. The following ad valorem tax rates and resulting revenue are certified to the board of education:

(1) Compensating Tax Rate
The Compensating Rate is defined in KRS 132.010 as “... that rate which ... applied to the current year's assessment of property ... produces an amount of revenue approximately equal to that produced in the preceding year ...” The Compensating Rate may be levied without hearing or recall.

(2) 4% Increase Tax Rate
“The tax rate which will produce no more revenue ... than four percent (4%) over the amount of revenue produced by the compensating tax rate ...” In order to levy a rate above the Compensating Rate but within the limits of the 4% Increase Rate, a school district must follow the hearing provisions of Subsection (10) of KRS 160.470.

(3) Subsection (1) Tax Rate
Subsection (1) of KRS 160.470 provides that a board of education may not levy a rate which will produce more revenue than the previous year’s maximum rate. In order to levy a rate above the 4% Increase Rate but within the limits of the Subsection (1) Rate, a school district must follow the hearing and recall provisions of Subsection (10) and (11) of KRS 160.470. KRS 157.440(2)(a provides that a school district may exceed the Subsection (1) Rate only with the approval of a majority of the qualified voters.

(4) Tier I Tax Rate
KRS 157.440(1)(a) provides that “... each school district may levy an equivalent tax rate ... which will produce up to fifteen percent (15%) of those revenues guaranteed by the program to support
education excellence in Kentucky.” The rate levied under this subsection is not subject to the public hearing and recall provisions of KRS 160.470.

b. Permissive Taxes
Permissive taxes comprise utility taxes, excise taxes, and occupational taxes. The authority to levy these taxes is found in KRS 160.593. Before a board of education can levy any of these permissive taxes, it must give public notice of its proposed levy and conduct a public hearing to explain the reason for the tax and to hear comments and complaints regarding the proposed levy. The requirements for the notice and hearing are found in KRS 160.603.

Any of the permissive taxes levied by the board of education is subject to petition and recall by the qualified voters in the school district (KRS 160.597).

According to KRS 160.635, permissive taxes levied by a board of education remain in effect until the board reduces the rate; however, this statute allows the board to set a date on which the tax expires at the time the tax is first levied.

(1) Utility Tax
KRS 160.613 authorizes a utility gross receipts license tax for schools not to exceed three percent (3% of the gross receipts derived from the sale of telephonic and telegraphic communications services, electric power, water, and natural, artificial and mixed gas. (Bottled gas companies are exempt.) If the cost of energy or energy producing fuels used in the course of manufacturing, processing, mining or refining exceeds three percent (3%) of the cost of production then the costs of those utilities are exempt from the utility tax. Also, amounts received for utilities that are to be resold are exempt. KRS 160.614 adds the gross receipts derived from the sale of cable television to the class of utilities subject to the utility tax.

(2) Occupational Tax
KRS 160.605 authorizes the levy of an occupational license tax for schools on the salaries or wages of individuals for work done in a county and on the net profits of all businesses, professions, or occupations from activities conducted in a county. Exempted from paying an occupational tax for schools are public service companies that pay an ad valorem tax, insurance companies, banks, trust companies, savings and loan associations, and income received by members of the Kentucky National Guard for training. The occupational tax rate cannot exceed one-half of one percent (0.5%) and must be a single uniform rate. Any county with 300,000 or more residents is authorized to levy a rate not to exceed 0.75% (KRS 160.607).

(3) Excise Tax
KRS 160.621 authorizes an excise tax for schools not to exceed twenty percent (20%) on a county resident's state individual income tax liability. In other words, the amount of state income tax a school district resident owes would be multiplied by the percent levied to determine the tax amount to be paid to the school system.

The school district may hire someone to collect the excise tax or request that the Revenue Cabinet act as tax collector. When the Revenue Cabinet is requested to be the tax collector, the school district must reimburse the cabinet for its actual cost of collecting the excise tax.
Other Local Revenue
Other local income may come from tuition for summer school programs or from students who attend the district's schools but reside in other school districts; earnings from investments, savings accounts, interest bearing accounts, certificates of deposits, etc.; rental of buildings, land and buses; reimbursement for transporting non-public school pupils; and student fees.

State Support for Nonpublic Schools
Does not apply.
Description of the Formula

The Minimum Foundation Program formula determines the cost of a Minimum Foundation Program (MFP) of education in all public elementary and secondary schools and helps to allocate the funds equitably. Funding through the MFP is in the form of a block grant from the State to the city, parish, or other public school systems or schools. Local Education Agencies (LEAs) are afforded the flexibility to spend these funds as they determine to be in the best interest of the LEA while satisfying all mandated program requirements. MFP funds are intended, in combination with other funds available to the LEAs, to provide the fiscal requirements of operating a school system or school.

Components of the FY2014-15 MFP Formula:

**Level 1: Cost determination and Equitable distribution of State and Local Funds**

Calculate State and Local Cost Allocation

- Base per Pupil Amount for FY2014-15 is $3,961 for each student included in the prior year February 1 enrollment, per SCR 55 - set annually by the Board of Elementary and Secondary Education (BESE) with approval of the Joint Legislative Committee on the Budget.

- Add-on weights - based on student characteristics (prior year data) recognizing the extra cost of instruction for certain categories of students or classes.
  - Low Income and English Language Learner (22%)
  - Career & Technical Education Units (6%)
  - Students with Disabilities (150%)
  - Gifted and Talented (60%)
  - Economy of Scale up to 20% (for districts with less than 7,500 students)

- Total Level 1 Cost equals the Total Weighted Student Membership count times $3,961 per pupil.
  - Proportion Allocated to the State (65% on average)
  - Proportion Allocated to the Local School System (35% on average)
  - The targeted local contribution is based on the Local Deduction Method which establishes contribution rates for Sales and Property Taxes. In FY2014-15 the contribution rates are:
- 16.60 millages ad valorem tax
- .80% sales tax

**Level 2: Incentive for Local Effort**
- Eligible Local Revenue - amount over Level 1 target
- Level 2 rewards systems that contribute a greater portion towards the cost of education than the amount required in Level 1 (In FY2014-15, on average, the state contributed 38.7% for each dollar identified as revenue eligible for rewards in level 2)

**Level 3: Legislative Allocations**
- Continuation of prior year Pay Raises (2001-02 Certificated Staff, 2002-03 Support Worker, 2006-07 Certificated Staff and Support Worker, 2007-08 Certificated Staff and Support Worker, and FY2008-09 Certificated Staff)
- Hold Harmless Funding (continuation of prior year funding for districts that would lose State aid under the revised formula)
- FY2014-15 $100 Mandated Cost Adjustment (Support for increasing costs in health insurance, retirement and fuel)

**Level 4: Supplementary Allocations**
- **Foreign Language Associate Program Salary and Stipend Allocation** – Provides $21,000 for each teacher from a foreign country assigned to teach through the Foreign Language Associate program, up to a maximum of 300 teachers per year. Provides Installation Stipends of $6,000 to first year Foreign Associate Teachers and Retention Stipends of $4,000 to second and third year Foreign Associate Teachers.
- **Career Development Allocation** – Provides approximately $4,000,000 to support the development of the technical courses required for statewide credentials.
- **High Cost Services Assistance Allocation** – Provides $4,000,000 to assist with the cost of providing services for specific students for which the costs are at least three times the amount of the most recent state average total expenditure per pupil amount.
- **Supplemental Course Allocation** – Provides $26 per student in grades 7 through 12 of the prior year, to provide for the cost of secondary course choices specifically approved by BESE.

**District-Based Components**

**Density/Sparsity of Small Schools**
Add-on weights - based on student characteristics recognizing the extra cost of instruction for certain categories of students or classes.

Economy of Scale up to 20% (for districts with less than 7,500 students)

**Grade Level Differences**
Not funded by grade level.
Declining Enrollment or Growth
There are two mid-year adjustments based on student membership count dates of October and February:

- October 1, 2014, compared to February 1, 2014
  - Local Education Agencies (LEAs) receive an adjustment for the Total State Cost Allocation per pupil amount times the number of students gained or lost

- February 1, 2015, compared to October 1, 2014
  - LEAs receive an adjustment for one-half of the Total State Cost Allocation per pupil amount times the number of students gained or lost

Capital Outlay and/or Debt Service
No State Aid Provided.

Transportation
No categorical state aid provided. However, MFP block funding is available to support transportation costs.

Charter Schools
Charter School Law (RS 17:3995) specifies that a charter school is to receive a per-pupil amount based on its October 1 student membership.

- The state cost allocation per-pupil amount is based on Levels 1, 2 and 3 of the most recent legislatively approved MFP formula.
- The local revenue representation per-pupil amount will be calculated in March, based on actual prior-year local revenue collections as reported in the AFR, and actual, current-year October 1 student counts as report in SIS.

Student-Based Components
Add-on weights - based on student characteristics recognizing the extra cost of instruction for certain categories of students or classes.

Students with Disabilities
150% - based on the prior year February 1 student count

Low Income and English Language Learner Weight
22% - based on the prior year February 1 student count

Gifted and Talented
60% - based on the prior year February 1 student count

Career and Technical Education
6% - based on the prior course enrollment

Preschool Education
Pre-School Students with Disabilities, ages 3-5, are included in the MFP base count, as well as the Students with Disabilities weight, and funded through the MFP.

Regular Education Preschool students are not included in the MFP, but low-income preschool students may receive funding through the LA4 Early Childhood programs.

**Other**

Economy of Scale Weight – Recognizes a base amount of funding for fixed overhead costs that is provided when student populations equal less than 7,500. (curvilinear weight of 20% at a student membership count of zero, down to 0% at a student membership count equal to or greater than 7,500)

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**

Does not apply to school systems.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**

Property assessment ratios are used. Each parish authority sets the assessment level at 100% of value. Assessment level is 10% for Improved Land for Homesteads, 10% for Land and 15% for Utilities and Other Property.

**Measure of Local Ability To Support Schools**

Local Deduction Method: The deduction method establishes required contribution rates for Sales and Property Taxes.

Total Level 1 Cost
Proportion Allocated to the State (65% on average)
Proportion Allocated to the Local District (35% on average)
The targeted local contribution is based on the Local Deduction Method which establishes contribution rates for Sales and Property Taxes. The contribution rates in FY2014-15 are 16.60 ad valorem millage and .80% sales tax.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**

All 69 city and parish school systems are fiscally independent. The maximum local levy without voter approval is five mills. Voter approval is required for a tax increase; a simple majority vote is required for approval. Primary sources of local revenue include: property tax (46%); sales tax (53%); and other (1%).

**State Support for Nonpublic Schools**

Nonpublic schools are not included in the MFP but receive funding from the following programs outside of the MFP:

- Required Services – reimbursement for the cost of performing selected activities as required by State law or regulation.
• Textbooks – Number of nonpublic students, in approved nonpublic schools, reported to the Department on October 1 of the prior year at $27.02 per student, plus 5.92% administration fee for the public school district. Funds are allocated to the public school district which acts as the fiscal agent by ordering books on behalf of the nonpublic school.

• Lunch salary supplement – Districts which provide lunch services to nonpublic schools are eligible to receive salary supplements, per full-time and part-time employees in the School.

• Education Excellence Fund (EEF) – Prior year interest earnings in the EEF are distributed based on the prior year October 1 student count.
Description of the Formula

Beginning in 2005-06, Maine’s school funding formula became an adequacy-based formula entitled Essential Programs and Services. Using a cost analysis, the State establishes the amount, level and cost of education components needed in each school to ensure all students had equitable opportunities to achieve proficiency in state learning standards. The essential programs and services allocation calculated for each depends upon student, staff and school characteristics, resulting in unique EPS foundation operating cost rates for each LEA.

By statute, the State share percentage of the total EPS foundation operating costs is 55%. Local share for each LEA is calculated based on property valuation, and local communities may choose to raise more than its required EPS foundation operating costs. The State subsidizes 100% of approved EPS special education costs for most school district, and up to 30% for minimum subsidy receiving districts.

District-Based Components

Density/Sparsity of Small Schools
Additional State subsidies are provided to geographically isolated schools, , and island schools.

Grade Level Differences
The number of staff approved for PreK-8 and 9-12 grade spans vary depending upon EPS established ratios and costs, which result in different EPS allocations based on grade span and district size for each LEA, and different levels of State subsidizeable funds provided each LEA.

Declining Enrollment or Growth
Adjustments for declining enrollment are provided depending on the decline resulting from the difference from the average of the two most recent census counts to the average of the six most recent census counts.
Capital Outlay and/or Debt Service
All expenditures for school construction that are approved by the State Board of Education are subsidized by the State.

Transportation
The total subsidized transportation operating funds for each LEA is calculated on a funding formula that reflects LEA student density and miles traveled each year. Additional adjustments are provided for island schools, out-of-district special education costs and ferry services.

Charter Schools
School administrative units must forward the student’s allocations to the approved public charter school the students choose to attend.

Student-Based Components

Special Education
The State subsidizes 100% of approved Essential Programs and Services special education costs for all non-minimum subsidy receiving school districts.

Low Income / Comp Ed / At-Risk
The State provides additional subsidies for all children eligible for free or reduced lunches in each LEA based on a 1.15 pupil weighting.

English Language Learner/Bilingual Education
The State provides additional subsidies for all ESL children based on weightings 1.525-1.70, depending upon the number of eligible children in each LEA.

Gifted and Talented Education
The State subsidizes approved EPS gifted and talented costs.

Career and Technical Education
The State subsidizes approved EPS career and technical education costs.

Preschool Education
The State provides additional subsidies for public preschool program children based on a 1.10 pupil weighting.

Other
Does not apply.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply.
Property Assessment Ratios Used/Legal Standards for Property Assessment
Each municipality is responsible for annually assessing its property, either by individually assessing parcels of property or by increasing the prior year’s assessment of each parcel by some common factor. The sum of the resulting assessments are required to be no less than 70% of the just value of, or full market value of, this combined property. Each municipality’s valuation posed in the school funding is first equalized to estimate full market value of the property in the municipality.

Measure of Local Ability To Support Schools
Property valuation per pupil as computed by the state tax assessor to estimate full market value.

The resulting full value property valuation is multiplied by a statewide mill rate to determine the amount of support required by local communities. Beginning in 2014-15, the average of two year’s full value property valuation will be multiplied by a statewide mill rate to determine the amount of support required by local communities.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
Districts (serving two or more municipalities) are fiscally independent. The budget is approved at an annual district meeting by voters of the participating municipalities. Following budget approval each member municipality is assessed its share. Single municipality school administrative units develop a budget, which must be approved by the legislative body (which may be elected representatives or the voters). Beginning in 2007-08 all budgets must be approved by local communities by a referendum vote. In all cases, the tax rate for each municipality is set by its legislative body. Local revenues include property tax and miscellaneous revenues.

State Support for Nonpublic Schools
Does not apply.

Source: Dr. David Silvernail, University of Southern Maine and Suzan C. Beaudoin, Director of School Finance & Operations, Maine Department of Education.
Description of the Formula

Effective June 1, 2002, Senate Bill 856 - Bridge to Excellence in Public Schools Act created the Foundation Program designed to be a shared program (50/50) with local school systems. However, the program is equalized on the basis of local wealth so that individual State/local percentages vary with the relative wealth of the jurisdiction. The minimum State share of the foundation amount that a local school system may receive is 15%. The program is funded based on the full-time equivalent enrollment as of September 30 of the prior fiscal year. The per pupil amount for Fiscal Year 2015 is $6,860, which reflects a 0.46% inflationary adjustment from the prior year. The FY 2015 funding level for the Foundation Programs is $3.0 billion.

Funding for the Geographic Cost of Education Index (GCEI), designed to recognize the differences in the cost of providing educational services in different geographical locations, was added to State Aid to Education in FY 2009. Although funding for the GCEI program is non-mandatory, it has been fully funded since FY 2010. GCEI funding in FY 2015 is $133 million.

A Supplemental Grant was calculated in FY 2009 and FY 2010. This grant was designed to provide additional funds to jurisdictions who did not receive at least a 1% increase in State Aid to Education over the prior year. Since FY 2010, the supplemental grant has been funded at the FY 2010 level. The supplemental grant funding in FY 2015 is $47 million.

A Guaranteed Tax Base Program distributes State funding to local jurisdictions that 1) have less than 80% of the statewide wealth per pupil, and 2) provide local education funding above the local share required under the Foundation Program. The amount provided to each local school system is equal to the additional funding that would have been provided by the local government if the same education tax effort were made and the jurisdiction had the wealth base that is "guaranteed." Irrespective of local education tax effort, local school systems will not receive more per pupil than 20% of the base per pupil amount established in the Foundation Program. For FY 2015, the Guaranteed Tax Base Program provides $59 million in additional funding to local jurisdictions.

A State Aid for Local Fringe benefits program is designed such that the State contributes on behalf of each local board of education towards the cost of pension/retirement benefits for eligible school personnel. Beginning in FY 2013, the State and local school systems share in the overall cost. This cost-sharing is being phased-in through FY 2017, at which time the local school systems will contribute the Normal Cost rate for their eligible personnel.
District-Based Components

Density/Sparsity of Small Schools
Although the State does not specifically provide funding for Density/Sparsity of Small Schools, see the State program noted below under the section “Declining Enrollment or Growth” that is limited to relatively small school systems.

Grade Level Differences
Does not apply.

Declining Enrollment or Growth
September 30 enrollment is used in calculating the Foundation Program and special needs populations are used in calculating the state Low Income / At-Risk, Limited English Proficient, and Special Education programs.

Beginning in FY 2015, school systems may be eligible for an additional grant if: their overall enrollment is less than 5,000; the enrollment is declining from the previous school year; and the State aid for the system is decreasing from the previous year by more than 1%.

Capital Outlay and/or Debt Service
School construction in the Capital Improvement Program (CIP) is a shared State/local cost. Some school construction costs in the CIP, as well as locally-funded projects are exclusively the responsibility of the local jurisdiction. They include such items as site acquisition; architectural and engineering fees; utility connections; regional or central administrative offices; permits; movable furniture and equipment; and small repair projects. The State funds its share of school construction primarily through the issuance of general obligation bonds. The State also provides an annual grant for the Aging Schools Program and issues bonds for the Qualified Zone Academy Bond program.

Transportation
Disabled student transportation is funded at a per pupil amount per number transported. Regular base transportation grant equals its base grant in the prior year. It was increased by an inflation factor of 1% in FY-2015. An additional grant is issued to school systems experiencing increased enrollment. The Fiscal Year 2015 funding level is $258 million for Transportation programs.

Net Taxable Income
Beginning in FY 2014, the State provides a Net Taxable Income (NTI) grant to eligible school systems. Normally, for all wealth-equalized formulas, the annual wealth calculation uses the NTI amounts filed on or before September 1. Under the NTI grant program, a school system receives an additional grant if the formulas would generate a higher amount of State aid by using NTI amounts filed on or before November 1. This program is being phased-in through FY 2018. For FY 2015, the NTI grant amounts to $27 million at the 40% phase-in level.

Charter Schools
N/A
Student-Based Components

Special Education
A funding level per special education student is calculated by taking 74% of the per pupil amount established in the Foundation Program. The program is equalized on the basis of local wealth. The Fiscal Year 2015 funding level is $272 million.

Additionally, under the Nonpublic Placements Program, the State shares in the cost of placing students with disabilities in nonpublic special education schools when no appropriate program is available for them in the public schools. For students placed through this program, the State pays 70% of the costs in excess of the base local share (which equals approximately 300% of the basic cost per pupil for the school system).

Low Income / Comp Ed / At-Risk
A Compensatory Education grant is provided annually based upon the number of students in the local school system eligible for free and reduced price meals. The grant is calculated by taking 97% of the per pupil amount established in the Foundation Program. The program is equalized on the basis of local wealth. The Fiscal Year 2015 funding level is approximately $1.25 billion.

English Language Learner/Bilingual Education
A funding level per Limited English Proficient student is calculated by taking 99% of the per pupil amount established in the Foundation Program. The program is equalized on the basis of local wealth. The Fiscal Year 2015 funding level is $198 million.

Gifted and Talented
No response

Career and Technical Education
No response

Preschool Education
Beginning in FY 2015, the State contributes at least $4.3 million annually toward the Prekindergarten Expansion program. Under the expansion, the State is partnering with local providers and schools systems across the State to expand high-quality full and half day pre-K. This funding is in addition to the $10.6 million in State funding for the Transitional Education program and $1.8 million in State support for Head Start.

Other
N/A

Revenue and Expenditure Information
**State Mandates Restricting Revenue or Expenditure Increases**

By statute, counties must provide the local school systems with at least the same appropriation per pupil as they provided in the previous fiscal year. The State Board of Education may grant a county government experiencing fiscal problems a temporary or partial waiver of the maintenance of effort requirement. In addition, to calculate the highest prior year's local appropriation, nonrecurring costs may be excluded if they are documented and approved by the State Board. Beginning in FY 2015, a county may be required to increase the amount of appropriation per pupil, if its education effort (the ratio of appropriation to local wealth) is less than the five-year statewide average.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**

For purposes of wealth-equalized programs, the assessed value of personal and real properties means the most recent estimate by the State Department of Assessments and Taxation before the annual State budget is submitted to the General Assembly of the assessed value for county and State purposes respectively, as of July 1 of the first completed fiscal year before the school year for which the calculation is made. The amount of the tax bill is determined by two factors: (1) the assessment; (2) the property tax rate. Assessments are based on the fair market value of the property and are issued by the Department of Assessments and Taxation, an agency of State government. Property tax rates are set by each unit of government - the State, counties, and cities.

**Measure of Local Ability to Support Schools**

The sum of the following: net taxable income, 100% of the assessed value of the operating real property of public utilities, 40 percent of the assessed valuation of all other real property; and 50 percent of assessed value of personal property.

**School District Budget and Tax Rate Procedures/Sources of Local Revenues**

All 24 school districts are fiscally dependent. Neither the constitution nor State statutes prescribe any upper limit for school levies. Local revenue for schools is derived from property and income taxes.

**State Support for Nonpublic Schools**

The Nonpublic Student Textbook program provides nonreligious textbooks and computer hardware and software on a loan basis to students attending nonpublic schools whose tuition does not exceed the state average per-pupil cost. Schools do not receive funds directly, but rather are allowed to purchase books and technology based on a per-pupil allocation. Vendors are paid directly by the Maryland State Department of Education.

The per-pupil allocation is $90 per-pupil at schools serving 20 percent or more students from low-income families; per-pupil allocations for students at the remaining schools are determined by the number of participating students.

Additionally, the State provides funding under the Nonpublic Aging Schools program for renovations and security-related upgrades to existing nonpublic school buildings.
Description of the Formula

The “Chapter 70” state aid formula provides $4.4 billion in aid to school districts through a modified foundation program. A “foundation budget” averaging $10,486 per pupil is calculated for each school district, based upon specific inflation-adjusted rates in fourteen enrollment categories and 11 functional areas. A methodology called “aggregate wealth” defines the target local contribution for each city and town. The target is derived by taking .3624 percent of each municipality’s total 2012 property valuation, and adding 1.5113 percent of its residents’ total 2011 income. These are the unique percentages which on a statewide basis yield exactly half of the contribution from property wealth and half from income. State “foundation aid” makes up the difference between a district’s target contribution and its foundation budget. On average, aid pays for 38.7 percent of foundation budgets, but the range varies from 14 percent to 98 percent.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences
The regular education foundation rate is $7,214 for elementary, $6,840 for junior high/middle, and $8,529 for senior high.

Declining Enrollment or Growth
There is no specific component for declining enrollment. There was a “growth aid” provision from FY07 through FY09 but that has not been funded since that time. No district receives less than its foundation budget, plus an additional $25 per pupil.

Capital Outlay and/or Debt Service
School building assistance is calculated based on a formula that weighs a community’s property value and income against state wide averages and includes a poverty factor based on the district’s proportion of low income students. State bonds are issued backed by a penny of the state’s five-cent sales tax to support actual building expenses. Payments are made to communities for approved school projects as expenses are incurred, mitigating the state’s obligation on interest costs.
Transportation
The state reimburses regional districts for transportation at a fixed rate dependent upon the appropriation each year. In FY14, the rate is estimated to be 66.4 percent. The state reimburses districts for homeless transportation costs at a rate of 50.8%. It also reimburses districts for the transportation of non-resident vocational students at a rate of 9%.

Charter Schools
70 Commonwealth charter schools are funded by tuition transfers from quarterly Chapter 70 payments to school districts. The 32 thousand pupils at these schools count towards the sending districts’ foundation enrollment.

Student-Based Components

Special Education
The Chapter 70 foundation budget includes an assumed special education percentage of enrollment and the corresponding costs are factored into the aid calculations. A separate “circuit breaker” program reimburses districts for 40 percent of special education instructional costs in excess of four times the prior year’s state average foundation budget.

Pupil Weights for Special Education Programs
In-district: the foundation budget includes an assumed full-time equivalent (FTE) special education enrollment of 3.75 percent of total non-vocational enrollment, 4.75 percent of vocational enrollment. For each assumed FTE, the special education in-district foundation budget rate is $24,958.

Out-of-district: the foundation budget includes an assumed full-time equivalent special education enrollment of 1 percent of total non-vocational enrollment. For each assumed FTE, the special education out-of-district foundation budget rate is $26,070.

Low Income / Comp Ed / At-Risk
Each low-income pupil generates an extra increment of between $2,767 to $3,422 in foundation budget dollars.

English Language Learner/Bilingual Education
Each limited-English pupil generates an extra increment of between $637 and $2,325 in foundation budget dollars.

Gifted and Talented Education
Does not apply.

Preschool Education
The Chapter 70 foundation budget includes preschool students whose parents do not pay tuition to the districts. In FY15, the rate is $3,586
Other
A “wage adjustment factor” provides additional increments in foundation budgets of as much as 13 percent for communities in geographic areas with higher-than-average wages (all industries).

173 districts accept non-resident pupils through the school choice program, which is also funded from quarterly tuition transfers. These pupils also count toward the sending districts’ foundation enrollment.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Proposition 2-1/2 limits a municipality’s property tax levy to a 2.5 percent overall increase in its levy “limit” plus growth in tax base; local referenda can raise the limits either permanently or temporarily.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Residential property is assessed at 100 percent of local market value.

Measure of Local Ability to Support Schools
Total equalized property valuation and total personal income of residents.

School District Budget and Tax Rate Procedures/Sources of Local Revenues
All 328 operating school districts are fiscally dependent. Town meetings and city councils must approve school budgets. Local revenue is derived primarily from property tax, but also includes user fees and motor vehicle excise tax (state tax but revenues are kept locally).

State Support for Nonpublic Schools
In some cases local districts provide special education services and busing to private school pupils.

Massachusetts DOE website link for Chapter 70 information:
http://finance1.doe.mass.edu/chapter70/
**Description of the Formula**

The State of Michigan no longer uses the “millage equalizing” formula based on school finance reform passed in 1994 and first implemented in 1995. Each district was assigned a per pupil foundation grant based on their combined 1994 state and local revenue per pupil. Districts with lower foundation grants received larger annual increases than those with higher initial foundations. The lowest foundation in 2014-15 is $7,126. In most cases the state school aid per pupil is equal to the district’s foundation allowance per pupil minus its local school operating tax per pupil. School operating taxes in most cases are equal to 18 mills assessed to the district’s non-homestead property.

**District-based Components**

**Density/Sparsity of Small Schools**
For districts with a pupil count of less than 1,550 and 4.5 or fewer pupils per square mile, Michigan uses a three-year-average pupil count in the calculation of their state school aid if it benefits the district. This softens the fiscal impact that declining enrollment has on these mostly rural districts. Also, Michigan has a small amount of categorical funding for small, geographically isolated districts. Several of these are island districts not accessible by a bridge.

**Grade Level Differences**
No categorical funding is earmarked for grade level differences.

**Declining Enrollment or Growth**
There are no longer State Aid funds appropriated for declining enrollment.

**Capital Outlay and/or Debt Service**
Michigan does not allocate additional funding for capital outlay/debt service. Districts must pass a dedicated millage for these items or use their general funds.
Transportation
There is no longer specific categorical funding in Michigan for transportation. The transportation funding paid as a categorical grant prior to 1995 was rolled-up into the per pupil foundation grants implemented beginning in 1995. There are about $3 million in State Aid funds appropriated annually to fund bus driver safety and to facilitate public school bus inspections.

Charter Schools
Charter schools in Michigan are called public school academies. The entities receive a foundation allowance per pupil similar to the traditional local education agencies.

Student-based Components

Special Education
A long standing Michigan court case (known as Durant) regarding special education cost reimbursement was settled in 1997. It requires that the state reimburses special education instructional costs at a rate of 28.6138% and special education transportation costs at a rate of 70.4165%. The foundation payments (described above) for special education pupils go towards meeting this obligation.

Low Income / Comp Ed / At-Risk
In 2015, the Michigan legislature appropriated approximately $317 million for Low Income / At-Risk (At-Risk). The Formula is 11.5% of the district’s per pupil foundation allowance times the number of pupils eligible for free school meals. The appropriation is capped at $317 million.

English Language Learner/Bilingual Education
The current year state appropriation for Bilingual Education is $1.2 million. The funds are paid out on a per pupil basis and are to be used solely for the instruction of pupils with limited English-speaking ability. Eligible programs include instruction in speaking, reading, writing, and the comprehension of English.

Gifted and Talented Education
No state funds are currently appropriated in this category.

Career and Technical Education
In 2015, the Michigan legislature appropriated approximately $ 39 Million for Career Technical Education. Most of the funds are distributed based on the cost to operate the programs.

Preschool Education
In 2015, the Michigan legislature appropriated approximately $ 250 Million for early childhood programs.

Other
Does not apply.
Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
The so called “Headlee Amendment” to the State Constitution requires that school districts roll back tax rates if the revenues generated over the previous year exceed the inflation rate as measured by the National Consumer Price Index. Voters may, however, vote to restore the millage.

Property Assessment Ratios Used/Legal Standards for Property Assessment
Cash value is used.

Measure of Local Ability to Support Schools
The assessed value of property at 50% of market value, known as the State Equalized Value (SEV), was used through 1994. Beginning in 1995, the Taxable Value (TV) is used which limits assessment increases to 5% or the rate of inflation whichever is less.

School District Budget and Tax Rate Procedures/Sources of Local Revenues
The state’s 545 K-12 school districts are fiscally independent. Local revenues derive from the property tax levied on non-homestead properties at the rate of 18 mills or whatever the district levied in 1993 whichever is less. The millage rate is subject to the Headlee Amendment (limitations) described above. There were 56 Intermediate School Districts, 545 Local Educational Agencies, and 298 public school academies operating as public schools in fiscal year 2013-14.

State Support for Nonpublic Schools
Direct pay to non-public schools is prohibited by the State Constitution. However, non-public school students may benefit from auxiliary services.

The Auxiliary Services Act of the Michigan School Code specifies that if particular services named in the Act are provided to public school children in a school district, those services must also be made available to children attending non-public schools located within that district.

The Act specifies services to include health and nursing services and examinations, national defense education act testing, speech and language teacher services, social work services, school psychological services, teacher consultant services for the handicapped, remedial reading services, and other services determined by the legislature. Some auxiliary services are also provided for general education services and some are special education-type services. If special education services are to be provided for a student, that student must first be found eligible for special education.
Description of the Formula

General education foundation program based on weighted pupils in average daily membership (ADM). Part-time kindergarten pupils are weighted at 0.55, full-time kindergarten pupils are weighted at 1.0, pupils in grades 1-6 at 1.0, and secondary pupils (grades 7-12) at 1.2. A district’s general education revenue equals the sum of its basic, declining enrollment, compensatory, English learner, extended time, sparsity, transportation sparsity, operating capital, gifted & talented, equity, location equity, and transition revenues. Basic revenue equals $5,831 times weighted ADM.

School districts are required to levy for a portion of general education revenue. The basic general education levy (“student achievement levy”) serves as the local portion of the basic, declining enrollment, compensatory, EL, extended time, sparsity and transportation sparsity revenues. Separate levies are made for a portion of operating capital, transition, and location equity revenues. If a district levies less than the maximum amount for these categories, the corresponding state aid is reduced proportionately.

District-Based Components

Density/Sparsity of Small Schools
Districts with secondary schools having fewer than 400 pupils in grades 7-12, or elementary schools having fewer than 140 pupils in kindergarten through grade 6, located in isolated areas receive sparsity revenue in the general education formula. The amount of revenue for secondary pupils varies as a function of the number of pupils, the distance to the nearest high school, and the attendance area. The amount of revenue for elementary pupils varies as a function of the number of pupils enrolled in schools located 19 or more miles from the nearest elementary school.

Grade Level Differences
Pupil weighting factors used in general education program:

| Kindergarten (Part Time) | 0.55 |
Kindergarten (Full Time)  |  1.0 
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grades 1-6</td>
<td>1.0</td>
</tr>
<tr>
<td>Grades 7-12</td>
<td>1.2</td>
</tr>
</tbody>
</table>

**Declining Enrollment or Growth**

Districts with declining weighted ADM compared with the prior fiscal year receive declining enrollment revenue equal to 28 percent times the basic formula allowance of $5,831 times the decline in weighted ADM.

**Capital Outlay and/or Debt Service**

The capital outlay revenue program include four major components not requiring voter approval: operating capital revenue, health and safety revenue, alternative facilities revenue and lease levies. Operating capital revenue, which is part of the general education revenue program, equals $79 plus $109 times a facilities age index equal to 1 plus the lesser of 50 or the district’s average school building age per weighted ADM, and is funded with an equalized levy. Health and safety revenue equals the approved cost of health and safety projects, and is also funded with an equalized levy. Alternative facilities revenue allows 24 large school districts to make an annual levy or issue bonds for the approved costs of deferred maintenance, health & safety or disabled access, and allows other districts to make an annual levy or to issue bonds for the approved costs of health & safety projects exceeding $500,000 per site. Additionally, a district may also levy for the approved cost of renting or leasing facilities, not to exceed $212 per pupil unit. Charter schools receive building lease aid equal to the lesser of $1,200 per weighted ADM or 90% of approved building lease costs.

Two programs require voter approval: issuance of general obligation bonds, which are repaid with an annual debt service levy, and capital project referendum levies. For debt service, a district may levy an amount equal to 105% of the amount needed to make principal and interest payments on general obligation bonds. The levy is equalized by the state using a two-tiered equalization formula. Additionally, a district may levy the local tax rate approved in a capital project referendum for facilities and equipment purposes. No state equalization is provided for this levy.

Further, a district may levy without voter approval 105% of the amount needed to make principal and interest payments on certificates of indebtedness or capital notes issued for certain facilities projects or the purchase of specified capital equipment. The amount levied under this program is subtracted from the general fund levy of the district.

Finally, a limited loan program, requiring specific legislative approval for individual projects, exists to assist districts with unusually high debt service effort.

**Transportation**

Funding for regular to and from school transportation for public school students is included in the general education revenue program. Of the basic general education formula, 4.66% ($272 per weighted ADM) is attributable to pupil transportation. This is intended to cover the average cost of transportation for districts located in the Twin Cities metropolitan area. The transportation
sparsity formula funds the added cost of pupil transportation in more sparsely populated school districts, and is based on analysis of the relationship between per pupil cost and population density. A categorical nonpublic pupil transportation aid formula provides funding to school districts for transporting nonpublic school pupils, based on the district’s per pupil cost for all regular to and from school transportation.

To and from school transportation, and transportation between buildings during the day for pupils with a disability who require special transportation is funded through the special education aid formula. The added costs of transportation for desegregation purposes is funded through the integration revenue formula.

Charter Schools

Charter schools are independent local education agencies and funding for charter schools is similar to funding for school districts. However, do not have authority to make property tax levies and receive building lease aid to cover major facilities costs.

Expenditure Based Components

Special Education Aid:

Special Education aid is based on a percentage reimbursement formula with a statewide cap on total aid, supplemented with an excess cost formula targeted to school districts with relatively high levels of special education expenditure per weighted ADM.

The special education Initial Aid equals the sum of the following amounts computed using current year data:

- **Salary** - 68% of the salary of each essential staff providing direct instructional and related services to students (both special education, transition disabled and alternative delivery of specialized instructional services programs);

- **Contracted Services** - 52% of the amount of a contract for instruction and services that are supplemental to a district’s education program for students with disabilities. 52% of the difference between the amount of the contract and the general education revenue of the district for that pupil for the fraction of the school day the student receives services that are provided in place of services of the district’s program (both special education, transition disabled and alternative delivery of specialized instructional services programs). For transition disabled programs only, 52% of the cost of vocational evaluation;

- **Supplies and Equipment**
  - Special Education and alternative delivery of specialized instructional services Programs - 47% of the cost of supplies and equipment not to exceed an average of $47 per student with a disability;
  - Transition Disabled Programs - 47% of the cost of supplies not to exceed an average of $47 per student with a disability. 47% of the cost of equipment.
• **Travel** – For Transition Disabled Programs only, 47% of the costs of necessary travel between instructional sites by transition program teachers.

• **Bus Depreciation.** 100% of the cost of regular busses over 8 years and Type III busses over 5 years that are used the majority of time providing special transportation services.

**Transportation** - 100% of the cost of special transportation services.

A school district’s special education aid equals its initial special education aid computed as per the formula above times the ratio of the state total special education aid to the state total initial special education aid plus aid adjustments for serving non-resident special education students.

The state total special education revenue for FY 2015 is based on a dollar amount set in statute for FY 2011, increased by 4.6 percent annually and adjusted for change in state total ADM. For FY 2015 the cap is estimated to be $967,140,000 which is sufficient to fund approximately 88 percent of the initial aid for each district.

The link to Minnesota’s special education formula is:
[https://www.revisor.leg.state.mn.us/statutes/?id=125A.76](https://www.revisor.leg.state.mn.us/statutes/?id=125A.76)

**Special Education Excess Cost Aid:**

A district’s initial special education excess cost aid cost aid equals 75% of the difference between the district's unreimbursed special education cost for the prior fiscal year and 4.36% of the district's general education revenue. The state total excess cost aid for FY 2015 is based on a dollar amount set in statute for FY 2011, increased by 2 percent annually and adjusted for change in state total ADM. For FY 2015 the cap is estimated to be $123,280,000, which is sufficient to fund approximately 53 percent of the initial aid for each district.

The link to Minnesota’s special education excess cost formula is:
[https://www.revisor.leg.state.mn.us/statutes/?id=125A.79](https://www.revisor.leg.state.mn.us/statutes/?id=125A.79)

**Special Education Cross Subsidy Reduction Aid**

For FY 2015, school districts will receive cross subsidy reduction aid equal to the lesser of $48 per ADM or 2.27 percent of an amount calculated using a census-based formula for high incidence primary disability areas and a rate per December 1 child count for low incidence primary disability areas. The cross subsidy reduction formula provides a transition to a new formula special education aid taking effect in FY 2016, which will include census-based calculations and calculations based on child count for low incidence primary disability areas as well as calculations similar to those under the current percentage reimbursement and excess cost formulas.

**Low Income / At-Risk**

Low Income / At-Risk revenue is included in the general education revenue program. Funding is based on building-level concentration of students eligible for free and reduced priced lunches as of October 1 of the previous fiscal year. Students eligible for reduced price lunches are weighted at 0.5 and students eligible for free lunches are weighted at 1.0. If the adjusted free & reduced
price lunch count is at least 80% of the building’s enrollment, the compensatory revenue equals $2,995 times the adjusted free & reduced price lunch count. The rate per adjusted count decreases proportionately as the concentration of eligible students decreases (e.g., ½ of this amount for a school with an adjusted eligible count equal to 40% of building enrollment).

**Pupil Weights for Low Income / At-Risk**

<table>
<thead>
<tr>
<th>Definition of Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free &amp; Reduced Price Lunch</td>
<td>Variable weighting 0.0 to 0.6, depending on concentration of free &amp; reduced lunch-eligible pupils in the building. Applies only to compensatory revenue calculation</td>
</tr>
</tbody>
</table>

**English Language Learner/Bilingual Education**

Revenue for English learner programs is included in the general education revenue program. Students who have generated 6 or more ADM in Minnesota public schools before the start of the current school year are not eligible to be counted for EL revenue calculations. For districts with at least one but fewer than 20 eligible EL students, funding is based on 20 students. Basic EL revenue equals $704 times the eligible EL average daily membership served. Districts where the concentration of EL students is 11.5% or greater receive an additional $250 per eligible EL student. In districts where the concentration is lower, the concentration allowance is reduced proportionately (e.g., $125 in a district with a 5.75% concentration).

**Gifted and Talented Education**

Gifted & talented revenue is included in the general education revenue program. A district’s gifted and talented revenue equals $13 per weighted ADM. It must be used only to identify gifted & talented students, provide educational programs for gifted & talented students, or provide staff development for teachers to best meet the needs of gifted & talented students.

**Preschool Education**

State funding is provided for several preschool programs, including early childhood family education, school readiness, head start, and early childhood scholarships.

**Other**

At-risk students attending extended time programs before or after school or during the summer generate up to 0.2 additional ADM based on the number of hours enrolled in the extended time programs. Alternative teacher compensation (Q Comp) revenue provides participating districts with up to $260 per pupil. Equity revenue provides additional revenue to districts with relatively low voter approved operating referendum levies to reduce the gap between high- and low-spending districts. Transition revenue is a hold-harmless provision ensuring that districts will not receive less funding than they received under previous formulas.

**Revenue and Expenditure Information**
State Mandates Restricting Revenue or Expenditure Increases
State sets limits on property tax levies. Districts may levy beyond the limitation as permitted by referendum. Operating referendum levies are limited to $1,845 per weighted pupil, with certain exceptions. Bonding limit is 15% of the total market value of property.

Property Assessment Ratios Used/Legal Standards For Property Assessment
County assessor determines the market value of property. Class rates are specified by law for various types of property (e.g., the class rate for residential homestead property) is 1% for the first $500,000 of market value and 1.25% for value over $500,000. The class rate for commercial and industrial property is 1.5% for the first $150,000 of market value and 2% for value over $150,000. Market values are multiplied by the appropriate class rates to determine a net tax capacity. Sales ratio studies are used to review the accuracy of market values. Adjusted net tax capacities, reflecting the results of the sales ratio study, are used in computing most of the school district levy limitations.

There are two property tax base measures used for various school tax levies. For operating referendums and a few other levies, we use 100% of estimated market values, but exempt agricultural land and seasonal recreational cabin property from paying taxes. For debt service and most other school levies we use a measure called adjusted net tax capacity, which uses varying percentages of estimated market value for different use classes of property, with the lowest percentage assigned to the first $1.5 million of agricultural land and the highest percentage applied to commercial-industrial property.

Measure of Local Ability To Support Schools
Property valuation -- two measures are used. Adjusted net tax capacity is used for most school levies; referendum market value is used for the operating referendum, transition and equity levies. Referendum market value is based on the full market value before applying the class rates, excludes agricultural land and seasonal recreational cabin property, and does not use the sales ratio calculations.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 332 school districts are fiscally independent. Separate levy limitations are determined by the state for general education and community education based on various statutory formulas. School districts may levy additional amounts for general education and debt service based on local referendum elections. The property tax is the primary source of local revenues for schools.

State Support for Nonpublic Schools
School districts are required to provide “equal transportation” for nonpublic school pupils; state aid is provided for costs of transporting nonpublic school pupils.

Taxpayers may deduct, for state income tax purposes, the amounts spent for tuition, secular textbooks, and transportation of dependents attending public or nonpublic schools, up to $1,625 per dependent on grades K-6 and up to $2,500 per dependent in grades in 7-12. Taxpayers with household incomes below $33,500 may claim a credit for state income tax purposes for K-12 educational expenses, excluding school tuition. The credit equals 75% of qualifying expenses,
not to exceed $1,000 per qualifying child. The credit is phased out for families with income exceeding $33,500, depending on the number of eligible children for whom the credit is claimed. School districts are required to provide secular textbooks, individualized instructional materials, and standardized tests to nonpublic school pupils, to offer these pupils health services, and to offer nonpublic secondary pupils guidance and counseling services. The state reimburses school districts for their costs up to formulas limits based on the statewide average cost per pupil.

School districts may provide shared time programs for nonpublic school pupils, and must make shared time special education programs available to handicapped nonpublic school students. The state pays shared time aid for these programs of $5,831 times the number of FTE weighted ADM served.

For further information see:
http://www.house.leg.state.mn.us/fiscal/files/13fined.pdf

http://www.house.leg.state.mn.us/hrd/pubs/mnschfin.pdf
Description of the Formula

The Mississippi Adequate Education Program Act (MAEP) was enacted in 1997. The MAEP is a funding mechanism that is based on the following formula:

1. \[ (((\text{ADA for K-12 excluding self-contained special education}) \times \text{Base Student Cost}) + \text{At-Risk Component}) - \text{Local School District Contribution} + 8.6\% \text{ Guarantee} = \text{MAEP Formula Allocation} \]

2. The Base Student Cost Calculation utilizes data from schools that are considered to be successful and efficient. The State Board of Education uses current statistically relevant data to identify successful schools; criteria for efficient schools include (a) number of teachers per 1,000 students, (b) administrator/staff ratio, (c) maintenance staff per 100,000 square feet and operation and maintenance expenditures per 100,000 square feet, and (d) librarians and counselors per 1,000 students.

3. To provide stability in state and local appropriation and budgeting processes, the Base Student Cost is calculated every four years rather than each year, and an inflation component of 40% of the Base Student Cost times the current CPI shall be used.

4. MAEP formula includes a provision that ensures that a district receives a formula allocation of at least what the district received in 2002 plus 8.6%.

5. Add-on program amounts are calculated separately and combined with the MAEP formula amount to arrive at a district’s total funding allocation.

District-Based Components

Density/Sparsity of Small Schools

Does not apply.

Grade Level Differences

Does not apply.

Declining Enrollment or Growth

If a district has a consistent pattern of growth over the 3-year period prior to the appropriation, the average percent of growth will be added to the ADA for the district.
Capital Outlay and/or Debt Service
Bonded indebtedness limit is 15% of assessed property valuation. Additional authority for Notes and Certificates of indebtedness is limited to the amount a three mill tax levy for 10 years will repay, including interest.

Transportation
Based on the ADA for transported pupils and a density formula and rate table, the result is the lower the density, the higher the rate. The rate table provides greater amounts per pupil to districts with fewer pupils per square mile. This is an add-on program amount.

Charter Schools
No response

Student-Based Components

Special Education
Teacher units are added for each approved program for exceptional students; the funding amount is based on the certification and experience of the approved teacher. This is an add-on program amount.

Low Income / Comp Ed / At-Risk
MAEP has an at-risk component that is based on 5% of the Base Student Cost times the number free lunch participants on October 31 of the previous year.

English Language Learner/Bilingual Education
Does not apply.

Gifted and Talented Education
Teacher units are added for each approved program for gifted and talented students; the funding amount is based on the certification and experience of each teacher. This is an add-on program amount.

Career and Technical Education
One-half of a teacher unit is added for each approved program; the funding amount is based on the certification and experience of each teacher. This is an add-on program amount.

Alternative Program Education
Based on three quarters of one percent (0.75%) of the district ADA for grades 1-12 or 12 students, whichever is greater, multiplied by the state average per pupil expenditure in the previous year. This is an add-on program amount.

Preschool Education

Other

Revenue and Expenditures Information
State Mandates Restricting Revenue or Expenditure Increases
Local district contribution to MAEP is limited to 27% of the program costs including the At-Risk Component or the value of 28 mills in that district.

Property Assessment Ratios Used/Legal Standards For Property Assessment
See above on State Mandates.

Measure of Local Ability to Support Schools
See above on State Mandates

School District Budget and Tax Rate Procedures/Sources of Local Revenue
The 145 districts are fiscally independent. In addition there are three agriculture high schools (AHS). Districts are limited to 4% increase in the prior year’s ad valorem revenue without a referendum. Increases above 4% but less than 7%, can be denied by protest petition. Over 10% Increases above 7% required a referendum with simple majority required for approval. Districts may not levy more than 55 mills for operational purposes unless by referendum. Property tax revenues account for approximately 72% of local revenues for current operations. Other sources include tuition, 16th section revenue, interest on investments, school lunch, and student activity.

State Support for Nonpublic Schools
Aid is provided to distribute and freely loan books to non-public schools maintaining the same education standards as public schools, and to also demonstrate non-discriminatory practices.
Description of the Formula

The state of Missouri has a new foundation formula effective with the 2006-07 year that is student needs based rather than tax-rate based. This new formula is based on the average current expenditure per average daily attendance of local and state dollars in those districts meeting all performance standards established by the Missouri State Board of Education (SBE). It is designed to assure that all districts have at least this "state adequacy target" of money behind each child if the district chooses to have a tax levy equal to or greater than the performance tax levy set by the legislature at $3.43. For 2006-07, the state adequacy target is $6,117 per weighted average daily attendance. This amount will be recalculated every two years.

Weighted Average Daily Attendance includes average daily attendance of the regular school term and the summer school term plus weighting for Free or Reduced Lunch eligible students, Special Education students and Limited English Proficient students when the district's count of these student populations exceeds the average percentage (threshold of the districts meeting all performance standards established by the SBE).

The product of the state adequacy target and weighted average daily attendance is then multiplied by a variable labeled the Dollar Value Modifier (DVM). The DVM was designed by the legislature to reflect the relative purchasing power of a dollar as related to wage data for metropolitan, micropolitan and county areas available from the U.S. Department of Commerce, Bureau of Economic Analysis. From the products of these calculations is subtracted the amount of local effort for the 2004-05 school year. The local effort amount in the formula calculation is fixed for the life of the formula with two exceptions. If a district's assessed valuation decreases below the 2004 valuation, the lower valuation will be used in the local effort calculation. Likewise, if a district's revenue from Fines increases, the higher Fines amount will be used in the local effort calculation.

The remaining amount is the initial calculation of state money to the district. This formula will be phased in over seven years beginning in 2006-07. The initial calculation is then adjusted for the phase-in provisions and hold harmless provisions.
For details of Missouri's formula, please refer to Chapter 163 of the Revised Statutes of Missouri. The website for Missouri's statutes is: http://www.moga.mo.gov/STATUTES/C163.HTM

**District-Based Components**

**Density/Sparsity of Small Schools**
There is no specific adjustment for density/sparsity of small schools. However, districts are paid on the greater of the second preceding year's Weighted Average Daily Attendance, the first preceding year's Weighted Average Daily Attendance, or an estimate of the current year's Weighted Average Daily Attendance. This provision helps districts with declining student counts as well as those with increasing student counts.

There is a small school grant for districts with an average daily attendance, including summer school, no greater than 350. The $15 million appropriation is distributed in two parts. One part of $10 million is distributed equally per average daily attendance for the eligible districts. The second part of $5 million is distributed on a tax-rate weighted average daily attendance basis to the eligible small districts with a tax rate for general school purposes equal to or greater than the state performance levy of $3.43.

**Grade Level Differences**
Does not apply.

**Declining Enrollment or Growth**
Districts are paid on the greater of the second preceding year's Weighted Average Daily Attendance, the first preceding year's Weighted Average Daily Attendance, or an estimate of the current year's Weighted Average Daily Attendance. This provision helps districts with declining student counts as well as those with increasing student counts.

**Capital Outlay and/or Debt Service**
There is no state funding specifically for capital outlay or debt service. However, a portion of each district's state aid comes through the Classroom Trust Fund. This fund consists of money generated by state riverboat gaming operations and unclaimed lottery prize money. This money may be placed in any fund at the discretion of the local school board, including Capital Projects and Debt Service, and used for any purpose.

School districts in Missouri may take advantage of the state's credit rating when issuing general obligation bonds, thus obtaining a lower interest rate than would otherwise likely be available to the district. Districts choosing this option have a portion of their monthly state payment redirected to a selected bank that manages the principal and interest payments on the bonds.

Due to funding constraints, districts may transfer previously accrued funds from Capital Outlay back to either the Incidental or Teacher Fund. This allowance applies until such time the Foundation Formula again becomes fully funded.
Transportation
Reimbursement is 75% of allowable costs of transporting eligible pupils. It is limited by each district's efficiency factor. In recent years the state appropriation for transportation aid has not increased resulting in a lower percentage of reimbursement to districts. This year, for example, transportation funding is approximately 28% of allowable costs.

Funding for transportation was increased for FY15 by $15 Million. It is statutorily allowable to fund up to 75% of the cost for transporting eligible students, however, appropriations for FY15 will provide funding to cover only an estimated 31% of the cost for transporting those students.

Charter Schools
Charter Schools are funded in the following manner as prescribed by law:
A charter school that has declared itself as a local educational agency shall receive from the department of elementary and secondary education an annual amount equal to the product of the charter school's weighted average daily attendance and the state adequacy target, multiplied by the dollar value modifier for the district, plus local tax revenues per weighted average daily attendance from the incidental and teachers funds in excess of the performance levy as defined in section 163.011 plus all other state aid attributable to such pupils. If a charter school declares itself as a local education agency, the department of elementary and secondary education shall, upon notice of the declaration, reduce the payment made to the school district by the amount specified in this subsection and pay directly to the charter school the annual amount reduced

Student-Based Components

Special Education
State Special Education aid is now included in the Basic State Aid to districts. When a district's count of students with an Individualized Education Plan exceeds the state threshold, currently at 13.2% of the district's ADA, the excess is weighted at .75 and added to the district's ADA calculation in the overall weighted average daily attendance.

Low Income / At-Risk
State aid for students at-risk of completing their K-12 education is included in the Basic State Aid to districts. When a district's count of students eligible for Free or Reduced Price Lunch exceeds the state threshold, currently at 38.8% of the district's ADA, the excess is weighted at .25 and added to the district's ADA calculation in the overall weighted average daily attendance.

English Language Learner/Bilingual Education
Effective in 2006-07, state money is now included in the Basic State Aid to districts. When a district's count of Limited English Proficient students exceeds the state threshold, currently at 1.8% of the district's ADA, the excess is weighted at .60 and added to the district's ADA calculation in the overall weighted average daily attendance.
Gifted and Talented Education
Expenditures for gifted education were included in the calculation of the state adequacy target. There is no targeted state aid for Gifted Education. The state adequacy target is multiplied by the district's total weighted average daily attendance.

Preschool Education
Preschool students are not used in the calculation of state aid.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
A district's local property tax levy must be rolled back if assessed valuation increased by a percentage greater than the CPI, excluding new construction and personal property.

Property Assessment Ratios Used/Legal Standards For Property Assessment
There are varying ratios depending on property classification, i.e. personal property, 33.33%; commercial real property, 32%; residential real property, 19%; and agricultural real property, 12% of productive value.

Measure of Local Ability To Support Schools
The new formula recognizes each district's 2004-05 local effort using a fixed tax rate (performance levy of $3.43) when determining how much state aid each school district should receive. The district's local effort is subtracted from the product of the state adequacy target of $6,131, the district's weighted average daily attendance and the district's dollar value modifier to determine the state money to the district. Disregarding hold harmless provisions, the school districts with more local effort will receive less state aid.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
The 524 school districts in Missouri are fiscally independent. The maximum local levy without voter approval is 27.5 mills. Simple majority approval by voters is required for tax increases up to 60 mills; two-thirds majority votes are required for levies above 60 mills. Five election dates are available during the year. Sources of local revenue include current tax, delinquent tax, sales tax, financial institution tax, and revenues from food services sales, interest income and student activities receipts.

State Support for Nonpublic Schools
Does not apply.
Description of the Formula

BASE Aid program based on number of pupil units plus an additional guaranteed tax base program. Under the BASE Aid program, the state pays 44.7% of basic and per-student entitlements; 100% of additional funding components for quality educators, at-risk students, Indian education for all, data for achievement, and closing the American Indian student achievement gap; 100% of the state special education block grants for schools; and a subsidy payment to equalize tax base differences and support districts in funding an additional 35.3% of the basic entitlement and per-student entitlement and 40% of special education block grants.

In FY 2014-2015, the basic entitlements for elementary, middle school and high school districts were $40,000, $80,000 and $290,000, respectively. For elementary districts with an Average Number Belong (ANB) greater than 250, an additional basic entitlement of $2,000 is paid for each additional 25 ANB above 250. For middle school districts with an ANB greater than 450, an additional basic entitlement of $4,000 is paid for each additional 45 ANB above 450. For high school districts with an ANB greater than 800, an additional basic entitlement of $12,000 is paid for each additional 80 ANB above 800. The per-student entitlements were approximately $5,226 for elementary students and $6,691 for high school students or students in accredited 7-8 grade programs. A $0.20 reduction is applied for each additional elementary student, up to 1000 students. A $0.50 reduction is applied to each additional high school student or 7-8 grade student, up to 800 students. Required local effort at the county level is 55 mills for K-12 programs.

Required effort at the state level is 40 mills for K-12 programs. The BASE, or minimum required budget, includes 80% of the entitlements, 140% of special education funding, and 100% of the 4 additional funding components. Beginning in FY 2015, the 2013 Legislature provided a new revenue source, the Natural Resource and Development K-12 (NRD) Funding payment. The NRD funding payment is distributed to each school district based on the ratio that each district’s direct state aid bears to the statewide direct state aid for all schools.

The legislature appropriated $3 million for FY 2015. In subsequent years, the minimum NRD funding payment is to be calculated by the OPI as the amount needed to prevent a statewide
increase in BASE budget levies associated with inflationary increases in the basic and per-ANB entitlements. The total NRD funding payment is limited to the greater of 50% of the FY 2012 oil and natural gas production taxes deposited into the state general fund or 50% of the oil and natural gas production taxes deposited into the state general fund in the two years prior plus any excess interest and income appropriated by the legislature to be distributed through the NRD funding payment.

**District-Based Components**

**Density/Scarcity of Small Schools**
There is no specific mechanism for funding small schools or adjusting for sparseness. The basic entitlement is applied at the same rate to budgets for any size of district, so smaller schools receive proportionally more relevant to their size.

**Grade Level Differences**
See "Description of Formula."

**Declining Enrollment or Growth**
Funding is based on a district's prior year enrollment or average of the prior three years' enrollment, whichever produces the greatest amount of support.

**Capital Outlay and/or Debt Service**
Bonded indebtedness may not exceed 50% of taxable property value of the district. District may issue bonds for limited purposes after an election. State facilities acquisition program assists districts in repaying bonds by providing subsidies to districts having lower than statewide average taxable valuation per pupil. The 2013 Legislature appropriated $12,418,642 for the 2015 biennium for grants to school districts for school facility projects, emergency school facility projects, and for planning facility projects under the Quality Schools Facilities Program. The purpose of the program is to distribute grants to public school districts to assist schools in addressing major deferred maintenance, repairing or replacing existing building components that are inoperable or difficult to service or that lack minimum integrity. Preference is given to school facility projects involving repairs to existing facilities over project involving construction of new facilities.

**Transportation**
The state and county share in funding “on-schedule costs” that are based on bus routes and mileage contracts with parents. Additional funding is provided through fund balance re-appropriated, non-levy revenues and a local levy.

**Pupil Weights for District/School Size**
In the BASE Aid program, general fund entitlements are reduced $0.20 for each additional elementary student, up to 1000 students and $0.50 for each additional high school student or 7-8 grade student, up to 800 students. For elementary and high school districts with more students, additional pupils are funded at the same rate as the 1000th or 800th pupils, respectively. For elementary districts with an Average Number Belong (ANB) greater than 250, an additional
basic entitlement of $2,000 is paid for each additional 25 ANB above 250. For middle school districts with an ANB greater than 450, an additional basic entitlement of $4,000 is paid for each additional 45 ANB above 450. For high school districts with an ANB greater than 800, an additional basic entitlement of $12,000 is paid for each additional 80 ANB above 800.

Charter Schools
Does not apply.

**Student-Based Components**

**Special Education**
Included in the BASE aid program (see Description of Formula). Block grants are based on number of pupil units and require a $1 for $3 local match. Additional reimbursement (40% for unusually high special education costs are provided to eligible districts).

**Pupil Weights for Special Education Programs Categories**
Does not apply. State special education funding per enrolled pupil is allocated to districts using block grants.

**Low Income / Comp Ed / At-Risk**
An at-risk student payment is provided to schools for students who are affected by environmental conditions that negatively impact the student’s education performance or threaten a student’s likelihood of promotion or graduation. The at-risk student payment is distributed to public school districts in the same manner as Title I funding. Payments are prorated to districts based upon the available appropriation. District’s deposit the at-risk student payment into the general fund.

**English Language Learner/Bilingual Education**
The state does not fund a bilingual education program.

**Gifted and Talented Education**
Legislature provided $250,000 for a state grant distribution to school districts for Gifted and Talented programs in 2013-15.

**Career and Technical Education**
No response

**Preschool Education**
No response

**Other**
No response

**Revenue and Expenditure Information**
State Mandates Restricting Revenue or Expenditure Increases
"Maximum" general fund budget limit is 100% of basic and per student entitlements plus 140% of state special education block grants and 100% of state funding components for quality educators, at-risk students, Indian Education for All, data for achievement, and closing the American Indian student achievement gap. Districts are allowed to exceed the "maximum" level in cases where the prior year budget exceeds the "maximum" level, and a vote is usually required to approve the over-maximum amount of the budget. If budget does not exceed the "maximum" level, districts must obtain voter approval only for levy increases needed to fund the optional portion of the BASE (minimum required general fund budget).

Property Assessment Ratios Used/Legal Standards For Property Assessment
Assessed valuation of major revenue sources: realty and mobile homes, 2.47%; rural electric and rural telephone cooperatives, 3%; public utilities, 6%; metal mines, 3%.

Measure of Local Ability To Support Schools
For facilities funding, property value per pupil. For general fund, property value compared to the BASE funding needs of the district.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
Each elementary, high school, and K-12 district is fiscally independent. Voter approval (simple majority of voters is generally required for an increase of taxes for the non-mandatory portion of the budget. Voter approval is generally required to support a budget that exceeds the general fund budget caps. Local revenues for districts are comprised of property taxes, several non-levy sources derived from and distributed based on district tax levies, and revenues from natural resources including gas and oil production.

State Support for Nonpublic Schools
Does not apply.
Description of the Formula

Needs – Resources = Equalization Aid ⇒ Formula Needs

1. The fall membership count of students is adjusted by the average ratio of average daily membership (ADM) to fall membership from three prior years for the certification of state and; and ADM for the final calculation of state aid.

2. Formula students include students educated by the district and students for which the district pays tuition. Kindergarten student that attend school less than 400 hours per year are counted as .5. Formula students also includes four year old students in qualified early childhood programs multiplied by the ratio of planned instructional hours of the program divided by 1,032 hours then multiplied by .6.

3. Basic funding is determined based on a comparison group that is established for each district consisting of the ten larger districts that are closest in size to the district and the ten smaller districts that are closest in size to the district as measured by formula students. The highest two spending districts and lowest two spending districts are eliminated with the remaining 17 districts spending being averaged to determine basic funding.

4. Basic funding is adjusted by adding Allowances and Adjustments. Allowances are district specific and will increase needs for that district but allowances do reduce the basic funding for all school districts in the comparison group (as Basic Funding is an average). Adjustments are added- on or subtracted from the individual districts’ needs.

   a. Poverty Allowance is calculated by taking the lesser of the maximum poverty allowance designated by the district or by the calculated amount based on the number of low income students (progressive percentages between .05 and .30 multiplied by students qualified for free lunches/milk or low income children under 19 years of age living in a household having an annual adjusted gross income equal to or less than the maximum household income that would allow a student from a family of four people to be a free lunch or free milk student, whichever is greater). If school districts do not expend at least 117.65% of the allowance in the year provided future need calculations will be reduced.
If school districts do not spend at least 50% of their allowance in the year provided they will not be eligible for the allowance two years later.

b. Limited English Proficiency (LEP) Allowance is calculated by taking the lesser of the maximum LEP allowance designated by the school district or a calculation based on the number of LEP students. If school districts do not expend at least 117.65% of the allowance in the year provided future need calculations will be reduced. If school districts do not spend at least 50% of their allowance in the year provided they will not be eligible for the allowance two years later.

c. Focus School & Program Allowance for in schools in a learning community and the allowance is based on the number of students in the Focus School. (Currently there is only one learning community in Nebraska and it includes 11 school districts in the Omaha metropolitan area. Learning Communities were established by statute in 2006. The Nebraska statutory references are in sections 79-2101 to 79-2120).

e. Summer School Allowance is calculated based on the number of students attending summer school for at least 12 days for at least three hours per day but less than six hours per day. Additional weights are given to summer school students that are in remedial math or reading, and for each summer school student that qualifies for free lunch or milk services. Schools receive the lesser of the calculated amount or what they actually spent for summer school.

f. Special Receipts Allowance includes district specific special education, state ward, and accelerated or differentiated curriculum program receipts from the most recently available complete data year.

g. Transportation Allowance is the lesser of actual transportation expenditures from the most recently available complete data year or a calculated transportation expenditures based on regular route miles and mileage paid to parents.

h. Elementary Site Allowance is calculated for any district that has multiple elementary attendance sites that are not within seven miles of another attendance site or is the only public elementary attendance site located in an incorporated city or village.

i. Distance Education & Telecommunication Allowance is calculated by taking the difference of 85% of a school district’s telecommunication cost, the cost for accessing data transmission networks and the cost of transmitting data minus receipts from the Federal Universal Services Fund (e-Rate).

j. Instructional Time Allowance is calculated if an individual school district provides more than 175 days of instruction. If a district qualifies they receive a portion of $10 million allocated based on number of days over 175 and number of formula students.

k. Teacher Education Allowance is available to school districts that have teachers with a master or doctorate degree. The calculation is based on individual district’s percentage of
teachers with a masters or doctorate degree compared to the state with $15 million being allocated for this purpose.

l. System Averaging Adjustment is available to school districts with over 900 formula students when their basic funding per formula student is less than the statewide average basic fund per formula student for districts with more than 900 formula students and with a levy of at least $1.00 per $100 of valuation. The calculation is based on the number of formula students and the difference between the district’s basic funding per student and the statewide average for districts over 900 formula students.

m. Two-Year New School Adjustment is available to school districts that add buildings to the district that would increase the school district’s student capacity. The calculation is based on the district’s basic funding per formula student times a percentage of the estimated increase in student capacity.

n. Student Growth Adjustment is calculated for school districts that have student growth of at least one percent or 25 students. The calculation is based on the basic funding per formula student multiplied by the number of increased students.

o. New Learning Community Transportation Adjustment is available to school districts in a learning community (see d. above) for two years. The calculation is based on each school district’s estimate of their increase transportation cost as required by the learning community. The actual costs are reported and any necessary adjustments are made to future needs.

5. Needs Stabilization is calculated so that the needs of a school district will not be less than 100% of the needs as calculated for the previous year.

⇒Formula Resources:

1. Yield from Local Effort Rate (adjusted valuation provided by the Property Tax Administrator divided by 100 multiplied by the Local Effort Rate of $1.00).

2. Net Option Funding is calculated by taking the net enrollment option students (students opting into the district minus the students opting out of the district) and multiplying by the statewide average basic funding per formula student.

3. Allocated Income Tax Funds (a percent calculated annually of the net Nebraska income tax liability of each school district’s resident individuals).

4. Minimum Levy Adjustment (applied to any system that has a general fund common levy that is less than $0.95 [ten cents below the $1.05 maximum levy].

5. Other Actual Receipts from the most recently available complete data year which include general fund state, county and local receipts.
**District-Based Components**

**Density/Sparsity of Small Schools**
No response provided.

**Grade Level Differences**
No response provided.

**Declining Enrollment or Growth**
There is a student growth adjustment which may provide additional resources to a school district that is growing.

For school districts that have less than 900 formula students basic funding is based on total expenditures not on a per pupil cost basis and that does help school districts with declining enrollments.

**Capital Outlay and/or Debt Service**
There are no limits on school districts.

**Transportation**
Transportation Allowance is the lesser of:
- Actual transportation expenditures from the most recently available complete data year.
- Calculated transportation expenditures based on regular route miles and mileage paid to parents.

**Charter Schools**
No response provided.

**Student-Based Components**

**Special Education**
Special Receipts Allowance includes district specific special education, state ward, and accelerated or differentiated curriculum program receipts from the most recently available complete data year.

**Low Income / Comp Ed / At-Risk**
Poverty Allowance is calculated by taking the lesser of the maximum poverty allowance designated by the district or by the calculated amount based on the number of low income students (progressive percentages between .05 and .30 multiplied by students qualified for free lunches/milk or low income children under 19 years of age living in a household having an annual adjusted gross income equal to or less than the maximum household income that would allow a student from a family of four people to be a free lunch or free mild student, whichever is greater).

**English Language Learner/Bilingual Education**
Limited English Proficiency (LEP) Allowance is calculated by taking the lesser of the maximum LEP allowance designated by the school district or a calculation based on the number of LEP students.

**Gifted and Talented Education**
Does not apply.

**Career and Technical Education**
Does not apply

**Preschool Education**

Four year old students in qualified early childhood programs are counted in formula students which is used to determine state aid. The qualified four year old students are multiplied by the ratio of planned instructional hours of the program divided by 1,032 hours then multiplied by .6 to determine how many early childhood formula students will be added to the total.

**Other**
N/A

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Funding of Education – Background
Locally elected school boards govern public school districts. All public school districts are fiscally independent with revenue raising and expenditure authority vested in its elected board. The biggest single source of revenue is local property tax. Other significant sources of local revenue include city fines and license fees, and proceeds from sales tax on public power districts. General state aid is funded through state sales and income taxes and is distributed through an equalization formula. Property taxes are budgeted and requested by the elected local school boards but are levied, collected and distributed by county government which also determines the taxable value of most property in the county. Valuation used in the state aid formula is adjusted by the Property Tax Administrator for real property to 100% of market value, and agricultural and horticultural land to 75% of market value. School districts are subject to spending limitations for general fund purposes. School districts are subject to a levy limitation of $1.05 per $100 of assessed valuation with exclusions for voluntary termination agreements with certificated employees, special building fund projects commenced prior to April 1, 1996, judgments not covered by liability insurance, lease-purchase contracts approved prior to July 1, 1998, and bonded indebtedness.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
Valuation used in the state aid formula is adjusted by the Property Tax Administrator for real property to 100% of market value, and agricultural and horticultural land to 75% of market value.
Measure of Local Ability To Support Schools
The sum of: Property valuation per $100 of assessed valuation; state aid; certain accountable receipts, state apportionment insurance premium tax, fines and licenses, transportation receipts and tuition.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All districts are fiscally independent. In the budgeting process, total funding requirements are calculated. Federal, state and local anticipated receipts are deducted from the total. The balance is a total dollar amount certified to the County. The County sets the levy necessary to collect the dollars needed. The amount of the levy is limited by state statute although there are some exclusions to the limitation.

State Support for Nonpublic Schools
Does not apply.
Description of the Formula

Foundation program based on weighted apportionment student count. This weights students for pre-K and K at 60%. State pays for Nevada resident students wherever educated, but not out-of-state students, hence funding adds in students being educated in adjoining states but deducts student counts of non-resident students. Basic aid in 2011 is $5,192; in 2015 it is $5,676. Funding ranges from $5,179 to $18,799 in 2011; for 2015, the range is $5,527 to $15,590. Differences are based on relative costs (licensed staffing costs, classified staffing, operating and equipment expenses on per student basis), relative transportation costs, and relative wealth adjustment for local tax receipts. The state guaranteed consists of state portion and two local taxes, the 1/3 public schools operating property tax (PSOPT) or 0.25/$100 AV) and the 2.25%, (2.60% for 2015, but may sunset back to the 2.25% in 2016) of sales taxes referred to as the local school support tax (LSST). The state portion makes up for any shortfalls in the two local taxes. Wealth adjustment is based on “outside” revenues of 2/3 PSOPT (0.50/$100 AV), governmental services tax, franchise fees, and unrestricted federal revenues.

District-Based Components

Density/Sparsity of Small Schools
Guarantee is based on number of school district attendance areas in which educational services must be provided due to distances involved. This constitutes adjustment for rural and urban area characteristics.

Grade Level Differences
Kindergarten pupils weighted 0.6; all other pupils weighted 1.0. Supplemental funding is provided for grades K and 1-3 through a class-size reduction program. These funds totaled over $166,467,936 for 2,194 CSR teachers, and required the funding of 2,163 CSR teacher positions to reduce class sizes in these grades.
Pupil Weights for District/School Size
Accommodation provided within the funding formula to account for more rural school districts with highly dispersed student population through attendance area concept of necessary schools.

Declining Enrollment or Growth
Payments are guaranteed on a “hold harmless” statue which pays school districts and charter schools for highest enrollment over three latest years.

Capital Outlay and/or Debt Service
Bonded indebtedness may not exceed 15% of assessed valuation.

Transportation
Transportation allowance is based on relative transportation costs among school districts on a per student basis after subtracting the statewide average amounts. After subtraction, districts with positive numbers receive that additional per student revenues while districts with negative numbers receive that per student deduction to their final basic support per student.

Charter Schools
There are state administered and district administered charter schools.

Student-Based Components

Special Education
Allocations of special education funding vary widely among school district based primarily on needs and applications. Funding support is set in terms of number of regular and discretionary units, with each unit valued at $39,768 for 2011; $42,745 for 2015. Students per unit range from a low of 41.7 in Pershing County School District to a high of 158.8 students per unit in Clark County School District.

Low Income / Comp Ed / At-Risk
Does not apply.

English Language Learner/Bilingual Education
In the 2013 legislative session funding for ELL was enacted for the first time using state funds. The amount for school year ’13-’14 was $24,950,000 and the funding for school year ’14-’15 is also $24,950,000.

Gifted and Talented Education
Gifted and Talented funding for 2015 is $220,560 and is based on competitive applications, and can vary from year to year as to which school districts will receive funding and must be used for technology.

Career and Technical Education
Federal funding is supplemented by state funds in the amount of $3,543,822 for FY2015.
Preschool Education
Preschool Education was funded for the first time for FY2014 and FY2015. The funding for FY2015 is $3,630,260.

Other
No response

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply.

Property Assessment Ratios Used/Legal Standards for Property Assessment
With 2005 Legislature and tax caps on property taxes (A.B. 489 and S.B. 525), funding calculations have switched from an assessed valuation to a revenue figure, termed the public schools operating property tax (PSOPT which are the total property tax receipts by school districts based on the capping (3% for owner occupied; 8% commercial or rental; 0% for new of their property tax receipts). Of these total receipts, 2/3 (the former $0.50 property tax on assessed valuations PSOPT constitutes the “outside” revenues without any guarantee by the State on their receipt. The other 1/3 PSOPT is part of the guarantee and the State makes up for any shortfall in this amount). The assessed value for property taxes (taxable value) is 35%.

Measure of Local Ability To Support Schools
Yield from 2.25% local school support tax (LSST), 1/3 PSOPT, 2/3 PSOPT, governmental services tax (old MVPT), franchise fees, unrestricted federal revenues.)

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 17 school district are virtually totally dependent on the State government to set tax rates and, in terms of sales taxes, collect and distribute proceeds. Local school districts, other than bond sales voted upon by the local population, have no taxing authority to determine taxes or set rates.

State Support for Nonpublic Schools
Does not apply.
Description of the Adequate Education Aid Formula

NH Department of Education, Office of the Commissioner, November 15, 2013

In the 2012 legislative session, SB401FN amended the formula for the calculation and distribution of Adequate Education Aid. Included in the Senate Bill was the definition of “determination year” for the purpose of calculating Adequate Education grants. It also authorizes the Commissioner of the Department of Education (see RSA 198:42 I - Distribution Schedule of Adequate Education Grants) to make adjustments in Adequate Education grants based on variation in the average daily membership data. These changes took effect with 2013-2014 school year. As such, please know these are strictly estimates. The Adequate Education Aid will be calculated at least four times.

1. These estimates are being calculated using the 2012-13 ADM data and include the change in Fall Enrollment between 2012-13 and 2013-14. This estimate will be used to pay the first two payments in 2014-15.

2. The Adequate Education Aid will be recalculated prior to the third payment in January 2015. At this time aid will be calculated using the 2013-14 ADM.

3. Prior to the fourth payment in April 2015, any corrections made to 2013-14 ADM reporting will be used and Adequate Education Aid will be recalculated a third time.

4. Finally, any changes made to ADM reporting after the April payment but before the end of the school year, June 30, 2015, will be used for a final calculation of Adequate Education Aid. Any changes identified as part of this final calculation will be used to adjust the first payment in 2015-16.

RSA 198:38 through 198:41 and RSA 198:46 as amended specify how aid will be calculated and distributed.

Cost of an Opportunity for an Adequate Education

Students:
This Estimated Cost of an Adequate Education has been calculated using FY2013 (2012-13 school year as compiled on October 18, 2013) data for students in grades kindergarten through grade 12 who were legal residents of New Hampshire. Additionally, the base ADM was adjusted in proportion to the change in enrollment from Oct 1, 2012 to Oct 1, 2013. Student ADM was included based upon the following parameters:

- Attended a school operated by their resident district
- Were tuitioned by the resident district to a district operated school in NH or another state, or
Average daily membership (ADM) has been used to count the students. A full time equivalent student who is enrolled in school for the entire year has an ADM of 1.00 and a student who transfers between schools is counted as a fractional ADM at each school. Kindergarten students are counted as no more than .50.

As described above, with the passage of SB401, the 2013-14 ADM will be used to determine the final Adequacy payments for the 2014-2015 school year. Since the ADM will not be known until after the 2014-15 school year begins, adjustments to these estimates will be made during the 2014-15 school year.

Additionally, SB372 has established an education tax credit that can be used to pay for non-faith based private school and home school scholarships. Seventy percent of these scholarships during the 2014-15 school year must reduce the adequacy grants to towns. Therefore, further adjustments to these estimates will be made, as necessary, during the 2014-15 school year to reflect scholarship grants.

Cost of Adequacy by Municipality:

The Department of Education calculates the Cost of Adequacy for students in each district-operated public school in NH and for students who attend certain other schools, such as privately operated special education programs or public schools in bordering states. The Department then sorts the student ADM and their cost allocations by municipality of residence.

The base per pupil cost is $3,498.30 per ADM-R, but certain individual factors (differentiated aid) increase that cost per student. These factors and rates are as follows:

- $1,749.15 for a free and reduced-price meal eligible student
  Free and reduced-price students are identified as any student enrolled in the Oct 1 Fall collection and identified in the related i4see:F&R collection.
- $1,881.98 for a special education student
  Special Education students are identified in the i4see:Sped Public submission.
- $684.45 for an English Language Learner receiving English Language instruction
  ELL students are identified in the ESOL Fall data collection.
- $684.45 for each 3rd grade pupil who has not tested at proficient level or above in the reading component of the state assessment and who is not eligible to receive additional aid as a special education, English as a second language, or free or reduced-price meal eligible student. Grade 3 students who do not take NH assessment test are also excluded.

Statewide Education Property Tax Assessment:

In December, the Department of Revenue Administration notifies each municipality of the amount it must raise through the Statewide Education Property Tax (SWEPT) for the following school year. The Department first determines the rate needed to raise approximately $363 million statewide. When applied to April 1, 2012 equalized valuations without utilities, the rate is $2.48 per thousand. Each municipality must raise its proportional share of the total. The
process is described in RSA 76:3 and RSA 76:8. Municipalities send the revenue raised by the Statewide Education Property Tax directly to school districts. Within cooperative districts the amount raised is credited to the individual towns.

Determination Preliminary Grants:
Each municipality’s grant is determined by adding the base cost and any relevant factors to determine the Cost of Adequacy Aid, then subtracting the Statewide Education Property Tax assessment.

Determination of Estimated Adequate Education Grants for FY2015:
Beginning July 1, 2013, the Department of Education will distribute a total education grant to each municipality in an amount equal to the total preliminary grant for the fiscal year plus the amount of the fiscal year 2012 stabilization grant, if any, distributed to the municipality. Please note, the 2012 Stabilization grant was recalculated base upon corrections to account for changes in reporting ADM and inclusion of all ELL students in grades K-12. This did not have any impact on the 2012-13 payments, but does impact the 2013-2014 and future Adequacy Education Payments.
Beginning July 1, 2013, the Department of Education will not distribute a total Adequate Education grant on behalf of all pupils who reside in a municipality that exceeds 108% of the total education grant distributed to such municipality in the previous fiscal year, FY2014(as of 11-07-13.) Because the FY2014 data has not yet been finalized the impact of the 108% will be recalculated prior to the January 2015 payment.
Districts will receive 70% of the estimated grant using the estimated 2013-14 ADM. Once the 2013-14 ADM has been finalized, Adequate Education Aid will be recomputed using the prior year ADM (13-14). The Commissioner will adjust the January and April payments to reflect the actual 13-14 ADM as well as changes due to the Education Tax Credit scholarships.
The Commissioner of DOE shall adjust the April Adequate Education grant disbursement to the extent necessary to ensure that the total education grant for each school district is within 5 percent of the school district’s estimated total education grant amount release on November 15, 2013.
Grant Payment Schedule:
Grant payment schedule is 20% by September 1, 20% by November 1, 30% by January 1, and 30% by April 1.

**District-Based Components**

**Density/Sparsity of Small Schools**
Does not apply.

**Grade Level Differences**
Does not apply.

**Declining Enrollment or Growth**
Does not apply.

**Capital Outlay and/or Debt Service**
For single town districts the State pays 30% to 60% of annual payment of bonded eligible principal for approved construction and renovation projects. For cooperative districts, receiving district operating an area school, or joint maintenance agreements (multi-town) annual payment ranges from 40% to 60%. For multi-town districts the rates are based on the number of towns within the cooperative district and the equalized valuation per pupil and median family income of those towns. The percentage of the annual payment for is then normalized using the average daily membership in residence for each town. Limitations based on capacity needs and a maximum allowable per square foot rate apply to both renovations and new construction. For the 2015 fiscal year the State Building Aid Program total debt payments to schools for completed projects is on the order of $42,000,000.

Transportation
See transportation component below for career and technical education students.

Charter Schools
Charter School Tuition for schools approved by the state board of education. See NH RSA 194:B-11- Chartered Public School Funding. See the enclosed link for a description: http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XV-194-B.htm

Student-Based Components

Special Education
See Adequacy Aid component above for students identified as special needs students. Also, Catastrophic Aid for high cost students. The state pays 100% of cost above 10 times the state average current expenditure per pupil, and 80% of the cost between 3.5 and 10% the state average per NH RSA 186-C:18.

Low Income / Comp Ed / At-Risk
See Adequacy Aid component above for free or reduced-price meal eligible students.

English Language Learner/Bilingual Education
See Adequacy Aid component above for ELL students

Gifted and Talented Education
Does not apply.

Career and Technical Education
See NH RSA 188:E-7 tuition thru RSA 188:E-9 for a description of this program. See the enclosed link for a description: http://www.gencourt.state.nh.us/rsa/html/NHTOC/NHTOC-XV-188-E.htm

Preschool Education
Does not apply.
**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Some NH school districts have adopted a Local Tax Cap. See the enclosed link for a description: [http://www.gencourt.state.nh.us/rsa/html/iii/32/32-5-c.htm](http://www.gencourt.state.nh.us/rsa/html/iii/32/32-5-c.htm)

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
The state Department of Revenue Administration requires towns to conduct revaluations if equalization ratios exceed standards. The Assessment and Equalization Standards Board provides oversight.

**Measure of Local Ability To Support Schools**
The municipality’s equalized valuation per pupil and median family incomes are used to calculate the percentage of the eligible construction or renovation costs to be paid by the State’s School Building Aid program.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
There are a small number of dependent school districts, and primarily independent school districts. For dependent districts, the city council approves the annual budget and any increases thereto. For independent districts, school budgets must be approved annually by the voters. Local revenues for schools are derived exclusively from local property taxes.

**State Support for Nonpublic Schools**
As required by federal regulations.
Description of the Formula

The current school funding formula was established with the passage of the School Funding Reform Act of 2008 (SFRA) and was first used for funding districts in the 2008-2009 school year. It is a foundation formula based on projected weighted enrollment.

Equalization Aid provides wealth-equalized foundation aid to school districts with the intent of ensuring that districts have sufficient resources to provide a “thorough and efficient” education. The State sets an annual uniform per pupil foundation amount, which is multiplied by the weighted resident enrollment for each district to determine the “adequacy budget.” Districts that cannot fund the adequacy budget through their local levy receive equalization aid in proportion to their ability to pay. The latter is determined based on districts’ per pupil equalized property value and per pupil income.

In fiscal year 2015, funding for most state aid categories was held constant from FY 2014 when the per pupil foundation amount was $11,009. The foundation amount is adjusted for grade level differences as follows: half-day Kindergarten = 0.50; full-day K through grade 5 = 1; grades 6 through 8 = 1.04; grades 9 through 12 = 1.16. In addition, the formula applies a higher weight for county vocational students (1.26), for low-income students (using the income thresholds for free and reduced-price lunches), and for students with limited English proficiency. The low-income (at-risk) and LEP weights are described in more detail below.

The SFRA was fully funded in FY 2009. Since then, the state’s ability to implement the new formula has been impaired by fiscal constraints. While the state has continued to use the formula, aid allocations have been appropriated according to available revenues.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

NEW JERSEY
Declining Enrollment or Growth
Adjustment Aid was provided to transition districts to the new funding formula. Since the prior formula had not been recalculated to account for changes in enrollment in many years, it was necessary to mitigate potential losses in aid. Adjustment aid was designed to prevent districts from receiving less aid than they received in FY 2008 plus 2%. Beginning in FY 2012, the formula requires a phase-out of adjustment aid where districts that experience enrollment declines greater than 5% below the FY 2009 enrollment would have their adjustment aid reduced proportionately with the amount of the decrease that exceeds 5% (i.e. A 7% decline in enrollment from FY 2009 would yield a 2% reduction in adjustment aid). In FY 2013 and FY 2014, the state accelerated the reductions for districts spending over adequacy. These reductions were maintained (but not accelerated) for FY 2015 state aid allocations, and many districts continue to receive adjustment aid.

Capital Outlay and/or Debt Service
Debt service is available to any district with qualifying outstanding debt from school construction or renovation projects. The SFRA defines the debt service state share percentage as the ratio of Equalization Aid to the Adequacy Budget. In addition, with the enactment of the Education Facilities Construction and Financing Act (EFCFA) in fiscal year 2000, districts could choose to receive grants of no less than 40% of department approved eligible construction costs, or their debt service state share described above.

Transportation
Districts receive transportation aid for students who are transported more than a specified distance between home and school (2 miles for students in preschool through grade 8, 2.5 miles for students in grades 9 through 12). A greater level of support is provided for special education students who have special transportation needs. In addition, children whose special education programs require transportation are provided transportation regardless of their distance from school.

For regular transportation needs, the fiscal year 2015 formula aid amounts equaled $426.65 per transported student plus $11.67 per mile the student was transported. The corresponding figures for students with special transportation needs were $2,973.90 per student and $5.67 per mile transported.

The SFRA requires the state to examine the funding for transportation, and to present new cost factors to the Legislature by way of the Educational Adequacy Report (due every three years).

Student-Based Components
Grade Level Differences
As noted above, students at different grade levels are given varying weights when determining Equalization Aid. Half-day Kindergarten is 0.5; grades K through 5 are 1; grades 6 through 8 are 1.04, and grades 9 through 12 are 1.16.

1 For debt issued prior to FY 2000, the state share percentage from 2002 is applied.
English Language Learner (ELL/LEP)/Bilingual Education
Aid for LEP students is provided through equalization aid, where students enrolled in qualifying programs are given an additional weight in determining the adequacy budget. For a student that is LEP, but not low-income, the weight is 0.50 (in addition to the base cost and grade level weights). For a student that is both LEP and low-income, the weight is 0.125 (reduced to account for duplicative resources provided through the at-risk weight).

Security Aid
Security Aid is provided to all districts as a categorical aid (regardless of wealth). Each district receives a specified amount per pupil. In FY 2015 the amount was $75. Districts receive an additional amount for each at-risk student, where the amount received increases along a sliding scale proportionate with the district’s low-income concentration. The highest amount districts could receive for each at-risk student was $428 in FY 2015, at a threshold of 40% or more at-risk students.

Special Education
The State uses a census-based method for funding Special Education. This approach bases the aid allocation on each district’s total enrollment. Using this method, special education needs are projected by multiplying the excess cost of educating special education students by the statewide average classification rate, which is then multiplied by the district’s total enrollment. Two-thirds of this cost is included in the district’s adequacy budget, where it is funded through equalization aid. One-third of this cost is provided as categorical aid to the district (regardless of district wealth). This ensures that all districts receive some amount of special education aid.

In determining the actual “excess” cost for special education, the Department used audited expenditure data. The term “excess cost” refers to the costs in addition to the base cost for educating all students. In addition to allocating the costs for special education expenditure lines, a portion of the general education budget was included to account for special education costs for students who are mainstreamed for at least some portion of the day. The apportionment was based on the percentage of time special education students spent in regular classrooms according to data submitted by districts for federal reporting requirements.

Compensatory Education
The following 3 categories of aid are based on measures of district and student wealth. For aid purposes, low-income (“at-risk”) counts are based on the number of students eligible for the federal free and reduced-price lunch programs.

At-Risk Equalization Aid
Aid for low-income students is primarily provided through equalization aid. As noted above, low-income students generate an additional weight (ranging from 0.47 to 0.57) when determining the adequacy budget. In districts with a low-income concentration lower than 20%, each at-risk student receives a weight of 0.47. This weight gradually increases as the at-risk concentration increases to a maximum weight of 0.57 for districts with an at-risk concentration greater than or equal to 60%.
At-Risk Security Aid
As described in the security aid section above, each at-risk student generates an additional categorical allocation for a district, where the per pupil amount received increases with the district’s at-risk concentration. In FY 2015, the maximum security aid per pupil was $428 per at-risk student in a district with an at-risk concentration of at least 40%.

Preschool
The SFRA includes full State funding for all at-risk 3- and 4-year olds to attend full-day preschool programs in every district. In districts with the DFG designations “A” or “B” or those in “CD” districts that also have an at-risk concentration of at least 40%, funding is intended for all resident 3- and 4-year olds, regardless of income.\(^1\) In all other districts, funding is intended for all at-risk resident 3- and 4-year olds.

Due to budgetary constraints resulting from the recession, the plan to expand the preschool program as defined in the SFRA has not been fully realized. While some amount of Preschool Education Aid (PEA) was provided to each district that received early childhood aid under the previous funding law, the SFRA calculation is currently applied to about 20% of those receiving aid. Other districts’ aid allocations were based on prior year aid allocations, with some adjustments.

Gifted and Talented Education
Resources for gifted and talented students are included in the state’s model district that is used to calculate each district’s adequacy budget. While there is no additional aid category, it should be assumed that the costs for gifted and talented students are included in districts’ adequacy budgets, which are funded through equalization aid.

Other

County Vocational District Aid is dispersed to the 21 county vocational school districts in accordance with the formula. Specifically, students that are recorded in the resident enrollment for county vocational schools generate a weight of 1.26 in addition to the grade level, at-risk, and LEP weights within the adequacy budget. In fiscal year 2015, this weight translated to $16,090 for each high school student resident in the vocational district (not including any additional weight for at-risk or LEP). For each county vocational district, the adequacy budget is funded according to the county’s average local fair share. This is calculated as the sum of the county districts’ local shares over the sum of districts’ adequacy budgets within the county, multiplied by the vocational district’s adequacy budget. Equalization and other aid categories are then provided in the same manner as for all other LEAs.

\(^1\) District Factor Groups (DFGs) are based on a socio-economic index of each school district’s community characteristics. The index is grouped into the following 8 categories, listed from lowest to highest: A, B, CD, DE, FG, GH, I, J. For more information about the DFGs and the factors that are used to calculate the index, please go to the following website: [http://www.state.nj.us/education/finance/sf/dfg.shtml](http://www.state.nj.us/education/finance/sf/dfg.shtml)
School Choice Aid provides revenue to districts that receive students from other school districts as part of the Inter-district Public School Choice Program. Choice aid ensures that each receiving district receives its average adequacy amount per pupil for each participating choice student. The Choice program has increased significantly since the pilot program was made permanent in 2010.

Teachers’ Pension and Annuity Fund & Post-Retirement Medical Social Security Tax – The State makes a contribution to the Teachers’ Pension and Annuity Fund and supports the cost of post-retirement medical benefits for retired certified staff.

Social Security Tax – The State reimburses school districts for the employer’s share of the Social Security tax paid for certified staff.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases

New Jersey limits districts’ general fund tax levy. For FY 2015, school districts were limited to a 2% increase in the pre-budget year adjusted tax levy, including weighted increases for enrollment. There are adjustments for increases in enrollment, health care costs, and certain pension contributions. Districts are permitted to “bank” the cap for future years if they do not use it (for up to three years).

Property Assessment Ratios Used/Legal Standards for Property Assessment
Taxable value is 100 percent of the true value as established by the county board of taxation.

Measure of Local Ability to Support Schools
A community’s fiscal capacity is measured by a combination of equalized property valuation and aggregate income (as reported on the State’s income tax returns).

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All districts are fiscally independent. There are two types of districts. Type I districts have a school board that is appointed by the municipality and a Board of School Estimates that must approve the proposed budget annually. Type II districts have an elected school board and present the budget proposal to the voters in either an April or November election, as determined by individual School Boards. Type II districts are also permitted to raise revenue during four special elections in a given fiscal year.

State Support for Nonpublic Schools
The State provides several categories of aid to students enrolled in nonpublic schools including the following:

- Textbook aid;
- Handicapped aid;
• Auxiliary services aid;
• Auxiliary services/handicapped transportation aid; and
• Nursing services aid.

The State also provides aid-in-lieu of transportation for nonpublic transportation expenditures. In FY 2015 the amount was $884 per pupil.
NEW MEXICO

Description of the Formula

Foundation program based on weighted pupil units is MEM. The guarantee per weighted pupil is $4,005.75 for 2014-2015. State foundation aid is equal to the sum of weighted pupil units times $4,005.75 minus 75% of designated local revenues (PL874, forest reserve, and local property tax revenue).

District-Based Components

Density/Sparsity of Small Schools
Schools with less than 200 elementary and junior high school pupils, districts with less than 200 or 400 senior high school pupils, districts with 10,000 ADM, but less than 4,000 ADM per high school, and districts with less than 4,000 total ADM, all qualify for additional aid.

Grade Level Differences

<table>
<thead>
<tr>
<th>Grade</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>K (FTE)</td>
<td>1.44</td>
</tr>
<tr>
<td>1</td>
<td>1.2</td>
</tr>
<tr>
<td>2 and 3</td>
<td>1.18</td>
</tr>
<tr>
<td>4 through 6</td>
<td>1.045</td>
</tr>
<tr>
<td>7 through 12</td>
<td>1.25</td>
</tr>
</tbody>
</table>

Pupil Weights for District/School Size
Additional program units for districts with less than 400 MEM (excluding special education MEM) according to the following formula:

*Elementary-Junior High*

\[(200 – MEM/200) \times 1.0 \times MEM = UNITS\]
Senior High
Whichever provides the greater number of units:
\[(200 – \text{MEM}/200) \times 2.0 \times \text{MEM} = \text{UNITS}\]
or
\[(400 – \text{MEM}/400) \times 1.6 \times \text{MEM} = \text{UNITS}\]

Additional program units for districts with less than 4,000 MEM (including special education MEM) according to the following formula:
\[(4,000 – \text{MEM}/4,000) \times 0.15 \times \text{MEM} = \text{UNITS}\]

Additional units for districts with over 10,000 MEM with a ratio of MEM to senior high schools less than 4,000:1, according to the following formula:
\[(4,000 – \text{MEM}/\text{Senior High Schools}) \times 0.50 = \text{UNITS}\]

Declining Enrollment or Growth
Districts with a projected MEM of 200 or less shall calculate the program units on the greater of the prior year’s funded or actual 40th day units.

Districts with an increase of MEM equal to or greater than one percent are eligible for additional program units.

Capital Outlay and/or Debt Service
Guarantee of $62.04 per mill per program unit less two mills, other by application. Bonding limit of 6% of net assessed property valuation. Mill levy of (10) less two mills and debt service.

Transportation
Funded at 100% with categorical appropriation based on a transportation distribution formula to recognize the varied operating conditions and diversified factors throughout the state on an equitable basis. Thus, the safety of students is not compromised by local district funding priorities. Cost reports are required by statute and mid-year and end of year adjustments are made to fit actual need within the formula and appropriation.

Charter Schools
Charter schools are funded like school districts through the state aid formula. There are some differences in additional units that charter schools are eligible for. Charter schools are not eligible for district size adjustment units and declining enrollment for school districts that have a MEM of 200 or less units.

Student-Based Components

Special Education
State aid is provided through five weighted categories included in the foundation program.
Pupil Weights for Special Education Programs
Special education students are funded under the basic program units with additional weightings as follows:

<table>
<thead>
<tr>
<th>Categories</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A Programs: specially trained teacher travels from class to class or school to assist teachers, students and gifted on a part-time basis.**</td>
<td>.7</td>
</tr>
<tr>
<td>Class B Programs: specially trained teacher operates a resource room and assists gifted.**</td>
<td>.7</td>
</tr>
<tr>
<td>Class C Programs: special classroom instruction for moderately handicapped and gifted.</td>
<td>1.0</td>
</tr>
<tr>
<td>Class D Programs: full-time special classroom instruction for severely handicapped students and aged three and four year old handicapped.</td>
<td>2.0</td>
</tr>
</tbody>
</table>

** Weighted classroom units

Special education is also funded for related services ancillary to providing special education, the number of full-time-equivalent certified or licensed ancillary service and diagnostic service personnel multiplied by the cost differential factor 25.0.

Low Income / Comp Ed / At-Risk
Does not apply.

English Language Learner/Bilingual Education
Full-time equivalent pupils weighted .5 in state aid formula.

Gifted and Talented Education
See “Special Education”

Career and Technical Education
Does not apply.

Preschool Education
Only 3 and 4 year old special education students are funded through the state aid formula at the applicable weighting factor for their associated special education program category.

Other
All of the factors in the state aid formula are prescribed in state law. On occasion, the New Mexico state legislature will consider making some modifications to the state aid formula.
Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Taxable value is not to exceed 33.3% of true value.

Measure of Local Ability To Support Schools
PL 874 revenue, forest reserve, and local property tax income.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
The 89 districts are fiscally dependent. The maximum local levy without voter approval is half mill. Voter approval is not required for a budget or tax increase. Sources of local revenue for schools are derived from the half mill property tax, interest earnings and other. State takes credit for 75% of half mill.

State Support for Nonpublic Schools
Does not apply.
**Description of the Formula**

Chapter 57 of the Laws of 2007 changed the school funding system in New York by establishing a new school district foundation aid formula. The formula has four parts. First, a foundation amount is calculated based on the cost of education in successful school districts. The “foundation amount” is then multiplied by a pupil need index factor and a regional cost index factor. The foundation aid per pupil is then calculated by subtracting the anticipated local contribution from the district’s adjusted “foundation amount.” The resulting per-pupil figure is multiplied by the district’s pupil count for Foundation Aid, adjusted for enrollment growth and to provide additional weightings for certain students, including students with disabilities, recently declassified students with disabilities and summer school students.

The pupil need index reflects the added cost for students who typically require extra time and help and uses weighted factors to account for the extra costs. The weighted costs include measures of poverty, English language proficiency and geographic sparsity. The regional cost index is used to make adjustments based on regional variations in the relative cost of doing business in various labor force regions of the state as measured by the salaries of non-school professionals. The expected local contribution represents each district’s fair share of education funding based on the capacity to raise revenues locally compared to the state average. Districts are given the choice of the better of a state sharing ratio (percent equalizing formula) which most districts choose or a standard tax rate per $1,000 of Full Value adjusted by the income per pupil relative to the State average. The 2014-15 State budget includes $15.4 billion for Foundation Aid.

The 2007 legislation also continued separate funding for regional shared services (BOCES Aid), career and technical education, school construction, pupil transportation, the education of high cost students with disabilities, instructional materials, high tax aid, charter school transition and universal prekindergarten.

**District-Based Components**
Density/Sparsity of Small Schools
There is no specific density or sparsity aid category. Sparsity is a factor in calculating the Pupil Need Index for Foundation Aid. For some districts, the sparsity factor can also potentially enhance the aid ratio for Transportation Aid. Sparsity is considered a factor in school districts operating grades K-12 with fewer than 25 pupils per square mile. This sparsity factor is not exclusive to “small schools,” nor does it affect a district’s eligibility for aid.

Grade Level Differences
Secondary pupils are weighted 1.25. This weighting is not a factor in the calculation of Foundation Aid (see first section for description of Foundation Aid); however, it is used in the calculation of pupil counts for some other aid categories.

Declining Enrollment or Growth
For Foundation Aid, districts with declining enrollment may select the higher of the base pupil count or a two-year average pupil count.

Capital Outlay and/or Debt Service
State Building Aid is paid on an assumed amortization schedule. For each approved capital project, an assumed amortization schedule is generated based on the total approved project cost (the principal), a statewide average interest rate and a term of 15, 20 or 30 years for reconstruction projects, additions and new buildings, respectively. (The interest rate from actual borrowings is used for projects funded through the Dormitory Authority of the State of New York and for fiscally dependent school districts.) State Building Aid is based on the assumed annual aidable debt service amount for each project (not actual debt service) multiplied by an aid ratio. Limits for bonded indebtedness are based on the relationship of debt to full value of district property. The limit is 10% of property valuation for non-city school districts and New York City; 5% for city schools under 125,000 population; and 9% for city school districts over 125,000.

Transportation
Transportation Aid is paid based on expenses for general operations, the purchase of buses and other equipment, and contracted transportation services. The maximum reimbursement for approved expenses is 90 percent and the minimum is 6.5 percent. Approved capital expenses for transportation are aided based on assumed amortization schedules whether or not the district actually issued debt. For example, for each bus purchased by the school district an assumed amortization schedule is generated for aid purposes based on an approved cost (the principal), a statewide average interest rate and a term of five years.

Charter Schools
Charter schools:
Districts make payments to the charter schools their resident pupils attend based on student counts reported to the resident district by the charter school. The payments are based on a calculated per pupil annual tuition amount determined in statute. Charter schools may also
receive from school districts the aid attributable to certain students with disabilities if the charter school provides the special education services. School districts provide textbooks, instructional hardware and software and library materials to charter school students pursuant to statutory loan programs. Transportation may be provided by school districts in accordance with statute and regulation. Charter schools approved for co-location may co-locate in public school buildings without cost and use the operations and maintenance services without cost. There are additional requirements for the New York City School district with respect to providing charter schools access to school space and facilities services. In 2014-15 $4.8 million in additional discretionary funding is available to some charter schools to support startup and facilities costs. Health services are provided to charter school students by the district in which the non-public school is situated. When students attend charter schools outside of their district of residence, the district of residence must contract with the district where the charter school is located for the provision of such services. The school district of residence pays for the services.

Districts:
Charter school pupils are included in all of a school district’s pupil counts used to calculate the district’s state aid. In addition, districts other than New York City that reach a certain threshold of charter school enrollment as a percentage of total resident enrollment, or a threshold of general fund charter school payments as a percentage of total general fund expenditures, are eligible to receive Charter School Transitional Aid. Approximately 20 public districts will receive an estimated $29 million in 2014-15. The New York City School District is eligible for Charter School Facilities Aid if the district expends at least $40 million on the provision of space and facilities services to charter schools.

Other
n/a

Gap Elimination Adjustment (GEA)
Due to revenue constraints caused by ongoing economic difficulties, the State provided reductions in State aid in the 2009-2010 school year through a Deficit Reduction Assessment and in the 2010-2011 and 2011-2012 school years through a Gap Elimination Adjustment to close the gap between budgeted State expenditures and the revenue available to support those expenditures. As a result of the GEA, the amount of State aid districts receive is reduced by a formula called the GEA. Beginning in the 2012-2013 school year, the State implemented Gap Elimination Adjustment restorations and other significant school aid increases.

Student-Based Components

Special Education
Foundation Aid is used for general education and special education students, with an additional weighting for students with disabilities.

A Public Excess High Cost formula provides wealth-equalized aid, in addition to Foundation Aid, for the costs of educating students with disabilities who must be served in very high cost programs in districts or BOCES. A Private Excess Cost formula provides wealth-equalized
reimbursement for tuition expenses above a basic contribution for students placed in state-operated or approved private schools for students with disabilities. A separate program supports preschool special education services.

**Low Income / Comp Ed / At-Risk**
See pupil need index in Description of Foundation Aid Formula above.

**English Language Learner/Bilingual Education**
See pupil need index in Description of Foundation Aid Formula above. In addition, there is a separate Bilingual Education grant of $12.5 million.

**Gifted and Talented**
There is no specific funding formula for gifted and talented.

**Career and Technical Education**
Districts that are members of regional Boards of Cooperative Educational Services (BOCES) can participate in BOCES career and technical education programs. Aidable expenses for approved BOCES programs are partially reimbursed through BOCES Aid. Special Services Aid for Career Education is also available to the five largest city schools districts and four other non-component districts that are not served by one of the 37 BOCES to partially reimburse their expenses for career and technical education. Both formulas are wealth-equalized.

**Preschool Education**
Following are the major programs and approximate funding levels supporting preschool education:
- Universal Prekindergarten Grant ($385 million, with two-thirds of the school districts participating);
- Priority Pre-K Grant Program ($25 million);
- Targeted Pre-K Grant ($1 million);
- Full-day Universal Prekindergarten Grant ($340 million starting in 2014-15);
- Preschool Special Education ($1 billion to fund the state’s share of costs for 3- and 4-year old children with disabilities).

**Other**
School districts that are components of a Board of Cooperative Educational Services (BOCES) are eligible for BOCES Aid. BOCES may provide services on a cooperative basis upon the request of two or more component school districts with the approval of the Commissioner of Education. The aid is provided to the school districts as partial reimbursement for payments previously made to BOCES for eligible services.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Chapter 97 of the Laws of 2011 imposed a property tax cap on fiscally independent school districts starting in 2012. School district property tax levy increases are capped at the lesser of 2
percent or the rate of inflation with certain limited exceptions. Eligible residents vote on the designated day in May to accept or reject the budget proposed by the local school board. The budget may exceed the tax cap if at least 60 percent of the voters pass it. Districts have two chances to pass a budget; after that a contingency budget takes effect, limiting spending to the same as the prior year.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**
Full value at 100% assessment is used wherever property value is used in the calculation of school aid formulas.

**Measure of Local Ability To Support Schools**
For Building Aid, fiscal capacity is measured by property value per pupil compared to the State average. For Foundation and some other equalized aids, a combined wealth ratio equally weights property value per pupil and income per pupil, compared to the respective State averages. For Transportation Aid and BOCES Aid the formula includes a selection of the most beneficial aid ratio from among more than one option; for these aids the fiscal capacity measure can vary depending on the selected aid ratio.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
Approximately 674 school districts place their budgets before the voters for approval. There is a limit of two (2) votes on a budget and until 2012 a simple majority was required for approval (see “State Mandates Restricting Revenue of Expenditure Increases” for more detail). These school districts determine a tax levy amount to be raised from the property owners of the district and work with the counties to establish tax rates. The five (5) largest city school districts are fiscally dependent and voters do not approve the school district budget. In dependent school districts, local revenue to be applied in the budget is determined by the municipal government.

**State Support for Nonpublic Schools**
Public school districts are partially reimbursed for the costs of purchasing and loaning textbooks to resident non-public school children. Districts are also partially reimbursed for the purchase and loan of instructional computer hardware, software and library materials to resident and non-resident students attending non-public schools located within the district. Transportation is provided by the student’s resident district and approved expenses are Transportation Aid eligible.

Health services are provided to the students in a non-public school by the district in which the non-public school is situated. When students attend private school outside of their district of residence, the district of residence must contract with the district where the private school is located for the provision of such services. The school district of residence pays for the services.

In addition, non-public schools receive Mandated Services Aid. This aid is paid directly to the non-public schools for expenses associated with meeting state standards, such as testing. In addition, the state provides aid for school safety equipment and academic intervention services for non-public schools.
Description of the Formula

The State funds schools with three basic types of allotments. Position Allotments: The State allots positions to a local school system for a specific purpose. The local school system pays whatever is required to hire certified teachers and other educators, based on the State Salary Schedule, without being limited to a specific dollar amount. The State funds between $33,000 and $68,050 plus benefits for each position. Each local school system will have a different salary costs dependent on the certified personnel's experience and education. Examples of position allotments are: Teachers, School Building Administration, Instructional Support following link: http://www.ncpublicschools.org/docs/fbs/finance/salary/schedules/2014-15schedules.pdf

Dollar Allotments: Generally, allocated at a dollar amount per average daily membership. Local school systems can hire employees or purchase goods for a specific purpose, but the local school system must operate within the allotted dollar amount. Examples of dollar allotments are: Teacher Assistants, Textbooks, Central Office Administration, Classroom, Materials/Supplies/Equip.

Categorical Allotments:
Funding for supplemental programs and allocated based on the characteristics of the student population or the local education agency. Local school systems may use this funding to purchase all services necessary to address the needs of a specific population or service. The local school system must operate within the allotted funds. These funds may be used to hire personnel such as teachers, teacher assistants, and instructional support personnel or to provide a service such as transportation, staff development, or to purchase supplies and materials. Examples of categorical funding are: At Risk Student Services, Children with Disabilities, low wealth supplemental funding, small county supplemental funding.

District-Based Components

Density/Sparsity of Small Schools
A special allotment is paid for small schools that are geographically isolated.
### Classroom Teacher Allocation Grade Level Differences

<table>
<thead>
<tr>
<th>Grade</th>
<th>One Teacher Position for</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>18 students</td>
</tr>
<tr>
<td>1-3</td>
<td>17 students</td>
</tr>
<tr>
<td>4-6</td>
<td>24 students</td>
</tr>
<tr>
<td>7-8</td>
<td>23 students</td>
</tr>
<tr>
<td>9</td>
<td>26.5 students</td>
</tr>
<tr>
<td>10-12</td>
<td>29 students</td>
</tr>
</tbody>
</table>

### Declining Enrollment or Growth
Does not apply.

### Capital Outlay and/or Debt Service
State Literary Loan fund provides a maximum loan for any one county in a fiscal year of five hundred thousand dollars ($500,000).

The rate of interest on loans shall be based on 95% of the Bond Buyer 20-Bond Index that is published at the time the loan is approved by the State Board of Education not to exceed eight percent (8%).

### Transportation
Local districts provide transportation services. State funds fuel, mechanics, drivers’ wages and bus replacement based on efficiency ratings and replacement schedules.

### Charter Schools
Charter schools receive state funds at an amount equal to the state funded dollars per ADM for the LEA in which the school is located or (for new charters) in which the student was previously enrolled. They receive exceptional children funds and funds for limited English proficient students in addition to this base funding.

### Student-Based Components

#### Special Education
State Funds
- Children with Disabilities
- Preschool Handicapped State Funding
- Group Homes, Foster Homes, or Similar Facilities
- Community Residential Centers and Developmental Day Centers

ELIGIBILITY:
All LEAs and Charter Schools are entitled to funding based on:

CHILDREN WITH DISABILITIES:
Child count is based on Children with Disabilities child count, ages 5 through 21.
Multiply the lesser of the April 1 child count or an overall 12.5% cap of the Allotted ADM by the dollar per child count funding factor.

**PRESCHOOL HANDICAPPED:**
Each LEA receives a base amount equal to the average salary of a classroom teacher plus benefits. All remaining are distributed based on the April 1 child count of children ages 3, 4, and pre-K5

**Low Income / Comp Ed / At-Risk**
North Carolina has two categories of funding specifically for remediation and students at risk of failing. These categories are as follow:

1. At-risk Student Services/Alternative Schools – This funding allocates 1 School Safety Officer per High School and the remaining funds are allocated 50% based on ADM and 50% based on poverty with a minimum of 2 teachers and 2 instructional support positions.

2. Disadvantaged Student Supplemental Funding

Distribute resources based on a prescribed delivery option … reduction of class size.

Step 1: Use the average statewide (K-12) teacher-to-student classroom teacher allotment for the Fundable Disadvantaged Population which is 1:21.

Step 2: The targeted allotment ratios for the Fundable Disadvantaged Population are:
If low wealth % (per low wealth supplemental funding formula) is ≥ or equal to 90%, one teacher per 20.5 students
- If low wealth % is > 80% but < 90%, one teacher per 20 students.
- If low wealth % is < 80%, one teacher per 19.5 students.
- If an LEA received DSSF funds in FY 2005-06, one teacher per 16 students. These 16 LEAs will not receive less funding than they received in FY 2005-06.

Step 3: Convert the teaching positions to dollars by using the state average teacher salary (including benefits).

**English Language Learner/Bilingual Education**
The state funds a supplemental allotment for Limited English Proficient Students. Eligible LEAs/charter schools must have at least 20 students with limited English proficiency (based on a 3-year weighted average headcount), or at least 2 1/2% of the ADM of the LEA/charter school. Funding is provided for up to 10.6% of ADM.

**FORMULA:** Calculate 3-Year Average Headcount

- Most current years available weighted twice (50%)
- Two previous years weighted once (25%)

**Base Allocation**
Each eligible LEA/charter school receives the minimum of 1 teacher assistant position.

- 50% of the funds (after calculating the base) will be distributed based on the concentration of limited English proficient students within the LEA.

- 50% of the funds (after calculating the base) will be distributed based on the weighted 3-year average headcount.

**Gifted and Talented Education**
Each LEA receives dollars per child for four percent (4%) of their allotted ADM regardless of the number of children identified as academically or intellectually gifted in the LEA.

**Career and Technical Education**
Each LEA receives a base of 50 months. Remaining months are allotted based on allotted ADM in grades 8-12. Months of employment are rounded to the nearest whole month. For city LEAs with less than 3,000 ADM, all fractions of a month are rounded up to the nearest whole month. In addition, each LEA is eligible for a base amount of $10,000. Remaining funds are allotted based on allotted ADM in grades 8-12.

**Preschool Education**

**Other**
See Highlights of Public School Funding for all funding lines
http://www.ncpublicschools.org/fbs/resources/data/

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Does not apply.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
True value in money is used. Reassessments run on an eighty-year cycle.

**Measure of Local Ability To Support Schools**
No measure of local ability is used for the allocation of basic state aid; a measure of local relative ability-to-pay is determined by ranking all school units according to personal income and property valuation per ADM.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
All 115 school districts are fiscally dependent; school taxes are levied and budgets approved by county commissioners. A supplemental tax on $100 appraised value of property subject to taxation by the local school administrative unit is permissible with voter approval. A simple majority is required. No more than two elections can be held in one year. Local revenues for schools derive primarily from the property tax.
State Support for Nonpublic Schools
Effective 2014, Opportunity Scholarships provides $4,200 for eligible students to attend a nonpublic school

More information can be found in the Highlights of Public School Funding, http://www.ncpublicschools.org/fbs/resources/data/
Description of the Formula

North Dakota adopted a new K-12 funding formula in 2013-14 designed to provide each school district with a base amount of funding to ensure an adequate education regardless of taxable valuation available in the district. The base per student rates were established at $8,810 (2013-14) and $9,092 (for 2014-15). A uniform local contribution from local tax sources is required with state taxes funding the remainder. Weighting factors are used to reflect additional costs of educating students based on factors such as school size, special education and limited English proficiency.

District-Based Components

Density/Sparsity of Small Schools
A weighting factor of .10 is applied for school districts greater than 275 square miles in size and less than 100 students in average daily membership (ADM). In addition, school districts greater than 600 square miles in size and less than 50 students in ADM are guaranteed funding at 50 ADM. Presently no school districts meet the second test.

Grade Level Differences and Pupil Weights for District/School Size
The weighting factors are applied based on school district size. Districts with ADM less than 125 receive a factor of 1.35. Districts with ADM between 125 and 900 receive a factor ranging from 1.35 down to 1.0. The factor for districts over 900 ADM are not adjusted, e.g., their factor is 1.0.

There are no adjustments for grade level differences.

Declining Enrollment or Growth
All data used in the main funding formula are from the previous school year. The main funding formula has a provision that no district can receive less in dollars than the baseline funding they received for the 2012-13 school year. In addition, the legislature appropriated funding for supplemental grants to school districts experiencing enrollment increases of four percent or more.
Capital Outlay and/or Debt Service
Capital projects for North Dakota school districts are ultimately funded solely by local property taxes. For major projects, the local school board may request authority from the voters to issue bonds. A supermajority (60%) of the qualified voters voting on the proposed project is necessary for approval. Total outstanding bonds cannot exceed 10% of the total assessed valuation in the district. The voters confer authority to incur indebtedness at a specified amount, to then sell bonds to raise funding for the proposed project, and finally to establish a sinking and interest fund and associated levy to raise revenue to pay interest and amortize the outstanding principal (N.D. CENT. CODE § 21-03). School boards may also secure authority from the voters to establish and maintain a building fund (N.D. CENT. CODE § 57-15-16). This authority may be approved to a maximum of 20 mills per year. Since 1985, school boards have had the authority on their own initiative to sell bonds and then pay interest and amortize the principal from proceeds of the building fund levy. A number of restrictions and requirements apply to such action (N.D. CENT. CODE § 21-03).

Transportation
Funding for transportation is provided to a maximum of 90% of actual expenditures under a rate schedule that includes the number of miles transported, rides provided and the type of vehicle used. Where district transportation is not available, school districts may reimburse parents and then claim 50 cents per mile per day. Transportation payments are based on prior year statistics.

Charter Schools
Does not apply.

Student-Based Components

Special Education
Special education funding is recognized through a factor in the main funding formula based on the total number of students in average daily membership. There are also factors for students age 3-5 on IEPs and extended year special education programs. These factors add an additional 7% for special education services to the base funding amount. Additional funding is set aside at the state level to reimburse school districts with extremely high cost special education students. Where students are placed by external agencies for purposes other than education, districts are reimbursed for allowable costs exceeding the state average cost per pupil. Educational placements are reimbursed for allowable costs exceeding 4 times the state average cost per pupil. Transportation and equipment are not included in allowable costs.

Low Income / Comp Ed / At-Risk
The funding formula includes a factor of .025 for at-risk students. The factor is applied to the percentage of free and reduced price lunch students (grades 3-8) in ADM.

English Language Learner/Bilingual Education
Funding for students with limited English skills is provided through factors in the main funding formula. The factors are applied to student ADM in the top three assessment levels.
Gifted and Talented Education
$800,000 is appropriated for the 2011-13 biennium for gifted and talented programs.

Career and Technical Education
Career and technical education programs are funded in part through the State Board for Career and Technical Education, an agency that is involved also in funding programs at designated post-secondary institutions. Local school districts are expected to provide a major portion of funding and career and technical education programs are augmented by federal aid. The state provides approximately one third of vocational funding.

Preschool Education
Does not apply.

Other
State funding for regional education associations (REAs) is provided through a factor in the main funding formula. REAs provide educational support services to member school districts. The funding generated by the factor is forwarded directly to the REA. The state also provides each REA a $50,000 base grant annually to assist in compensating for the services of a 12 month regional coordinator.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Property tax in North Dakota is applied only to real property, except both real and personal property of public utilities is taxable. Property is given an assessed value of 50% of the true and full value. Once the assessed value had been determined, an assessment ratio is applied. The current assessment ratio is 9% for residential property, and 10% for other types of property, or 4.5% and 5%, respectively, of true and full value. Roughly two percent of district tax revenue is generated through alternative assessment methods.

Measure of Local Ability To Support Schools
The measure for local ability to support schools is property valuation per pupil.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All school districts are fiscally independent.

Taxing limits in North Dakota include caps on individual levies, general fund levies, total indebtedness, and allowable general fund balances.

The 2013 legislature implemented the new funding formula tied to the cost of providing an adequate education and funded it with a combination of state and local taxes. Local property tax
levy authority was decreased and state funding was increased to provide the funding. This effort reduced the local share of the cost of education funded from property taxes to about 20%.

There is no maximum allowable fund balance for the general fund although a provision in the school finance formula reduces state aid by the amount a district’s general fund balance exceeds 45% of its general fund expenditure plus $20,000.

**State Support for Nonpublic Schools**

Does not apply.
Description of the Formula

Passage of Am. Sub. H. B. 59 of the 130th Ohio General Assembly in July 2013, authorized the state foundation program for fiscal years 2014 and 2015, based on pupil ADM and district demographic characteristics. State aid is provided to 612 public school districts, 49 joint vocational school districts, and approximately 370 public community schools. In FY 2014, Ohio General Revenue Fund and Lottery Profit spending on primary and secondary education is approximately $7.5 billion. In FY 2015, spending will increase to $8.3 billion.

District-Based Components

Density/Sparsity of Small Schools
Does not apply

Grade Level Differences
Does not apply

Declining Enrollment or Growth
Total Average Daily Membership (ADM) is compiled during the first full week of October. The basis of this funding is the per-pupil figure of at least $5,745 per year from state and local sources combined. The total ADM is adjusted to only include 20% of the count of resident students who attend joint vocational schools (JVS) and to include all of the preschool Autism Scholarship students who reside in the district.

Capital Outlay and/or Debt Service
The Ohio School Facilities Commission provides funds for school facilities projects based on the assessed property valuation per student. That property wealth factor determines the state and local share of the facilities project. The OSFC also reimburses public schools for the purchase of one radio communications unit and one entrance security system per eligible building.

Transportation
Funding for transportation is incorporated in the district formula funding utilizing a hybrid approach in which two sets of calculations are done for each school district with the calculation that results in the higher funding being utilized. However, transportation funds cannot be used for general operating costs. The Ohio Department of Education calculates payment based on the average number of bus riders, as counted and reported during count week, and per annual mile expenditure in the previous year. The statutory provision for this aid program is found in ORC Section 3317.0212.

Charter Schools
According to the Ohio Department of Education, Ohio is one of the top three states in the nation in terms of the number of charter schools, serving about 7 percent of Ohio’s public school students. The state will transfer existing funds to provide scholarships to Cleveland students who want to attend a charter or community school but have been denied because the program is oversubscribed.

Student-Based Components

Special Education
There are six categories of Special Education services, specifying a dollar amount per child rather than categorical weights: 1) Speech and Language Disability $1,503 (2014) and $1,517 (2015); 2) Learning Disability $3,813 (2014) and $3,849 (2015); 3) Hearing Disability or Severe Behavior Disability $9,160 (2014) and $9,248 (2015); 4) Vision or Major Health impairment $12,225 (2014) and $12,342 (2015); 5) Orthopedic Disability $16,557 (2014) and $16,715 (2015); 6) Autism, Brain Injury, or Hearing and Vision Impaired $24,407 (2014) and $24,641 (2015). The statutory provision for this aid program is found in ORC Section 3317.022(A)(3) and Section 3317.013(A) to (F).

Low Income / Comp Ed / At-Risk
Funding in support of the economic disadvantaged is provided to address poverty and its effects on educational outcomes. The statutory provision for this aid program is found in ORC Section 3317.022(A)(5). Its calculation is based on a per-pupil amount of $269 equalized by the poverty index of the district. Poverty index is calculated by obtaining the square of the ratio of the individual district’s poverty percentage to the statewide poverty percentage.

English Language Learner/Bilingual Education
ELL and Bilingual funding is determined by classifying limited English proficient (LEP) students into one of 3 categories. Category 1 students are those who have been enrolled in U.S. schools for 180 days or less. Funding for this category is calculated by multiplying The LEP ADM by $1,500 and the State Share Index. The State Share Index is based on the property wealth and the income of the residents of the district. The statutory provision for this index is found in ORC Section 3317.017. Category 2 students are those who have been enrolled in U.S. schools for more than 180 days. Funding for this category is calculated by multiplying The LEP ADM by $1,125 and the State Share Index. Category 3 students are those who are mainstreamed on trial basis and are not included in the first two categories. Funding for this category is
calculated by multiplying The LEP ADM by $750 and the State Share Index. The statutory provision for this aid program is found in ORC Section 3317.022(A)(6).

**Gifted and Talented Education**

Funding for Gifted and Talented education is distributed in three ways. First, a per-pupil amount of $5 applied to the formula ADM of the district. Second, Gifted Coordinator Services funding is provided based on a salary figure of $37,000 for every coordinator serving 3,300 students in the formula ADM, reduced by community school students with a minimum of 0.5 and a maximum of 8 coordinators per district. Finally, Gifted Intervention Specialist funding of $37,000 for every specialist serving 1,100 students in the formula ADM reduced by community school students with a minimum of 0.3 specialists per district. The statutory provision for this aid program is found in ORC Section 3317.022(A)(7).

**Career and Technical Education**

For funding purposes students are classified into 5 categories, with a per-pupil amount assigned to each category. The statutory provision for this aid program is found in ORC Sections 3317.022(A)(8) & (9) and Section 3317.014(A) to (E). Funding is equalized by FTE and State Share Index. The categories and their respective per-pupil amounts in FY14 are as follows:

1. Category 1 with the per-pupil amount of $4,750 is comprised of WFD programs in:
   - Agricultural & Environmental Systems
   - Construction Technologies
   - Engineering and Science Technologies
   - Finance
   - Health Science
   - Information Technology
   - Manufacturing Technology

2. Category 2 with the per-pupil amount of $4,500 is comprised of WFD programs in:
   - Business Administration
   - Hospitality and Tourism
   - Human Services
   - Law and Public Safety
   - Transportation Systems
   - Arts and Communications

3. Category 3 with the per-pupil amount of $1,650 is comprised of:
   - Career Based Intervention Programs

4. Category 4 with the per-pupil amount of $1,400 is comprised of WFD programs in:
   - Education and Training
   - Marketing
   - Academics
   - Public Administration
   - Career Development

5. Category 5 with the per-pupil amount of $1,200 is comprised of:
   - Family and Consumer Science Programs

**Preschool Education**
The preschool funding is on a per-pupil basis. The statutory provision for this aid program is found in ORC Section 3317.0213. The funding is comprised of two per-pupil amounts applied to the count of special education preschool children. One amount is calculated without being equalized while the other is equalized utilizing the State Share Index. The un-equalized per-pupil amount is $4,000 and is applied to the count of all preschool children. The second per-pupil amount is applied to those children with handicapping conditions, applying the specific dollar amounts in the 6 special education categories, multiplied by 0.5, equalized by the state share index.

Other
Straight A Fund competition encourages school districts to join forces on initiatives to improve student achievement, reduce costs and push a greater portion of education spending into classroom instruction. School consortia may apply for a maximum of $15 million in support of share services. Individual applicants or those partnering with a private entity can receive no more than $1 million.

K-3 Literacy Funding targets K-3 students to provide early additional educational investment. The funding is based on 2 per-pupil amounts: A state-share-index equalized amount of $125 and an un-equalized amount of $86. K-3 students who attend e-schools are removed from the ADM base. The statutory provision for this aid program is found in ORC Section 3317.02(A)(4)

A state subsidy is provided to school districts to cover the costs associated with transporting special needs students and for specialized equipment. This aid is lesser of the actual the sum of $6 per pupil per day plus half of the amount by which actual cost exceeds $6 per pupil per day. This calculation is then multiplied by the same percentage used for regular transportation funding which is 60% or the district’s state share index, whichever is greater. The statutory provision for this aid program is found in Administrative Rule 3301-83-01(D).

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
For school districts, total resources included total property tax receipts, school district income tax revenues, total TPP and public utility reimbursements, and state foundation funding. Districts whose fixed rate payments were 2% or less of the total resources were considered low reliance districts. If a district’s fixed rate reimbursement was over 2% of total resources, then the annual reduction was limited to no more than 2% of base year total resources.

Property Assessment Ratios Used/Legal Standards For Property Assessment
In addition to state aid through the foundation program, many school districts receive reimbursements payments for lost property tax revenue as a result of the phase out of the general business tangible personal property tax (TPP) and the reduction of property tax assessments rates on utility property (KwH). Finally, the state pays 10% of locally levied property taxes for residential and agricultural real property owners and an additional 2.5% for homeowners and represents property tax relief to individual property taxpayers.
Measure of Local Ability to Support Schools
Targeted Assistance funding, formerly Parity Aid, targets school districts that do not raise much revenue beyond the local share of the foundation formula. The statutory provision for this aid program is found in ORC Section3317.022(A)(2)] and Sections 3317.0217(A) & (B). Targeted Assistance aids school districts that are below a certain threshold of wealth, based on property valuation and residents’ income. School districts that fall below this threshold are eligible to receive funding based on 6 mills times the difference between the threshold local wealth measure per pupil and the individual school district’s local wealth measure per pupil.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
613 school districts are fiscally independent. Districts can levy additional property tax mills or levy school district income taxes with simple majority approval by local electorate.

State Support for Nonpublic Schools
Chartered non-public schools receive funds for secular materials, equipment, computer software, textbooks, health, and remedial services as well as reimbursement for mandated administrative and clerical costs. For the 2014-2015 school year, an additional 4,000 EdChoice Scholarships will be available to incoming kindergartner and first grade students whose family income is at or below 200% of the Federal Poverty Guidelines and who will attend low performing public school buildings. The pilot program can be used only by children who would otherwise have gone to public schools with low state test scores. The pilot program, which will be paid by the state and not impact school district finances, will expand to first grade students in FY 2015.

Note: Source information on this page is provided by the Ohio Department of Education (https://education.ohio.gov). Additional narrative description and specificity of calculations for Ohio school aid programs is available at:

Source: Randall Vesely, University of Toledo
Description of the Formula

Three-tiered State Aid formula: (1) Foundation Aid, (2) Salary Incentive Aid, and (3) Transportation. Under Foundation Aid, Oklahoma currently pays $1,614 per pupil from state and local revenues. State Aid (or money paid by the State of Oklahoma) is the difference between the Foundation Aid program cost and the local contribution. The power-equalizing program provides an additional $73.37 per mill per pupil for 20 mills levied (Salary Incentive portion) above 15 mills (Foundation Aid portion). The State Aid formula calculates the cost to educate students based on weighted pupil units.

District-Based Components

Density/Sparsity of Small Schools
Density factor is accounted for in transportation supplement. School district size of 529 or less is weighted in the State Aid formula with the Small School District Weight.

Grade Level Differences

<table>
<thead>
<tr>
<th>Grade Level Differences</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Childhood – Half Day</td>
<td>.7</td>
</tr>
<tr>
<td>Early Childhood – Full Day</td>
<td>1.3</td>
</tr>
<tr>
<td>Kindergarten – Half Day</td>
<td>1.3</td>
</tr>
<tr>
<td>Kindergarten – Full Day</td>
<td>1.5 (Began in FY2006)</td>
</tr>
<tr>
<td>1-2</td>
<td>1.351</td>
</tr>
<tr>
<td>3</td>
<td>1.051</td>
</tr>
<tr>
<td>4-6</td>
<td>1.0</td>
</tr>
<tr>
<td>7-12</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Pupil Weights for District/School Size
Additional pupil units are earned by districts with less than 529 ADM according to the following formula: \((529 – ADM/529) \times .2 \times ADM = Small School District Weight\).

Declining Enrollment or Growth
For the initial allocation of State Aid in July each year, the higher of the previous two years’ weighted ADM is used. For the midyear adjustment in December each year, the highest*
Weighted ADM of either the last two years or the first nine weeks of the current year is used (whichever is highest* of the three).

Note: Average Daily Attendance is used for certain categorical grants; i.e., textbooks, staff development, and is also used for the distribution of some of our chargeable items in the State Aid formula such as: County 4-Mill Levy, School Land Earnings, Gross Production, and Motor Vehicle collections.

**Capital Outlay and/or Debt Service**

Bonded indebtedness cannot exceed 10% of total assessed valuation.

**Transportation**

The transportation portion of Oklahoma’s state aid formula is based upon:

Average Daily Haul times a Per Capita amount times a Transportation Factor. The Transportation Factor has been the same for years at 1.39.

**Charter Schools**

No response

**Student-Based Components**

**Special Education**

The State Aid formula currently has 12 Weighted Pupil Categories related to Special Education.

**Pupil Weights for Special Education Programs**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vision Impaired</td>
<td>3.80</td>
</tr>
<tr>
<td>Learning Disabilities</td>
<td>0.40</td>
</tr>
<tr>
<td>Hearing Impaired</td>
<td>2.90</td>
</tr>
<tr>
<td>Intellectually Disabled: (Educable Mentally Handicapped and Trainable Mentally Handicapped)</td>
<td>1.30</td>
</tr>
<tr>
<td>Emotionally Disturbed</td>
<td>2.50</td>
</tr>
<tr>
<td>Multiple Handicapped</td>
<td>2.40</td>
</tr>
<tr>
<td>Physically Handicapped</td>
<td>1.20</td>
</tr>
<tr>
<td>Speech Impaired</td>
<td>0.05</td>
</tr>
<tr>
<td>Deaf and Blind</td>
<td>3.80</td>
</tr>
<tr>
<td>Special Education Summer Program</td>
<td>1.20</td>
</tr>
<tr>
<td>Autism</td>
<td>2.40</td>
</tr>
<tr>
<td>Traumatic Brain Injury</td>
<td>2.40</td>
</tr>
</tbody>
</table>

**Low Income / At Risk / Compensatory Education**

Pupils who qualify and participate in a free and/or reduced lunch program: 0.25
**English Language Learner/Bilingual Education**
Weighted in the equalizing formula at 0.25.

**Gifted and Talented Education**
Weighted in the equalizing formula at 0.34.

**Career and Technical Education**
No response

**Preschool Education**
No response

**Other**

*Out-of-Home Placement Weights*

<table>
<thead>
<tr>
<th>OHP 1 (12 beds*)</th>
<th>1.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>OHP 2 (10 beds)</td>
<td>1.8</td>
</tr>
<tr>
<td>OHP 3 (8 beds)</td>
<td>2.3</td>
</tr>
<tr>
<td>OHP 4 (6 beds)</td>
<td>3.0</td>
</tr>
</tbody>
</table>

*Student is placed in a residential facility which is out of the child’s home and not in the school district where the child legally resides.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Per Pupil Revenue in Excess of 150%
Per Pupil Revenue in Excess of 300%
(per Oklahoma Statutes: 70 O.S. § 18-200.1)

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
Counties who have done away with their individual personal property tax have been allowed to raise their 15-mill levy which would support the fair cash value to be greater than 35% and best use for which such property was actually used.

**Measure of Local Ability to Support Schools**
Property valuation per pupil (Valuation Per Cap)

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
All 517 districts plus 26 charters are fiscally independent. Districts may levy up to 20 mills without voter approval. A tax increase requires voter approval. Approximately one election per month can be held during the school year. For millage elections, a simple majority is required for approval; for bond issues, 60% required. Property tax revenue accounts for 80% of local revenue for schools.
State Support for Nonpublic Schools
Does not apply.
Description of the Formula

In 1991, the Oregon Legislature created a new measure of financial equity for school districts. Equity for Oregon is defined as those students who have additional costs will receive additional resources so all students have the opportunity to achieve the same outcomes. Contrast this with equality, which is the same funding for every student regardless of the costs of the student. The basic level of school support, the State School Fund Formula (Formula), is divided into four grants: General Purpose Grants, Transportation Grants, High Cost Disability Grants, and Facility Grants. The Formula distributes all state revenue. Local revenue is counted in the formula but remains with the district where it is collected. The following principles guided the development of the new formula:

1. Share all school funding sources statewide.
2. Let school districts decide how to spend their allocation.
3. Create funding differences only for uncontrollable cost differences.
4. Avoid incentives for school districts to unnecessarily increase their allocation.

General Purpose Grants

These grants are based on a district’s weighted student count multiplied by the funding per weight received by the district; they account for roughly 93% of the formula revenue. (This percentage can vary from year to year based on the total funding available and the amounts devoted to the other three types of grants.) There are no constraints on how General Purpose Grant money can be spent.

- Weighted Student Counts are the sum of the General Education Average Daily Membership (ADM) count plus the additional student weights based on student and district characteristics. Each student in grades 1-12 is assigned a General Education ADM of 1.0, with kindergarten students counted at 0.50. Additional weights are then added to the General Education ADM based on student and district characteristics, resulting in a measure known as Weighted Average Daily Membership, or ADMw. A teacher experience factor of $25 is added to, or subtracted from, the General Purpose Grant per ADMw depending on whether the district’s average teacher experience exceeds, or falls below, the state average.
The initial base value of the General Purpose Grant per ADMw was set in statute in 1991 at $4,500. However that number is modified to ensure all funding is distributed to the school districts of the state. To get the actual amount of funding per weight, all of the weights in the state are combined and the total amount of funding available (both state and local) is divided by the total number of statewide weights. In 2012-13, the statewide average funding per weight was $6,075.45. Each district received their weighted funding modified by their teacher experience adjustment as described above. Because the initial base value of $4,500 per ADMw set in statute is not adjusted for inflation, current amounts per ADMw are considerably higher than the base value of $4,500.

The weights used in the calculations for the equalization formula are listed in the following table.

Weights used in the Equalization Formula

<table>
<thead>
<tr>
<th>Group</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Education and At-Risk</td>
<td></td>
</tr>
<tr>
<td>General Education ADM</td>
<td>1.00</td>
</tr>
<tr>
<td>Special Education</td>
<td>1.00</td>
</tr>
<tr>
<td>English as a Second Language</td>
<td>0.50</td>
</tr>
<tr>
<td>Pregnant and Parenting</td>
<td>1.00</td>
</tr>
<tr>
<td>Students in poverty</td>
<td>0.25</td>
</tr>
<tr>
<td>Neglected and Delinquent</td>
<td>0.25</td>
</tr>
<tr>
<td>Students in foster home</td>
<td>0.25</td>
</tr>
<tr>
<td>Grade and School</td>
<td></td>
</tr>
<tr>
<td>Kindergarten</td>
<td>- 0.50</td>
</tr>
<tr>
<td>Elementary district students</td>
<td>- 0.10</td>
</tr>
<tr>
<td>Union high school district students</td>
<td>0.20</td>
</tr>
<tr>
<td>Small school</td>
<td>Varies</td>
</tr>
</tbody>
</table>

Note: Maximum additional weighting assigned to any student, beyond the General Education ADM, cannot exceed 2.00 for Special Education and English as Second Language students.

Transportation Grants

The transportation grant uses actual expenditures as the factor to adjust for different costs per student. The transportation grant reimbursement rate is 70%, 80% or 90% of approved transportation expenditures. Approved expenditures include transporting students to and from school (if over 1 mile from elementary school or 1.5 miles from high school), between schools, on education-related field trips and for other reasons in special cases. This categorical grant is only available to reimburse for actual transportation expenditures. The highest cost districts tend to be in rural districts with a low density of students where most students ride a bus over considerable distances.

High Cost Disability Grant

This grant is awarded to districts that have students who have exceptional high costs for the provision of special education student. If an individual student has more than $30,000 in eligible costs per year, then all of that student’s costs over $30,000 are eligible for reimbursement through this grant. High cost disability students tend to be concentrated in urban areas where medical and therapeutic services are available. The cost for their education can be dramatically
higher than the revenue generated from the double weighting of these students in the school equalization formula.

The Oregon Legislature establishes the amount of the High Cost Disability Grant to be deducted from the State School Fund prior to the calculation of the General Purpose Grant. The current amount of the High Cost Disability Grant is $18 million per year. This has the effect of reducing the Formula by $18 million per year as well. If the total approved costs exceed available funding in any fiscal year, the department prorates the amount of money available for distribution. All districts share in the cost and those districts with students who have high cost disabilities benefit because the amount they receive through the grant offsets the loss of Formula revenue to their district.

Facility Grant
This grant was established to help districts equip new classroom space that they build. The facility grant payment is not to exceed 8% of the total construction costs of new school building costs excluding land. New buildings include additions and portable classrooms, but exclude buildings not used for some classes such as a central administration. Initially, grants to districts could not exceed $17.5 million per biennium and were prorated if eligible costs exceeded $17.5 million. The 2005 Oregon Legislature increased the amount to $25 million per biennium beginning in 2007-09. In 2013, the Legislature reduced the amount in the grant to $20 million per biennium, beginning with 2013-15.

District-Based Components

Density/Scarcity of Small Schools
Students in remote small elementary school receive additional weighting based on the number of grades, the average size of each grade and the distance from the next nearest elementary school. Small high schools receive the additional weighting based on the size of the high school. There is no distance factor. The weight is based on the size of each school, not the size of the district. A school qualifies as a small school if the school has been in the same location since 1995 and qualified as a small school in 1995 (elementary) or in 2009 (high school). Elementary schools also must be remote – more than 8 miles from the nearest school. If small high schools become larger than the allowable size as the result of a merger, the new, larger school receives the combined weight for four years following the merger.

Grade Level Differences
Kindergarten General Education ADM is weighted at .50, elementary school districts ADM at .90 and union high school district ADM at 1.20. There are also varying small school weights.

Declining Enrollment or Growth
The equalization formula uses the larger of the current year’s ADMw or prior year’s ADMw. Extended ADMw is the term used for the higher amount of the two years.
Capital Outlay and/or Debt Service
One of the four components in the school equalization includes a limited grant program for classrooms. Please see the facilities grant program described above.

Transportation
State support for pupil transportation is one of the four components in the state’s equalization program. As noted earlier, the rate of reimbursement to the school district for pupil transportation is 70%, 80% or 90% of approved costs.

Other
Small High School
In 2005, the Legislature transferred $5 million ($2.5 million per year) from the Formula to the Small School District Supplement Fund. Small districts are those with fewer than 8,500 weighted students (ADMw) with high schools having fewer than 350 students for four grades and 267 for three grades. Of the 197 school districts in the state, 95 districts qualify. Each eligible small school district receives its proportionate share of the small high school funding each year of the biennium. The 2007 Legislature eliminated funding for this program starting in the 2015-16 school year. There are no requirements on how the districts spend the funds received through this grant.

State Special Education Programs
Three state education programs are funded directly out of the State School Fund. They are for students in hospitals, long-term care facilities, and the Oregon School for the Deaf.

Virtual School
Each biennium, approximately $1.8 million is transferred from the State School Fund to the Department of Education to develop and maintain a statewide program offering virtual resources to school districts and their personnel.

Education Service Districts
The state also funds 19 Education Service Districts (ESDs). Their functions are to support school districts, help with business operations and provide special education services as needed. Of the funds distributed by the funding formula, 4.5% of the total is distributed to the ESDs.

Charter Schools
All students enrolled in the charter schools are included in the state’s primary funding formula. The funding formula takes the students and weights at the charter school and combines them with the students and weights at the rest of the non-charter schools located in the district. This total number is the basis for the district’s total funding. The district then distributes a portion of the funding to the charter school based on the number of students and weights at the charter school. This distribution is calculated by dividing the district’s general purpose grant by the current average daily membership weighted for the district. The actual percentage of that distribution is based on the charter agreement entered into between the charter school and district. Additional funding issues, such as timing and reconciliation, should also be addressed in the charter agreement.
**Student-Based Components**

**Special Education**
Two types of funding are provided in addition to the general education funding for special education students. An additional weight of 1.0 is identified for special education students as part of the weighted funding formula. The additional 1.0 weight is capped at 11% of the districts resident Average Daily membership. Additional funding is through the “High Cost Disability Grant” for disabled students whose annual IEP costs exceed $30,000. Please see the High Cost Disability Grant description above.

**Low Income / Compensatory Education / At-Risk**
Oregon funds students in Pregnant and Parenting Programs at a weight of 1.0, students in poverty at .25, neglected and delinquent students at .25 and students in foster care at .25 in addition to the students’ general education ADM. These weights are not capped for an individual student. Further, there is no limit to the number of students in a district who can receive these weights.

**English Language Learner/Bilingual Education**
Students served in programs for English Language Learners are eligible to receive weighting of .50 in addition to the students’ general education ADM. There is no limit to how many students in a district can receive this weight.

**Gifted and Talented Education**
These students are not specifically weighted in the formula.

**Career and Technical Education**
These programs are not specifically funded in the formula.

**Preschool Education**
These programs are not specifically funded in the formula.

**Other**
There isn’t anything else to report at this time.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Does not apply.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**
Oregon maintains both assessed values and real market values for all taxable properties. Assessed values were set for existing properties in 1997 and are allowed to grow at 3% per year but cannot exceed real market value. The rate is applied to the Assessed Market Value (AMV), and not the Real Market Value (RMV), with the AMV typically being lower than the RMV.
Local property tax rates are applied to assessed values, but total taxes imposed on each property cannot exceed 0.5% of real market value for education taxing districts or 1.0% of real market value for non-education taxing districts. Voter-approved bond levies used for capital construction are not subject to the property tax limits of Measure 5.

Measure of Local Ability to Support Schools
Property valuation per pupil.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 197 school districts are fiscally independent. Local permanent property tax rates can be applied to assessed value without voter approval. In addition, “local option” property tax levies can be established with voter approval. For each property, taxes imposed by the sum of the permanent rate and the local option rate cannot exceed 0.5% of the real market value of the property for all education taxing districts combined (school districts, education service districts, and community college districts).

State Support for Nonpublic Schools
Does not apply.
Description of the Funding

The 2014-15 state Education budget, approved by the General Assembly and signed into law by Governor Corbett via the General Appropriation Bill and Fiscal Code, provided for approximately $12 billion for early, basic and postsecondary education systems.

Basic Education Funding

For the 2014-15 fiscal year, each school district will receive the Basic Education Funding allocation it received in 2013-14, totaling approximately $5.5 billion.

District-Based Components

Density/Sparsity of Small Schools
There is no specific subsidy component for density/sparsity of small schools.

Grade Level Differences
Grade level differences are used to calculate Weighted Average Daily Membership (WADM). Several components of various state subsidy calculations include WADM as an element.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten (half-day)</td>
<td>0.5</td>
</tr>
<tr>
<td>Elementary</td>
<td>1.0</td>
</tr>
<tr>
<td>Secondary</td>
<td>1.36</td>
</tr>
</tbody>
</table>

Declining Enrollment or Growth
There is no specific subsidy component for declining enrollment or growth.

Capital Outlay and/or Debt Service
The state provides subsidies to school districts for the construction, renovation or purchase of school buildings on the basis of approved expenditures, which are based on the rated pupil capacity of the building as approved by the Department of Education.

The limit for school district indebtedness is based on the level of the borrowing base, which is the average of a district’s total revenues for the three years preceding the year in which such debt
will be incurred. Non-voted debt cannot exceed 250 percent of the borrowing base, except in Philadelphia where the limitation is 100%. The limitation goes to 300 percent of the base when new lease rental debt is included (150 percent in Philadelphia).

**Transportation**

Reimbursement for regular pupil transportation is determined by multiplying the cost of approved reimbursable pupil transportation by the district’s aid ratio. Payments are also made for excessive cost to be determined by subtracting from approved costs the sum of the regular state reimbursement plus half mill times the district market valuation. In addition, payments are made to school districts for transportation of charter school students and nonpublic school students. Elementary students eligible for transportation reimbursement must reside at least 1.5 miles from their school and secondary students must reside two miles from their school. Students residing along a hazardous route, as certified by the Department of Transportation, are also eligible for reimbursement.

Payments are also made to intermediate units for the cost for transportation of pupils to and from classes and schools for exceptional children, and of eligible young children to and from early intervention programs.

**Charter Schools**

No response

**Student-Based Components**

**Special Education**

*Special Education Funding for School Districts*
For the 20-14-15 fiscal year, each school district receives a total allocation calculated as the sum of 1) the amount it received for the 2008-09 school year and 2) new funds distributed based on categories of support for students with disabilities.

*Contingency Fund*
A special education contingency fund allocation equal to 1 percent of the special education appropriation is available to school districts.

*CORE Services Funding To Intermediate Units*
An amount equal to the amount each intermediate unit received in the 2013-14 fiscal year.

*Institutionalized Children's Program*
Funding is provided to intermediate units to maintain the Institutionalized Children's Program.

*Low Income / Comp Ed / At-Risk*
No response
English Language Learner/Bilingual Education
No response

Gifted and Talented Education
Gifted students are included with the total student population used in the base amount for Special Education Funding.

Career and Technical Education
*Secondary Career and Technical Education Subsidy (2014-15)*
Reimbursement is provided for the following vocational programs: agriculture education, distributive education, health occupations education, home economics education (gainful), business education, technical education, trade and industrial education, or any other occupational-oriented program approved by the Secretary of Education.

The subsidy is calculated as follows:

- The vocational average daily membership (VADM) is determined by multiplying the average daily membership of students in vocational programs in an area vocational-technical school by 0.21; multiplying the average daily membership of students in vocational programs in a school district (SD) or charter school (CS) by 0.17.
- The base earned for reimbursement (BER) is determined using the state median actual instruction expense per weighted average daily membership (AIE/WADM) and the equalized mills (EqM): BER = (State Median AIE/WADM − (Highest EqM − SD EqM) X $200) / (Highest EqM − Lowest EqM)
- The fully funded amount equals 1) the lesser of the AIE/WADM or the BER multiplied by 2) the greater of the market value/personal income aid ratio or 0.3750 multiplied by 3) the VADM.
- Any additional funding provided by the Commonwealth over the amount provided for the 1998-99 school year will be distributed to area vocational-technical schools, to school districts and charter schools with eight or more vocational programs, and to school districts and charter schools offering a vocational agriculture education program.
- The actual allocation is proportionately reduced so that the total does not exceed the amount appropriated. The 2014-15 estimated reduction fraction for "regular allocation" is 0.76. The reduction fraction for "new allocation (8 or more programs)" is 0.15.

Preschool Education
No response

*Pennsylvania Pre-K Counts*
This program brings quality half-day and full-day pre-kindergarten to over 16,000 three- and four- year olds in Pennsylvania. PA Pre-K Counts is designed for children who are between age 3 and the entry age of kindergarten; are at risk of school failure and living in families earning up to 300 percent of the federal poverty level who may also be English language learners or have special needs.
**Head Start Supplemental Assistance Program**
This program provides state funding to Head Start programs to serve three and four year olds living in families at or below 130 percent of federal poverty level with comprehensive education, health, nutrition and parent involvement services. Over 5,000 Pennsylvania children receive services annually.

**Other**

**Ready to Learn Block Grant**
Ready to Learn Block Grants provide $200 million in total funding to school districts and charter schools that focus on student achievement, academic success, and supports pre-kindergarten, full-day kindergarten and other proven educational programs.

**Revenue and Expenditure Information**

**State Mandates Restricting Property Tax Increases**
Special Session Act 1 of 2006 requires that local property tax increases that exceed an inflationary index must be approved by district voters unless a referendum exception is approved by the Department of Education.

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
Varies with each county. Rates range from less than 10 percent to 100 percent.

**Measure of Local Ability to Support Schools**
Market Value/Personal Income Aid Ratio (MV/PI AR) is the state’s primary measure of local district wealth and its ability to support schools. It is calculated to compare a school district’s market value and personal income wealth as compared to the state averages. The components of wealth and their weights are sixty percent dependent upon property (market) valuation per weighted pupil and 40 percent dependent upon personal income per weighted pupil.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
There are 498 fiscally independent districts and two fiscally dependent districts. The school board of directors approves the school district budgets without a specific limitation except for having sufficient revenues projected to fund projected expenditures.

Local revenues for school districts are derived from the property tax (78 percent), other taxes (17 percent), and other local non-tax sources (6 percent).

Total revenues come from local sources (58 percent), state sources (35 percent), federal sources (4 percent), and other sources (3 percent).

**State Support for Nonpublic Schools**
A program of auxiliary services including remedial reading, remedial mathematics, guidance and counseling, speech, and psychological services are available to students attending nonpublic schools are provided by the intermediate unit in which the nonpublic school is located.
Textbooks, instruction materials and instructional equipment are loaned to students enrolled in grades kindergarten through twelve in a nonpublic school.
Description of the Formula

The following responses are applicable to FY 2015. On July 1, 2011, the state implemented a new education financing formula. All previous categories of aid were suspended. The formula distributes aid on a per pupil basis and provides a core instructional amount for the basic education program (FY 2015 = $8,966). The formula includes one weight, called the student success factor, which is linked to poverty density and provides additional funding (40% of the core amount) to support student needs beyond the core amount. The formula distribution is shared between the state and local using a ratio that considers the municipality’s ability to pay and student need. The formula also includes categorical funding for high cost special education students, career and technical education, early childhood programs, and non-public and regional transportation.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences
Does not apply.

Declining Enrollment or Growth
Formula calculations are updated annually for enrollment changes.

Capital Outlay and/or Debt Service
The Housing Aid program provides partial reimbursement of school construction projects. The reimbursement share ratio is based on a district’s wealth compared to the aggregate state wealth, with a minimum share of 35% (minimum share remains 30% for projects completed prior to June 30, 2012). Incentive bonuses are built into the formula for energy conservation, handicapped accessibility, and asbestos abatement projects. Regional districts are also entitled to
an additional incentive bonus. The Board of Education and state legislature must approve all school construction projects prior to implementation.

**Transportation**
The formula includes categorical funding to offset the excess costs associated with transporting students to out of district non-public schools and within regional school districts. This fund requires the state to assume the costs of non-public out-of-district transportation for those districts participating in the statewide system and equally share the regional school district student transportation costs.

**Charter Schools**
Charter schools are funded through the funding formula and receive the state per pupil associated with the sending community.

**Student-Based Components**

**Special Education**
The formula includes categorical funding to offset the excess costs associated with special education students that exceed the state approved threshold based on an amount above five times the core foundation amount (FY 2015 threshold = $62,760).

**Low Income / Comp Ed / At-Risk**
The formula includes one weight, called the student success factor, that provides forty percent of the core instruction per pupil to all resident children eligible for USDA reimbursable school meals (FY 2015 = $3,586).

**English Language Learner/Bilingual Education**
Does not apply.

**Gifted and Talented Education**
Does not apply.

**Career and Technical Education**
The formula includes categorical funding to help meet initial investment requirements needed to transform existing or create new comprehensive career and technical education programs and career pathways in critical and emerging industries and to help offset the higher than average costs associated with facilities, equipment maintenance and repair, and supplies necessary for maintaining the quality of highly specialized programs.

**Preschool Education**
The formula includes categorical funding to increase access to voluntary, free, high-quality pre-kindergarten programs.

**Other**
The formula includes a bonus to encourage district consolidation. This fund provides 2% of the district’s education aid in the first year of regionalization and 1% in the second year. The regionalization bonus is phased out in year 3.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Municipal annual tax levies are capped at 4%.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**
Full and fair cash value or a uniform percentage not exceeding 100% within the statewide caps noted above.

**Measure of Local Ability to Support Schools**
Equalized property valuation per pupil, adjusted for a median family income ratio, is used in the state share ratio calculations for formula aid and the school housing aid program.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
All 36 districts are fiscally dependent. Voter approval is required for budget and tax increases. Majority vote is required for approval. There are no limits on the number of elections that can be held in one year. The source of local revenue for schools is property tax.

**State Support of Nonpublic Schools**
Reimbursement of certain non-public textbooks only. State is expected to assume all non-public transportation costs for those districts participating in the statewide system.
SOUTH CAROLINA

Description of the Formula

The goal of the South Carolina foundation program is to ensure that each student in the public schools is provided with availability to at least minimum educational programs and services appropriate to the student’s needs, and which are substantially equal to those available to other students with similar needs and reasonably comparable from a program standpoint to those available to other students, regardless of geographical and local economic factors. South Carolina’s public schools are funded through a foundation program that uses average daily membership (ADM) and student weights to address differences in student’s needs and costs of delivering educational programs and services. The base student cost is the funding level necessary for providing a minimum foundation program. The base student cost (BSC) for 2014-15 is $2,120 un-weighted.

District-Based Components

Density/Sparsity of Small Schools
No state appropriation.

Grade Level Weights

<table>
<thead>
<tr>
<th>Grade</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>1.00</td>
</tr>
<tr>
<td>1-3</td>
<td>1.00</td>
</tr>
<tr>
<td>4-8</td>
<td>1.00</td>
</tr>
<tr>
<td>9-12</td>
<td>1.00</td>
</tr>
<tr>
<td>9-12</td>
<td>1.29*(vocational)</td>
</tr>
</tbody>
</table>

* = If a vocational pupil is served in another classification (Graded or Handicapped), the pupil will be counted as vocational, unless served in a handicapped classification; in which case the pupil will be counted under the handicapped classification.
Declining Enrollment or Growth
No state appropriation.

Capital Outlay and/or Debt Service
Bonded indebtedness limited to 8% of assessed valuation unless a referendum is held for the increase.

Transportation
The state funds and monitors the entire transportation system. Local districts hire bus drivers subject to state certification. Salaries and training provided by the state.

Charter Schools
Charter schools in SC can apply to and be sponsored by a local school district or the statewide charter school district. Charter schools are entitled to the same state and federal categorical funding as traditional schools based on the students they serve and the programs they offer. The base per pupil funding for a charter sponsored by a local school district is based on the districts audited general fund revenues divided by the total weighted pupils of the district to determine a per pupil funding amount, which is then weighed according to the weighted category of the student.

The charter district’s per pupil is the full appropriated base student cost of $2120 plus $3600 for students in Brick and Mortar schools of $1900 for students in virtual schools.

Student-Based Components

Special Education
Handicapped children are weighted according to the following specific classifications contained in the foundation program.

Pupil Weights for Special Education Programs

<table>
<thead>
<tr>
<th>Categories</th>
<th>Weights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educable mentally handicapped</td>
<td>1.74</td>
</tr>
<tr>
<td>Learning disabilities</td>
<td>1.74</td>
</tr>
<tr>
<td>Trainable mentally handicapped*</td>
<td>2.04</td>
</tr>
<tr>
<td>Emotionally handicapped</td>
<td>2.04</td>
</tr>
<tr>
<td>Orthopedically handicapped</td>
<td>2.04</td>
</tr>
<tr>
<td>Visually handicapped</td>
<td>2.57</td>
</tr>
<tr>
<td>Hearing handicapped</td>
<td>2.57</td>
</tr>
<tr>
<td>Speech handicapped</td>
<td>1.90</td>
</tr>
<tr>
<td>Homebound pupils **</td>
<td>1.00</td>
</tr>
<tr>
<td>Autism</td>
<td>2.57</td>
</tr>
</tbody>
</table>

* Includes Profoundly Mentally Handicapped
** Homebound weighting for students served in a Residential Treatment Facility is 2.10

At-Risk/ Low Income/ Compensatory Education


Add-on Weights for Individualized Instruction

Changes to the Education Finance Act (EFA) now allow the generation of additional funding to address needs in the following areas:

A. Academic Assistance and Poverty – Students designated as in need of Academic Assistance based on state test scores will be given an add-on weighting to the BSC of 0.15. Students in poverty receive an add-on weighing of 0.20.

B. Students with Limited English Proficiency will be given a weighting of 0.20

C. Students who are classified as Gifted and Talented Academic or Artistic, Advanced Placement or International Baccalaureate in high school will be given an add-on weighting of 0.15.

Students may receive multiple weightings for personalized instruction, however, within each category students should only be counted once.

Career and Technical Education

Students who are enrolled in that approved Career and Technology (CATE) course will receive the EFA weighting of 1.29. The state also provides additional funding for CATE equipment in the amount of $6,682,406 for the 2014-15 year.

Preschool Education

South Carolina currently provides districts with two (2) funding opportunities for serving 4-year old students. Districts whose poverty is less than 70% participate in a state funded half-day program based on free/reduced lunch. Funding for 2014-15 is $15,513,846.

Districts with poverty greater than 70% may choose to participate in the full day 4-k Child Development Education Program. Funding is at a level of $4218 per eligible student based on poverty. The total appropriation for 2014-15 is $47,238,637.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases

There are 85 school districts in South Carolina; 23 districts are fiscally independent, 36 districts have the authority to set millage rates within the parameters set by statute, referenda, or action by some official body; and 26 districts must secure approval of the county governments to establish millage rates. Rates are established for current operations and debt service.
Property Assessment Ratios Used/Legal Standards For Property Assessment
Industrial property is assessed at 10.5%; commercial at 6%; residential at 4%; timber and forest corporation owned at 6%; and personal property, except farm machinery, at 10.5%.

Measure of Local Ability To Support Schools
Index of a local district’s fiscal capacity in relation to that of all other districts in the state based on full market value of all taxable property of the district.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
Budget restrictions are listed above; the primary source of local revenue to fund the foundation program is the local property tax. Some local communities are providing school districts with the authority to impose sales taxes to pay for capital projects.

State Support for Nonpublic Schools
State provides tuition for handicapped pupils attending non-public schools when such attendance is a necessity.
Description of the Formula

South Dakota has a foundation formula that provides a guaranteed funding level per student. A combination of local and state funds provided $4,781.14 per student in 2014-15. State-local share is determined by local property valuation, meaning districts with higher property values receive less state funds and rely more on local dollars.

District-Based Components

Density/Sparsity of Small Schools
The small school adjustment, effective for the 2007-08 school year, is the successor to a “small school factor” that was in place previously. The “small school factor” used a formula to add additional “phantom” students to a district’s average daily membership, with the smallest districts receiving funds for up to 20 percent more students.

Starting in 2007-08, South Dakota uses a “small school adjustment” that provides an additional $847 per student for districts with enrollments of less than 200. Districts with enrollments between 200 and 600 receive “small school adjustment funds” based on the number of students in the system, calculated using a straight-line formula.

South Dakota also has a “sparsity” factor that provides additional funding to small, isolated school districts. Districts must meet several criteria to qualify, for example, the district must have less than 0.5 students per square mile, and have land area in excess of 400 square miles and the district’s high school must be further than 15 miles away from another public school district attendance center. The formula adds up to $123,750 per year for the state’s most isolated schools.

Grade Level Differences
Does not apply.
Declining Enrollment or Growth
Effective for the 2010-2011 school year a district, for general aid funding purposes, may use a student count of the greater of; average state aid fall enrollment for the previous two school years or the state aid fall enrollment count of the current (fall 2010) school year.

Capital Outlay and/or Debt Service
The Capital Outlay funding level is limited to $3.00/$1,000 in taxable valuation. Debt service is based on the level approved by voters. Bonding limit is 10% of a district’s taxable value less outstanding bonds.

Transportation
Included in the state aid formula for regular and special education students.

Charter Schools
No response

Student-Based Components

Special Education
Special Education aid calculation is similar to the general education aid formula in that the student counts utilized within the funding formula are based on both fall enrollment and December child count. Based upon the counts and primary student disabilities reported, a district’s total “need” or total state-local funding is determined. The state-local share of these district need is based on the local property valuation. The local share is calculated using a tax levy of $1.278/$1,000 of assessed valuation (AV). A district is authorized by SD statute to utilize a maximum levy of $1.478/$1000 AV for their special education fund. Funding for special education may be limited when levying less than $1.278/1000 AV or if the district is determined to have an ending fund balance that exceeds a statutorily defined limit.

South Dakota districts can also apply to an extraordinary cost fund for additional funding for special education students with costly needs. Applications are reviewed by committee, and may not necessarily be approved. In recent years, the fund has distributed approximately $3.2 million in additional aid to districts based on need.

Low Income / Comp Ed / At-Risk
Does not apply.

Bilingual/English Language Learner Education
Effective 2013-14 an additional amount was added to the district need for general aid purposes for Limited English Proficient students. As per SOCL 13-13-10(2D). The amount is determined based on the count of LEP students scoring below a 4.0 on the state administered language proficiency assessment in the prior school year. The count of eligible students times 25% of the per student allocation.
Gifted and Talented Education
Does not apply.

Career and Technical Education
No response

Preschool Education
No response

Other
No response

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
State law restricts annual growth in the per-student allocation to the CPI-W or 3 percent, whichever is less. The Legislature can offer growth above the statutory increase if it so chooses.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Pursuant to state law, the taxable value of all real property is 85% of full and true value. Full and true values for agricultural land is based on a productivity formula established in statute. All non-agricultural properties are assessed using the three approaches to valuation: cost approach, sales comparison approach, and income approach. The county assessor determines what approach, or combination therefor, provides the best indication of full and true value for each property.

Measure of Local Ability To Support Schools
General Fund is limited by the growth in the per-student allocation authorized by the Legislature each year. Included in this limit is a guaranteed tax levy which would allow a district to generate local property taxes to realize the total funding level guaranteed by the per-student allocation. Because taxable valuations are going up faster than the percent increase in the per-student allocation, the legislature has been reducing the levies to meet the per-student allocation funding level. Few school districts have the valuation that would allow them to levy less than the guaranteed level and generate the local effort to fund, at least, the per-student allocation.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
School districts are financially independent. Maximum taxation levies are established each year by the Legislature, with a local option to tax up to the maximum amount. A district can tax above the maximum levy through an opt-out procedure. Opt-outs must be authorized for a specific time frame. A school board may impose the opt-out on its own, but the opt-out may be referred to a vote of the citizens by the local board or by petition. Local revenues derive primarily from property taxes. Other revenue sources - including interest earnings from public lands, bank franchise tax, mineral rights taxes, gross receipts tax, and state fines – are distributed to local districts in which the revenue is generated.
State Support for Nonpublic Schools
Does not apply.
Description of the Formula

Funding for Tennessee elementary and secondary public schools is calculated via the Basic Education Program 2.0 (BEP 2.0). BEP 2.0 is the funding formula utilized to ensure the adequate and equitable distribution of educational dollars sufficient to provide the basic level of education required for student success.

This legislatively mandated mechanism revises the original BEP. Public Chapter Number 369 enacted in 2007, to be phased into full implementation, amends Tennessee Code Annotated Title 49 Chapter 3. As of July 1, 2014 BEP 2.0 remains partially implemented due to funding constraints.

Revisions (when fully implemented) include:
- 75% state funding for instructional positions within the classroom component
- $38,000 dollar value of BEP instructional positions to be adjusted in subsequent years
- Eliminates the cost differential factor from BEP formula
- Formula provides 100% funding for at-risk students (those receiving free or reduced lunch)
- Provides for a 1:20 teacher/student and a 1:200 translator/student ratio for English language learner students
- Recognizes local government’s ability to generate supporting educational revenue by local sales and property taxes, with a yearly adjustment not to exceed 40%
- Local Education Agencies (LEAs) to receive at least a 25% state contribution for the non-classroom components
- Provide 50% funding for medical insurance for instructional positions.

The Average Daily membership (ADM) of the LEA is the primary determinant of the BEP 2.0 funding amount. This amount is based on the previous academic year’s ADM, the number of students qualified for Special Education Services and the number of students enrolled in Career and Technical Education (CTE) courses.

The BEP 2.0 consists of three categories: instructional, classroom, and non-classroom. The state’s average categorical yearly contribution, distributed to each school system, is currently
70%, 75%, and 50% respectively. Consequently, local government provides 30%, 25%, and 50% respectively. Although state revenue for LEAs is generated categorically by formula, school districts have the option of using these funds in other categories of expenditure.

The following table reflects components funded within each category:

<table>
<thead>
<tr>
<th>Instructional</th>
<th>Classroom</th>
<th>Non-Classroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Education</td>
<td>K-12 At-Risk Class Size Reduction</td>
<td>Superintendent</td>
</tr>
<tr>
<td>CTE Education</td>
<td>Duty-free Lunch</td>
<td>System Secretarial Support</td>
</tr>
<tr>
<td>Special Education</td>
<td>Textbooks</td>
<td>Technology Coordinators</td>
</tr>
<tr>
<td>Elementary Guidance</td>
<td>Classroom Materials and Supplies</td>
<td>School Secretaries</td>
</tr>
<tr>
<td>Secondary Guidance</td>
<td>Instructional Equipment</td>
<td>Maintenance and Operations</td>
</tr>
<tr>
<td>Elementary Art</td>
<td>Classroom Related Travel</td>
<td>Custodians</td>
</tr>
<tr>
<td>Elementary Music</td>
<td>CTE Center Transportation</td>
<td>Non-Instructional Equipment</td>
</tr>
<tr>
<td>Elementary Physical Education</td>
<td>Technology</td>
<td>Pupil Transportation</td>
</tr>
<tr>
<td>Elementary Librarians (K-8)</td>
<td>Nurses</td>
<td>Staff Benefits and Insurance</td>
</tr>
<tr>
<td>Secondary Librarians (9-12)</td>
<td>Instructional Assistants</td>
<td>Capital Outlay</td>
</tr>
<tr>
<td>ELL Instructors</td>
<td>Library Assistants</td>
<td></td>
</tr>
<tr>
<td>ELL Translators</td>
<td>Staff Benefits and Insurance</td>
<td></td>
</tr>
<tr>
<td>Principals</td>
<td>Substitute Teachers</td>
<td></td>
</tr>
<tr>
<td>Assistant Principals Elementary</td>
<td>Exit Exams</td>
<td></td>
</tr>
<tr>
<td>Assistant Principals Secondary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>System-Wide Instructional Supervisors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Education Supervisors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CTE Education Supervisors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Education Assessment Personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Workers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychologists</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff Benefits and Insurance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Fiscal Capacity Index is the formulaic representation of a county’s ability to generate local revenue. It is used to determine state and local funding contributions to support local education. In BEP 2.0 fiscal capacity is calculated by multiplying a county’s local sales and property tax base times the average tax rate for each base across the state. Pending full implementation of BEP 2.0 an average of the former and new fiscal capacity indices is used in the formula.

As BEP 2.0 is fully implemented, the cost of living adjustment calculated by the cost differential factor is being phased out. The cost differential factor adjusts the salary components of BEP funding in systems where the cost of living exceeds the state’s average.

**District-Based Components**

**Density/Sparsity of Small Schools**

Does not apply.

**Grade Level Differences**

ADM determines instructional positions allotted to each Local Education Agency (LEA) by grade level. With 70% funding currently provided by the state, the levels are:

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Teacher Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Education</td>
<td></td>
</tr>
</tbody>
</table>
Declining Enrollment or growth
High growth districts are given additional funding based on percentage of growth in the current year. Growth funding is mandated for LEAs with ADM growth greater than 2%.

Capital Outlay and/or Debt Service
Funding based on the cost of capital outlay is included in the non-classroom component. The state’s share of support for the non-classroom category is 50%.

\[
\begin{align*}
100 \text{ sq ft per total K-4 ADM} & \times $136/\text{sq ft} \\
110 \text{ sq ft per total 5-8 ADM} & \times $138/\text{sq ft} \\
130 \text{ sq ft per total 9-12 ADM} & \times $136/\text{sq ft} \\
\text{Add equipment (10\% of sq ft cost)} & \\
\text{Add architect’s fee (5\% of sq ft cost)} & \\
\text{Add debt service (20 yrs @ 6.00\%)} & \\
\text{Divide total by 40 yrs = annual amount}
\end{align*}
\]

Transportation
The BEP uses a multiple linear regression formula calculated that uses an average of expenditures from the three previous BEP funding years focusing on the following four factors: students transported per ADM; special education students transported per ADM; miles driven per ADM; and whether the district is county, city, or special school district. The model estimates the average, statewide effects (coefficients) of these factors on transportation expenditures and multiplies those estimated effects by each LEA’s respective factors to calculate the estimated cost to the district for providing past transportation services. The BEP then adjusts these amounts by an inflation measure to calculate the actual dollar amount of transportation spending generated for each LEA.

Charter Schools
No response

Student-Based Components

Special Education
Currently supported by a 70% state share, identified and served special education students receive additional weighting in the instructional component of the BEP formula. Additional teaching positions are allocated based on the caseloads by option as follows:

<table>
<thead>
<tr>
<th>Option 1</th>
<th>91</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 2</td>
<td>73</td>
</tr>
<tr>
<td>Option 3</td>
<td>46</td>
</tr>
<tr>
<td>Option 4</td>
<td>25</td>
</tr>
</tbody>
</table>
Options are determined based on the number of hours and types of service a student receives.

<table>
<thead>
<tr>
<th>Option 5</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 6</td>
<td>2</td>
</tr>
<tr>
<td>Option 7</td>
<td>10</td>
</tr>
<tr>
<td>Option 8</td>
<td>6</td>
</tr>
<tr>
<td>Option 9</td>
<td>0</td>
</tr>
<tr>
<td>Option 10</td>
<td>10</td>
</tr>
</tbody>
</table>

**Low Income / Comp Ed / At-Risk**
Funding is generated in the classroom component of the BEP with a state share of 75%. Based on 1:15 class size reduction for grades K-12, estimated at $530.19 (FY 2014-15) per identified at-risk ADM. BEP 2.0 provides 100% of this funding per identified at-risk student.

**English Language Learners/Bilingual Education**
LEAs receive a 70% state share with funding generated in the instructional component of the BEP.
ELL Teachers - 1 per 30 identified and served ELL Students
ELL Translators - 1 per 300 identified and served ELL Students

**Gifted and Talented Education**
Gifted and Talented students, identified and served under the special education umbrella, are offered accelerated courses or curricula when indicated by the student’s IEP. Additionally, secondary students may apply as juniors and seniors for consideration to attend the state funded Governor’s Schools held during the summer at institutions of higher education in Tennessee.

**Career and Technical Education**
CTE students are allocated additional funding in the instructional component, with a current state share of 70%. Additional teaching positions are allocated at a ratio of 1 teacher for every 16.67 full-time equivalent CTE ADM.

**Preschool Education**
Funding for pre-school education is not included in BEP

**Other**
**Race to the Top: Supplemental Funding to LEAs**
In 2010, Tennessee received approximately $501 million from the competitive Race to the Top grant, of which $250,700,000 was allocated directly to Local Education Agencies. The Race to the Top Fund was legislated in Tennessee by the First to the Top Act of 2010 and passed in a Special Session of the 106th Tennessee General Assembly. Monies were to be spent over a four-year period, school years 2010-2011 through 2013-2014, with objectives focusing on measurable student achievement and educator accountability. Selected projects at the state and LEA level received a no-cost extension through June 30, 2015.

**Revenue and Expenditure Information**
**State Mandates Restricting Revenue or Expenditure Increases**

Does not apply.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**

Represented by the following:

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Property</td>
<td>25%</td>
</tr>
<tr>
<td>Farm Property</td>
<td>25%</td>
</tr>
<tr>
<td>Commercial and Industrial Property</td>
<td>40%</td>
</tr>
<tr>
<td>Public Utility Property</td>
<td>55%</td>
</tr>
<tr>
<td>Business Personal Property</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Measure of Local Ability to Support Schools**

In the original BEP fiscal capacity index utilized a multiple regression to estimate the impact of five factors at the county level for their three year average per pupil own source revenue. The five factors include: three year average per pupil sales tax base; three year average per pupil property tax base; three year average per capita personal income; ratio of residential and farm property assessment to total assessment; and ratio of ADM to total county population. In BEP 2.0 fiscal capacity index is calculated by multiplying a county’s local sales and property tax base times the average tax rate for each base across the state.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**

All 142 LEA’s are fiscally dependent. They share in local property and sales tax revenue. Additionally, city systems can share in an appropriation from city government and Special School Districts have the exclusive ability to directly levy a property tax rate by virtue of a special act of the state legislature.

Voter approval is not required for budget or tax increases in county and city school districts. Special School Districts require a special act of the state legislature to enable them to increase the tax rate on property within the boundaries of their school districts.

The major sources of local revenue are sales and property tax. The amount of revenue derived from these taxes is dependent on the location of the school district.

**State Support for Non-Public Schools**

Does not apply.

*Source: Tennessee Department of Education, Office of Local Finance*
**Description of the Formula**

Texas has a two-tiered program. Tier I is a foundation program based on a basic allotment of at least $4,765 or a greater amount as established in the appropriations process. For the 2014–2015 school year, the basic allotment is $5,040. The basic allotment is adjusted by a cost-of-education index that reflects geographical variations in cost as they existed in 1990–1991. The basic allotment is also adjusted for district size in the case of small and mid-sized school districts. Tier I also includes allotments for low-income and at-risk, special education, bilingual education, gifted and talented education, career and technical education, and transportation. Additionally, Tier I provides a high school students allotment and the New Instructional Facilities Allotment (NIFA) that provides start-up funds for new campuses. The NIFA has not been funded since the 2010–2011 school year. Local districts contribute revenue from their tax collections at their compressed tax rate to meet the Tier I local share requirements, also known as the local fund assignment (LFA). The compressed tax rate for each district is set at two-thirds of the district’s 2005–2006 adopted tax rate (see below for further explanation of the compressed tax rate). State aid for Tier I is the difference between the total cost of Tier I and the district’s LFA.

Finally, additional state aid may be delivered to make sure that districts reach a hold-harmless level based on the total state and local revenue per weighted average daily attendance (WADA) that districts received before tax rate reduction. An estimated 283 districts and charter schools are projected to receive aid under this provision, known as additional state aid for tax reduction, in the 2014–2015 school year.

Tier II is a guaranteed yield program that provides enrichment for each cent of tax effort that exceeds a district’s compressed tax rate. Tier II currently provides two levels of enrichment:

- The first level of Tier II provides a guaranteed yield based on the yield per WADA of the Austin Independent School District ($61.86 for 2014–2015) for each of the first 6 pennies of tax effort above the compressed tax rate.

- The second level of Tier II is generated by the tax effort that exceeds the compressed tax rate plus six cents. For 2014–2015, the yield for the second level of Tier II is $31.95 per
A maximum of 11 pennies can be levied in this tier. The total maximum enrichment tax rate is 17 cents.

The state school finance system also includes provisions for “recapturing” local tax revenue in school districts where the wealth per WADA exceeds the equalized wealth level (EWL). Different EWLs apply to different levels of tax effort. The first EWL is based on the basic allotment which allows school districts to retain revenue on a tax-base equivalent to $504,000 per WADA. This EWL applies to the compressed tax rate. The second level of EWL exempts the next six pennies of tax effort above the compressed tax rate from any recapture provisions. Tax effort that exceeds the compressed tax rate plus six cents is subject to recapture based on an EWL of $319,500.

**District-Based Components**

**Density or Sparsity of Small Schools’ Populations**
The basic allotment is increased by a percentage proportional to the difference between a district’s average daily attendance (ADA) and an ADA of 1,600 students. The percentage of increase is greater for districts having over 300 square miles. Districts with an ADA below 130 students use a minimum ADA based on actual ADA, grades taught, and distance to the nearest school.

The state also provides a mid-sized school district adjustment that applies to school districts with an ADA between 1,600 students and 5,000 students. Since 2009–2010, this adjustment applies to districts that are subject to the recapture of local tax revenue as well as those that are not.

**Grade Level Differences**
No weights exist for grade-level differences. A high school allotment that was first implemented during the 2006–2007 school year provides districts with $275 per ADA in grades 9–12.

**Declining Enrollment or Growth**
There are provisions for districts with declining enrollment. If enrollment declines during a current school year because of the closing of or reduction of personnel at a military base, the district is funded based on the actual ADA of the preceding school year. If the decline in enrollment is not related to the closing of or reduction of personnel at a military base, the district may be funded at up to 98% of the ADA of the preceding school year. This provision is subject to a requirement that calls for funds available for this purpose be used to fund all districts based on the same percentage of the prior year ADA. Funds have not been available for this provision since the 2010–2011 school year.

**Capital Outlay and/or Debt Service**
The state provides a bond guarantee program that backs school districts with the Permanent School Fund on the bond market. The program provides a AAA rating for approved school district and charter school bonds that results in favorable market conditions. Charter schools must be able to achieve an investment grade rating without the benefit of the guarantee to be eligible.
The state also provides two tax rate equalization programs to assist districts with the repayment of long-term debt:

- The Instructional Facilities Allotment (IFA) program was authorized in 1997. This program assists districts with repaying annual debt service on bond issues and lease-purchase agreements that districts use to fund instructional facilities. Districts submit applications for this program after they receive authorization from voters to issue the long-term debt but before the debt's issuance. Districts that receive awards begin receiving state assistance during the first year after the debt is issued. The state assistance is provided through tax-rate equalization. The program effectively equalizes tax effort to the equivalent of $350,000 per ADA per penny of tax effort.

- The Existing Debt Allotment (EDA) program was authorized in 1999. This program assists districts with repaying debt service on bonds that the district has issued and paid on as of a date certain in statute. The Texas Legislature has rolled the eligibility date forward by two years during each session since 1999 and established a permanent roll-forward provision in 2009. Currently, bonds that were issued and had at least one payment made on or before August 31, 2013, are eligible. This program also provides tax-rate equalization that provides the equivalent of $350,000 per ADA per penny of tax effort.

The primary difference between the IFA and the EDA programs is the timing of state assistance. With the IFA program, districts that receive IFA awards begin receiving state assistance as soon as the eligible debt is issued. With the EDA program, school districts typically issue the debt and make payments for up to two years before receiving state assistance, depending on the timing of the bond issuance. Also, the EDA program does not provide state assistance for lease-purchase agreements.

**Transportation**

The transportation allotment is based on a linear-density formula, which is the average number of students traveling on regular bus routes each day divided by the approved route miles. Transportation funding is based on the cost to operate the regular transportation system and the linear density of that system. However, the allotment per mile cannot exceed the amounts set by appropriation, which have remained unchanged since 1984.

Transportation for special education students is based on the cost per mile for the previous year, not to exceed the legislated maximum. In 2014–2015, the maximum is $1.08 per mile.

Transportation for career and technical education students is based on the actual number of miles traveled and the travel rate per mile for extracurricular activities as determined by the school district board of trustees and approved by the agency. Private transportation, used for students in remote areas and determined on a case-by-case basis, is funded at the rate of $0.25 per mile with a maximum annual amount of $816 per student.
Charter Schools

Charter schools receive funding based on the state average ISD adjusted allotment in Tier I and the state average tax effort in Tier II, but no local share is deducted since they do not have a property tax base. Like traditional ISDs, charter schools receive additional weighted funding based on individual student characteristics such as participation in special education or participation in bilingual education.

Student-Based Components

Special Education
For the portion of the day that students are served in approved programs, the adjusted allotment is multiplied by a weight varying from 1.7 to 5.0 depending on the instructional arrangement used. Additional funding equal to the adjusted basic allotment multiplied by 1.1 is also provided for students served in a mainstream instructional arrangement. A special education student who resides in a care and treatment facility and who receives his or her instruction on a local school-district campus in a district other than the district in which the student’s parent or guardian resides is eligible for a funding weight of 4.0 if the student does not reside in a state-supported living center. If a similarly situated special education student resides in a state-supported living center, the student is eligible for a funding weight of 2.8.

Pupil Weights for Special Education Programs

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homebound</td>
<td>5.0</td>
</tr>
<tr>
<td>Hospital class</td>
<td>3.0</td>
</tr>
<tr>
<td>Speech therapy</td>
<td>5.0</td>
</tr>
<tr>
<td>Resource room</td>
<td>3.0</td>
</tr>
<tr>
<td>Self-contained, mild and moderate, regular campus</td>
<td>3.0</td>
</tr>
<tr>
<td>Self-contained, severe, regular campus</td>
<td>3.0</td>
</tr>
<tr>
<td>Off home campus</td>
<td>2.7</td>
</tr>
<tr>
<td>Non-public day school</td>
<td>1.7</td>
</tr>
<tr>
<td>Vocational adjustment class</td>
<td>2.3</td>
</tr>
<tr>
<td>(Above categories based on FTEs)</td>
<td></td>
</tr>
<tr>
<td>Mainstream students (Based on ADA)</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Low Income / Comp Ed / At-Risk
Funding is provided for 20% of the adjusted allotment per pupil eligible to receive free or reduced-price lunches under the National School Lunch Program (NSLP). A funding weight of 2.41 is applied to each full-time equivalent student who is pregnant and is receiving low-income and at-risk services. School districts and charter schools that do not participate in the NSLP may participate in an alternative reporting program to deliver low-income and at-risk funding for income-eligible students.
Pupil Weights for Low-Income and At-Risk Students

<table>
<thead>
<tr>
<th>Definition of Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pupils who qualify and participate in a free and reduced-price lunch program (per ADA)</td>
<td>0.20</td>
</tr>
<tr>
<td>Pupils who are pregnant (per FTE)</td>
<td>2.41</td>
</tr>
</tbody>
</table>

**English Language Learner/Bilingual Education**
State aid is 10% of the adjusted allotment per pupil enrolled in a bilingual or a special language program.

**Gifted and Talented Education**
Gifted and talented students generate additional funding equivalent to 12% of the adjusted basic allotment. Eligibility for this funding is limited to a maximum of 5% of students in ADA.

**Career and Technical Education (CTE)**
Full-time equivalent students in designated CTE programs generate a funding weight of 1.35.

**Preschool Education**
Students that are three or four years old and that are educationally disadvantaged, are unable to speak and comprehend English, are homeless, are a child of an active-duty member of the armed forces or a person who was injured or killed while serving as an active member of the armed forces, or are in conservatorship of the Department of Family and Protective services are eligible for half-day funding under the Foundation School Program.

**Other**
In 2006, the Texas Legislature passed a major property tax bill designed to drive down local property tax rates. In 2006–2007, school districts underwent the first round of tax rate compression designed to reduce local property taxes. State aid is provided to make up for the loss of local tax revenue. In 2006–2007, local tax rates were reduced by 11% from the 2005–2006 school year. In 2007–2008, local tax rates were further reduced to produce a one-third reduction from the 2005–2006 property tax rates.

In the 2009 legislative session, the legislature attempted to simplify the school finance system. The tax rate used to determine the local share of Tier I was raised from $0.86 to encompass the whole compressed tax rate (normally to around $1.00), the basic allotment was increased substantially from $3,218 to $4,765, and the first level of enrichment was eliminated.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Provisions in the property tax code limit the ability of districts to increase property tax rates. These provisions became more restrictive with the passage of property tax relief in 2006. Beginning in 2007–2008, school districts were allowed to adopt tax rates to maintain their 2006–2007 revenue per student in WADA or a tax rate of $1.00, whichever was less. Districts can add
$0.04 to this base tax rate without triggering an election until they reach a tax rate of $1.04. Districts that wish to tax above $1.04 can conduct a tax ratification election in which voters are given the opportunity to accept or reject the higher tax rate. The maximum maintenance and operations tax rate for districts continues to be $1.17.

**Property Assessment Ratios Used and Legal Standards for Property Assessment**
Property is assessed at 100% of fair market value for the purposes of the school finance system, including the levying of local property taxes. Taxable values on residential homesteads cannot grow by more than 10% per year.

**Measure of Local Ability to Support Schools**
The total taxable value of property for each school district is determined by the Office of the Comptroller of Public Accounts (CPA), Property Tax Assistance Division. The CPA determines the full value of property and makes adjustments for properties that are exempt from taxation, including reductions to the value of agricultural property and reductions to the value of residential property for mandated homestead exemptions.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
School districts in Texas are fiscally independent of the state. There are currently 1,021 districts with tax bases. There are an additional 196 active charter schools and 24 special districts that do not have property tax bases. School districts must publish notices and hold hearings regarding their adoptions of tax rates and budgets. The adoption of tax rates is dictated by provisions in the 2006 property tax relief bill, which are described above in the “State Mandates Restricting Revenue or Expenditure Increases” Section.

**State Support for Nonpublic Schools**
State support for nonpublic schools is limited to the provision of a special education funding weight for students who are served by nonpublic day schools.
**Description of the Formula**

Utah’s foundation program is based on Weighted Pupil Units (WPUs) plus a guaranteed yield program (called Voted Local Levy and Board Local Levy programs); for FY 2014-15 the state guarantees $2,972 per WPU except Special Education Add-on and Career and Technical Education at $2,726 per WPU. Each school district participates in the Basic School Program (all line items of the Minimum School Program funded through Weighted Pupil Units) at the local level by levying a tax rate (called the Basic Tax Rate). For FY 2014-15 that rate is 0.00141. Statewide, the total amount of tax yield for FY 2014-15 is $296,709,700 of the total $2,404,364 appropriated to the Basic School Program. Pupil count is Average Daily Membership (ADM); after ten consecutive days of unknown absence, pupils are removed from membership. Districts may vote an additional levy (Voted Leeway) of up to 0.002000 tax rate for any General Fund use; state guarantees up to 0.001600 of that tax rate yield; and for FY 2014-15 the guarantee is $27.92 per 0.0001 of tax rate, per WPU. Those districts that yield above the guarantee formula keep the funds—there is no recapture. District Boards of Education may also levy Board Local Leeway. A school district can levy up to either 0.001800 or 0.002500, but the state only guarantees up to 0.000400. These funds can be used to fund the school districts’ General Fund. The sum of the Voted and Board Local Levy tax rates for the state guarantee, must not exceed a ceiling of 0.002000. Please see Utah State Office of Education Minimum School Program website.

**District-Based Components**

**Density/Sparsity of Small Schools**

Additional WPUs are provided for Necessarily Existent Small Schools—up to 9,357 Weighted Pupil Units ($28,492,100 in FY 2014-15). The additional WPUs are provided for necessary, existent, small schools below 160 ADM for elementary schools (including Kindergarten at a weighting of 0.55 per ADM); or below 300 ADM for one or two-year secondary schools; or below 450 ADM for three-year secondary schools; or below 550 ADM for four-year secondary schools; or below 600 ADM for six-year secondary schools. See Necessarily Existent Small

Grade Level Differences
Charter schools receive grade level differential funding through Weighted Pupil Units. In distributing funds under Title 53A, Chapter 17a (Utah Code), Minimum School Program Act for the Basic School Program to charter schools, charter school pupils shall be weighted as follows:
(i) .55 for kindergarten pupils (same as regular school district Kindergarten);
(ii) .9 for pupils in grades 1-6;
(iii) .99 for pupils in grades 7-8; and
(iv) 1.2 for pupils in grades 9-12.

Weights For District/School Size
Necessarily Existent Small Schools
To assist small schools that are located in remote areas of the state and are therefore expensive to operate. Eligibility: Districts must submit on behalf of their schools an application demonstrating that the school meets the criteria specified in law. Charter schools are not “necessarily” existent and so cannot qualify. Formula: Per WPU, which is determined by a regression formula based on prior year ADM and school grade span. Law: 53A-17a-109; R277-445. Contact: Karin McInnis. Documents: Application (Excel); Latest Estimated Allocation (Excel); Regression Table (Excel). Data Source: Year End Clearinghouse Aggregate Membership (July 7).

Declining Enrollment or Growth
The Basic School Program—all line items funded with Weighted Pupil Units—is funded based on prior year ADM (as of the end of the school year reported on July 15) plus growth (as of the October 1 Count of enrollments). If there is a decline in enrollment, there is no negative growth charged to the school district or charter school so that it has one year to deal with the effects of reducing personnel and other resources. This “prior year plus growth” process has almost eliminated the need for a contingency fund. Currently the Utah Legislature appropriates specific amounts of carry-forward funds (as a result of underestimating local contributions of collections of local property taxes from the Basic Tax Rate or from the Voted and Board Leeway programs). Carry-forward funds will:
(1) fund the value of the Weighted Pupil Unit as set by the Legislature for the total WPUs generated by the school districts and charter schools;
(2) support the state guarantee per weighted pupil unit for the voted local levy program (if local contributions to the voted local levy program or board-approved local levy program are overestimated or underestimated);
(3) support the state supplement to local property taxes allocated to charter schools;
(4) for charter school administrative costs if appropriations for charter school administrative costs is insufficient to provide the amount per student prescribed in UCA 53A-17a-108(2)(a) ; or
(5) support a school district with a loss in student enrollment as provided in UCA 53A-17a-139.
Capital Outlay and/or Debt Service
The full faith and credit of the State of Utah is behind every general obligation bond now issued by Utah school districts. Please see Utah School Bond Guarantee Act. The state also provides $14,499,700 to school districts FY 2014-15 for the Capital Outlay Foundation Program and the Capital Outlay Enrollment Growth Program. Here is a description of the two programs from the USOE web site. School district general obligation debt is limited to four percent of the fair market value of the school district. Under the “School District Bond Guarantee Act” the State of Utah stands behind every school district General Obligation Bond with full faith and credit—that is, each school district has the AAA rating that the state enjoys—thereby saving schools districts funding as they negotiate interest rates on the G.O. Bonds.

Transportation
State aid for to-and-from school pupil transportation is calculated and distributed to school districts (charter schools do not participate in pupil transportation) based on an allowance for (1) an allowance per mile, (2) an allowance per minute. Currently the average cost per mile is $1.16; the average cost per minute is $0.64; and the total annual transportation cost is $101,145,428. The state funds about 66% or $68,643,600 at this time.
Eighty percent of the total pupil transportation costs are for to-and-from school; 20% is for activity/field trips.

Student-Based Components
Special Education
A foundation program provides weighted categories for children with disabilities.

Purpose: To provide educational services for students with disabilities as required by federal and state law. Example: Special Ed personnel, texts, supplies. Formula: Per WPU, which is the greater of the average of Special Education (Self Contained and Resource) ADM over the previous 5 years (which establishes the “foundation” below which the current year WPU can never fall) or prior year Special Education ADM plus weighted growth in Special Education ADM. Weighted growth is determined by multiplying Special Education ADM from two years prior by the percentage difference between Special Education ADM two years prior and Special Education ADM for the year prior to that, subject to two constraints: the Special Education ADM values used in calculating the difference cannot exceed the “prevalence” limit of 12.18% of total district ADM for their respective years; and if this measure of growth in Special Education exceeds current year growth in Fall Enrollment, growth in Special Education is set equal to growth in Fall Enrollment. Finally, growth is multiplied by a factor of 1.53. This weight is intended to account for the additional cost of educating a special education student; it is not, however, based specifically on an empirical analysis of the cost of special education relative to “regular” education in Utah. Law: 53A-15-301, 302, 303, 303.5, 304, 305, 53A-17a-111; R277-750. Contact: Jennifer Howell. Data: Membership audit report (September 1); Fall Enrollment audit report (November 1). Below is a description of the Special Education Add On,
Extended Year for the Severely Disabled, Preschool, Self-Contained, and State Programs in Utah.

**SPECIAL EDUCATION—EXTENDED YEAR FOR SEVERELY DISABLED**
To provide a longer school year for those students with disabilities whose IEP teams have determined they need an extended year. Formula: Per WPU, this is derived from aggregate hours of extended year educational service. Law: 53A-17a-112; R277-750, 751. Contact: Jennifer Howell. Data: Special survey administered by Emily Bytheway (September 30).

**SPECIAL EDUCATION—PRESCCHOOL**
To provide preschool educational services for children with disabilities from ages 3 through 5 as required by federal law. Formula: Per WPU, this equals special education preschool enrollment (aged 3 through 5 excluding 5-year-old special education students enrolled in Kindergarten) as of December 1 multiplied by 1.46. Overall state growth in this program cannot exceed 8% annually, so funds remaining after the allocation have equaled the growth limit are prorated among districts experiencing growth in excess of eight percent. Law: 53A-17a-112; R277-750. Contact: Jennifer Howell. Data: Clearinghouse file (December 15) -- S2 record.

**SPECIAL EDUCATION—SELF CONTAINED**
To compensate for the higher cost of providing more extensive educational services to students who are in a self-contained setting (enrolled in special education for 180 minutes or more each day). Unlike resource students, self-contained students do not generate a “regular” WPU. Formula: Per WPU, this equals Self Contained ADM from two years prior. Law: 53A-17a-111; R277-750. Contact: Jennifer Howell. Data: Membership audit report (September 1).

**SPECIAL EDUCATION—STATE PROGRAMS**
To support districts and charter schools in serving special education students whose extensive needs cost the district more than $15,000 per student. Formula: 100% through RFP process. If the total amount approved exceeds the appropriation, grants are prorated. Distribution: One lump sum upon approval by State Director of Special Education. Law: 53A-17a-112; R277-750.

**Pupil Weights for Special Education Programs**
Students with disabilities are funded with a base plus growth dollar amount averaging ADM over the prior five years. Below is a description of the Special Education Add On, Extended Year for the Severely Disabled, Preschool, Self-Contained, and State Programs in Utah.

**Pupil Weights For At-Risk, Low Income, Compensatory**
The State Board of Education shall appropriate $1.2 million from the appropriation (FY15: $24,376,400) for Enhancement for At-Risk Students for a gang prevention and intervention program designed to help students at-risk for gang involvement stay in school.

Money for the gang prevention and intervention program shall be distributed to school districts and charter schools through a request for proposals process.
In establishing a distribution formula, the State Board of Education shall use the following criteria:

- low performance on U-PASS tests;
- poverty;
- mobility; and
- limited English proficiency.

A school district or charter school shall use money distributed under this section to improve the academic achievement of students who are at risk of academic failure. (UCA 53A-17a-166)

**English Language Learners**
N/A

**Gifted and Talented Education**
A categorical appropriation is provided for gifted and talented students; for 2010-11 the amount is $2,619,314. Each school district and charter school receives its share of funds in the proportion of its number or WPUs for Kindergarten through grade twelve and necessarily existent small schools.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
The State Appropriations and Tax Limitation Act UCA 63J-3 limits the amount that the Legislature may appropriate by using a statutory formula that includes factors such as population and inflation. During the 2007 General Session, the Legislature may, for the first time, be restricted by the appropriations limit. This would mean that the Legislature would budget not to the amount of revenues the state receives, but to some lesser amount based on the statutory formula.

63J-3-20J, Utah Code:
(1) There is established a state appropriations limit for each fiscal year beginning after June 30, 1988.
(2) For each of these fiscal years, the annual legislative appropriations for this state, its agencies, departments, and institutions may not exceed that sum determined by applying the formula B* P* (I/100) in which:
   (a) "B" equals the base year real per capita appropriations for the state, its agencies, departments, and institutions;
   (b) "P" equals the most recent fiscal year's population; and
   (c) "I" equals the most recent fiscal year's inflation index adjusted to reflect fiscal year 1989 as having an index value of 100.
(3) The revenues specified in Section 63J-3-205 are not subject to the limitation in this section.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**
All property is assessed at 100% of assessed valuation; primary homeowners receive a 45% exemption.
Measure of Local Ability to Support Schools
Assessed valuation per student.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 41 school districts in Utah are fiscally independent. They may levy up to 13 different property taxes; see “Description of the Formula” above. Search the USOE School Finance and Statistics web site under “Taxation” for more information.

State Support for Nonpublic Schools
Does not apply.
Description of the Formula

Act 68 of 2003 revised Act 60 of 1997. Vermont now has a state funded educational system. A state education fund was created in Act 60 which was revised by Act 68. Revenue sources are a two part state property tax, a general fund transfer, allocations from the sales and purchase and use taxes, state lottery proceeds, and a few smaller pieces. The education fund pays categorical grants to schools such as special education and transportation and an “education spending” grant. In total it covers about 90% of all spending excluding that covered by federal sources, private foundations and other small sources.

All education fund taxes are assessed at the same rate statewide except the homestead property tax. The rate for this tax varies with the per pupil spending of the district. Per pupil spending is determined using a weighted pupil count. All districts with the same per pupil spending have the same homestead tax rate. Parameters for the homestead rate are set each year by the legislature. In FY 2015 the base per pupil spending amount is $9285 and the base homestead tax rate is 0.98% of fair market property value. The tax rate increases in direct proportion to the amount the per pupil spending is over the base. Districts choose per pupil spending amounts via a local vote. Districts with per pupil spending that exceeds 123% of the prior year average have an additional tax rate to serve as a restraint on higher spending. All nonresidential property is taxed at one rate across the state.

Most homestead tax payers (about 60%) are eligible for an income adjustment to their homestead property tax. This works very similar to the homestead property tax rate. The base percentage of income a person is liable for in FY 2015 is 1.8% of household income. This rate goes up in direct proportion to the per pupil spending chosen by the district. Eligible tax payers have the taxes reduced by the difference between the property tax and the income tax.

District-Based Components
Density/Sparsity of Small Schools
Categorical grants are paid to schools in school districts with average grade sizes of 20 students or smaller. The smaller the average grade size the larger the grant. This helps to lower the remaining spending per pupil and thus the district’s homestead tax rate.

Grade Level Differences
Secondary students (grades 7-12) count 13% more than elementary students.

Declining Enrollment or Growth
Enrollment has been declining since 1997 at about 1% per year. This is expected to continue for several more years. The “equalized pupil” count used in determining the per pupil spending of a district is limited by law to no more than a 3.5% reduction in any year.

Capital Outlay and/or Debt Service
State aid for school construction has been suspended indefinitely. Debt service payments for construction projects conducted by districts become part of a district’s spending per pupil amount.

Transportation
Transportation is reimbursed as a categorical grant and covers about 44.3% of a district’s cost to transport students to and from school. The percentage reimbursement declines a little each year as transportation costs rise faster than the growth in the reimbursement fund.

Charter Schools
Vermont does not have charter schools.

Student-Based Components

Special Education
On average 60% of the costs of special education are reimbursed for each district. There are several pieces to the system. Basically it operates like insurance, districts submit detailed expenditure reports (claims) indicating how much was spent on special education each year. Approved student costs above $50,000 are reimbursed at 90%. Most other allowed special education costs are reimbursed at a rate that varies each year between 56 and 58%.

Low Income / Comp Ed / At-Risk
Part of the student count weighting system provides an additional 25% for students from families receiving food stamps. Also, certain costs for students who need support services but are not eligible for special education are covered by the special education reimbursement system.

Pupil Weights for Low Income / At-Risk
Students age 6 – 17 from families receiving food stamps are given an additional weight of 25%
Students for whom English is not the pupil’s primary language are given an additional 20% weight.

**English Language Learner/Bilingual Education**

English language learning students are weighted an additional 20% in the pupil count formula.

**Gifted and Talented Education**

No special provisions in the funding system.

**Career and Technical Education**

All secondary students are entitled to a full year of career and technical education when in grades 11 or 12. Districts pay tuition for their students attending one of 16 technical centers in the state.

**Preschool Education**

Beginning in FY2016, children ages 3-5 are entitled to attend early education programs of up to 10 hours per week in a district run program or a state approved private provider program.

**Other**

The weighted count is scaled back by a ratio with a numerator composed of the average daily membership averaged over the prior two years and the denominator composed of the weighted two year average. The ratio has been coming in at about 0.92. This means that all of the weighted categories, elementary @ 1.0, secondary @ 1.13, poverty @ 1.25, and English language learners @1.20 are reduced by multiplying by the ratio (about 0.92).

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**

Districts that have spending per pupil exceeding 123% of the prior year average are assessed an additional tax. Basically the homestead property tax rate increases in direct proportion to the rate of increase in per pupil spending. Above the 123% threshold the tax rate increases twice as fast.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**

All property is taxed at a percentage of its fair market value.

**Measure of Local Ability to Support Schools**

The state taxing system provides the same tax base per pupil in all districts within Vermont. All districts with the same per pupil spending have the same tax rate. All homestead property owners with the same market value living in districts with the same per pupil spending pay the same tax amount within the accuracy limits of the property value assessment system of the state.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**

Boards of directors for all school districts (273) adopt budgets as each determines is necessary. Each district then votes to adopt the board’s budget. Voter adopted budgets are then converted to per pupil spending amounts using the weighted and scaled pupil count system which then
translates to a tax rate for homestead property owners. All school taxes are now state taxes and there are no local tax dollars going toward education in Vermont.

**State Support for Nonpublic Schools**
Certain school districts (104) do not operate all grade levels and must pay tuition to other public or approved independent schools for students in those grades. To that extent there is state funding of independent (private) schools.
Description of the Formula

The Commonwealth of Virginia employs a Foundation Program formula that is based upon students in average daily membership (ADM) for the current year as established by the ADM count on March 31st. Basic Program funding is determined by multiplying the ADM for each school division by a per student amount calculated through use of a complex procedure known as the Joint Legislative Audit and Review Commission (JLARC) methodology. Pursuant to the JLARC methodology, the foundation program per student costs are calculated separately for each of the 136 school divisions by determining the minimum instructional and support staff required to fulfill the Standards of Quality (SOQ) and state accreditation requirements by individual school within each school division of the Commonwealth.

Statewide, the State mean per student costs for funding the SOQ for FY 2015 is projected at $4,580 per student in ADM and the Local mean costs is projected at $2,838 per ADM. The total State + Local mean costs is projected at $7,418 per student in ADM. In contrast, five years prior, FY 2010, the State mean costs was $4,709 per student in ADM and the Local mean costs was $3,071. The total State + Local mean costs was $7,781 per ADM. Without adjusting for the costs of inflation, both governmental agencies reduced funding for public K12 schools by $363 per student in ADM, or by 4.7%.

The state and local fiscal responsibilities are determined and equalized by application of the Local Composite Index (LCI). (See: Measure of Local Ability to Support Schools). The school divisions’ shares of a 1.125% state sales and use tax are distributed by calculation of their pro rata shares of the total school-age population for the Commonwealth and are deducted from the total foundation program cost prior to application of the equalizing LCI.

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2The Joint Legislative Audit and Review Commission (JLARC) is a permanent commission jointly established by the Virginia Senate and House of Delegates and is routinely tasked to conduct research studies and audits for the Commonwealth. JLARC employs a fulltime professional and support staff to perform the work of the Commission.

3Since November 2004 an additional one-quarter percent state sales and use tax revenue has been allocated to school divisions through the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund. Half of this amount (one eighth of a percent) is distributed on school age population and allocated as part of Basic Aid. The remaining half (one-eighth of a percent) is appropriated to support specific SOQ Basic Aid program goals in the area of increasing elementary resource teachers, reducing class size in middle and high school, and increasing instructional technology positions.
The majority of all remaining costs are categorical and are shared by the state and local school divisions through use of the LCI. Ninety-one percent of total state aid is distributed through use of the LCI which usually generates local required expenditures. Although most of the categorical grants are not calculated through use of the LCI, fiscal responsibilities for the state and local school divisions for the larger programs (grants) are so determined. However, local required expenditures, as determined by the LCI, are truncated and may not exceed 80% for any program cost, including Basic Aid; thus, all school divisions receive, as a minimum, 20% state funding for all state-calculated program costs.

In addition to Basic Aid, there are no less than 68 categorical programs funded for FY 2015. Textbooks, Gifted Education, Special Education, Vocational Education, English as a Second Language, Remedial Summer School, and Prevention, Intervention, and Remediation are funded as part of the Virginia Standards of Quality (SOQ) program. School personnel costs for fringe benefits such as Virginia Retirement System (VRS), Social Security and Group Life Insurance are also funded under the SOQ. The SOQ programs require a local cash match for the purpose of meeting the school divisions’ local required expenditures. Remedial summer school is the only SOQ program that does not generate local required expenditures.

Additional categorical funds are provided to school divisions based upon Incentive Programs; seven are distributed without incurring local required expenditures and the remaining four are appropriated through use of the LCI. These programs include the following: Math/Reading Instructional Specialists, Clinical Faculty, Academic Year Governor’s School, Career Switcher Mentoring Grants, and Technology – VPSA, Governors School Planning Grants-Career and Technical Education, Diploma Reforms-Virginia Workplace Readiness Skills Assessment, Early Reading Specialist Initiative, and School Security Equipment Grants.

Categorical Programs (and so entitled) are also funded to include Adult Education, Adult Literacy, Virtual Virginia, American Indian Treaty Commitment, School Lunch and Special Education programs: Homebound, Jails, and State-Operated Programs. None of the Virginia entitled categorical programs are distributed through application of the LCI, or generate local required expenditures.

Profits from the State Lottery Proceeds Fund are appropriated through nineteen categorical funds to school divisions; seven of the nineteen grants are distributed through employment of the LCI. Specifically, the Lottery Proceeds are used to fund four SOQ programs: SOL Algebra Readiness, Early Reading Intervention, English as a Second Language, and a portion of the state grant for Textbooks. Additional appropriations include the following: Foster Care, At-Risk Students, Virginia Preschool Initiative, Mentor Teacher Program, K-3 Primary Class Size Reduction, School Breakfast, Alternative Education, ISAEP, Special Education - Regional Tuition, Career

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4The term, categorical, is a term of art and is defined by school finance professionals as funds designated for specific purposes or to provide additional resources for certain types of students, e.g. special education, gifted and talented, etc. Virginia appropriates funds for 68 categorical programs but only entitles eight programs as categorical.
and Technical Education, Supplemental Basic Aid, Project Graduation, Virginia Teacher Corps, Race to GED, and Path to Industry Certification.

Finally, twenty-one small categorical programs are funded through Supplemental Assistance Programs. These programs are not calculated through the LCI or generate local required expenditures. They include: Career and Technical Education Resource Center, Jobs for Virginia Graduates, Project Discovery, Small School Division Assistance, Southside Virginia Technology Consortium, Southwest Virginia Public Education Consortium, Virginia Career Education Foundation, Van Gogh Outreach Program, Charter School Supplement, Virginia Student Training and Refurbishment (VA STAR) Program, VA Teacher Scholarship Loan Program, National Board Certification Program, Great Aspirations Scholarship Program, Teacher Recruitment Preparation Pilot Initiative, Teacher Recruitment & Retention, Math & Science, Teacher Recruitment Pilot Initiative, Youth Development Academy, Communities in Schools, Virginia STEAM Academy, Positive Behavioral Interventions & Support, Year-Round Schools Planning Grants, and Teach for America.

**Division-Based Components – Categorical Programs**

**Density/Sparsity of Small Schools**

The Appropriation Act specifies that a minimum number of instructional positions will be maintained on a division-wide basis, regardless of the enrollment size of the school division. This includes a minimum of 51 professional instructional and aide positions, one gifted professional instructional position, six occupational and special education professional instructional and aide positions, and other partial instructional and aide positions, resulting in a total of 59.1 professional instructional and aide positions per 1,000 students in ADM that are funded jointly by the state and localities. Statewide, the state contributes 55% and localities 45% for the above state-calculated costs. As a result of how the costs are calculated for school divisions of varying enrollment sizes, Virginia Beach with an enrollment of 68,912, qualifies for $5,322 per student in ADM while Highland County with an enrollment of 187, qualifies for $9,527 per ADM.

**Grade Level Differences**

Does not apply.

**Capital Outlay and/or Debt Service**

*Literary Fund Loans* ostensibly are available from the Commonwealth up to a maximum loan of $7.5 million per project. Due to unavailability of funds, Literary Fund Loans have not been issued since January 2008 and the prospect for the future is not encouraging. If funds again become available, the interest rates charged school divisions will be as follows:

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Virginia Public School Authority (VPSA) offers school divisions use of the credit rating for the Commonwealth and usually lower interest rates to market their bonds. The VPSA also enables divisions to market their bonds without voter approval unless restricted by the localities’ own policies and regulations.

Lottery Funds not designated for specific programs (listed above as State Lottery Proceeds Fund) are provided to school divisions to support the state share of the lottery funds per adjusted student in average daily membership which is determined through use of the divisions’ LCI. However, there are restrictions on how these funds may be expended. No more than 50% of lottery funds can be used for recurring costs, i.e., current expenditures, and at least 50% must be spent on nonrecurring expenditures, including school construction, additions, infrastructure, site acquisition, renovations, technology, and other expenditures related to modernizing classroom equipment, and debt service payments on school projects completed in the last ten years.

Student Transportation
The Commonwealth determines per student costs for regular, special arrangement, and exclusive schedule student transportation programs. Per student costs are based on a matrix through use of two variables: geographical density and division size, i.e., number of students, for each of the above programs. These costs are included in the Basic Aid account and are shared between state and local school divisions according to the school divisions’ LCIs. Also, the state contributes to the bus replacement costs based on a twelve-year replacement cycle.

Charter Schools
Charter Schools in Virginia are public charters that are authorized and administered by local school divisions. Only one small grant is available from the Commonwealth.

Student-Based Components

Special Education
Funding for special education provides for the state share of salary costs of instructional positions generated based on staffing standards for special education. (The Virginia General Assembly identifies 14 categories of disability, each with a maximum allowable student to teacher ratio. The number of students in each division who fall into each of the 14 categories determines the number of teachers for which the state will share the funding costs.) Each special education student is counted in their respective school and up to three disabilities per student may be recognized for calculating instructional positions for funding. Once the number of funded teachers is determined, it is multiplied by the state-specified salary to determine the total salary
cost, which is funded on a per student basis. The additional per student special education funds are shared between the state and local school divisions according to a school division’s LCI.

**Low Income / Comp Ed / At-Risk**

**At-Risk Program**

State payments for at-risk students are disbursed to school divisions based on the estimated number of federal free lunch participants in each division to support programs for students who are educationally at-risk. Funding is provided as a percentage add-on to Basic Aid to support the additional costs of educating at-risk students.

**English Language Learner/Bilingual Education**

*English as a Second Language (ESL)*

State funds are provided to support local school divisions that provide the necessary educational services to children not having English as their primary language. The funding provided by the state help support the salary and benefits cost of instructional positions is set at a standard of 17 positions per 1,000 ESL students.

**Gifted and Talented Education**

Gifted education funding supports the state share of one full-time equivalent (FTE) instructional position per 1,000 students in adjusted ADM.

**Career and Technical Education**

Adult Education funds provide adult education for persons who have academic or economic disadvantages, and who have limited English-speaking abilities. These funds pay for full-time and part-time teacher salaries and supplements to existing teacher salaries. Career and technical allocations for equipment are provided for the following areas: Agricultural Education; Business and Information Technology; Career Connections; Family and Consumer Sciences; Health and Medical Science Education; Marketing; Technology Education; and Trade and Industrial Education. Occupation Prep funds are used to provide a portion of the salary of principals and assistant principals of divisional vocational technical centers and assistant principals at regional vocational centers, which are not required by the SOQ, and therefore, not funded through Basic Aid. These funds also pay a portion of the cost of extended contracts for vocational teachers.

**Preschool Education**

The Virginia Preschool Initiative provides funding for programs for unserved, at-risk four-year-old children, which include quality preschool education, health services, social services, parental involvement, and pupil transportation. Programs must provide full-day or half-day and, at least, school-year services. Educational services may be delivered by both public and private providers.

**Prevention, Intervention & Remediation**

Prevention, Intervention, and Remediation funding, a component of the SOQ, provides remedial services to children who need additional instruction. Funding is disbursed to local school divisions to support the state share of additional professional instructional positions ranging from a pupil teacher ratio of 10:1 to 18:1 based on the division-level failure rate on the SOL English
and mathematics tests for all students at-risk of educational failure (the three-year average free lunch eligibility data are used as a proxy for at-risk students).

**Vocational Education**
State SOQ funds are used to support Career and Technical Education courses for students in grades 6-12. The funds are provided to support career and technical education courses for students in grades 6-12. The funding supports the salary cost of instructional positions based on the class size maximums established by the Virginia Board of Education.

**Remedial Summer School**
Remedial Summer School programs provide additional education opportunities for at-risk students. These funds are available to school divisions for the operation of programs designed to remediate students who are required to attend such programs during a summer school session, or during an intersession in the case of year-round schools.

**School Breakfast**
Local school food authorities administer the School Breakfast Program at the local level. Participating schools must serve breakfasts that meet federal nutrition standards, and must provide free and reduced-price breakfasts to eligible children. This funding provides an incentive to increase student participation in the school breakfast program and to leverage increased federal funding resulting from higher participation.

**Technology - Virginia Public School Authority (VPISA)**
VPISA Technology program provides grant funding for school divisions to purchase additional technology to support the SOL Technology Initiative. Eligible schools include those reporting membership as of September 30th and are subject to state accreditation requirements, as well as regional centers including Vocational Centers, Special Education Centers, Alternative Education Centers, Academic Year Governor's Schools, and the School for the Deaf and the Blind. Funding is also included for the Virginia e-Learning Backpack Initiative to purchase tablet computers for ninth grade students in high schools that are not fully accredited for two years. The state provides incentive funding through the Virginia Public School Authority of $26,000 per school and $50,000 per division. Localities are required to provide a match for the total equal to 20 percent of all grant amounts. At least 25 percent of the local match shall be used for teacher training in the use of this technology.

**Adult Education**
State funds are provided to improve educational opportunities for adults and to encourage the establishment of adult education programs that will enable all adults to acquire basic educational skills necessary to function in a literate society. The program also enables adults to complete secondary school, obtain a GED, or to benefit from job training and retraining programs. Reimbursements to school division adult education programs are based on 60% of the fixed cost-per-class or fixed cost-per-student.

**School Nutrition**
This state reimbursement program is required by the federal National Nutrition School Lunch Program, the School Breakfast Program, and the After School Snack Program. State funds are
required to meet maintenance of effort and match requirements for the federal funds received for the school lunch programs. The rate of reimbursement is determined by the number of reimbursable lunches served during the previous year.

Special Education Programs
Funding is provided for three special education programs: Homebound, Jails, and State Operated Programs. 1) Homebound funding provides for the continuation of educational services for students who are temporarily confined to their homes for medical reasons. State funds reimburse school divisions for a portion of the hourly rate paid to teachers employed to provide homebound instruction to eligible children. 2) Local school divisions are reimbursed for the instructional costs of providing special education and related services to children with disabilities in regional or local jails. 3) Education services are continued for students placed in state-operated facilities and are provided through contracted services with local school divisions. Funded positions are based on caseloads. A funding amount per position (to cover both personal and non-personal costs) is applied to each position to determine the total amount of funding for each division that provides education services in state operated programs.

Academic Year Governor’s Schools
These programs give gifted and talented high school students an opportunity to study with fellow students of similar interest and abilities from across the Commonwealth. The schools offer specialized curricula offerings. State funds are provided to assist with the state share of the incremental costs of operations during the school year. These funds are not to be used for capital outlay, structural improvements, renovations, or fixed equipment costs. Funds may be used for the purchase of instructional equipment.

Alternative Education
State funds for Alternative Education programs are provided for the purpose of educating certain expelled students and, as appropriate, students who received long-term suspensions from public schools.

Early Reading Intervention
The Early Reading Intervention program is designed to reduce the number of students needing remedial reading services. Program funds are used by local school divisions for: special reading teachers; trained aides; volunteer tutors under the supervision of a certified teacher; computer-based reading tutorial programs; aides to instruct in class groups while the teacher provides direct instruction to the students who need extra assistance; or extended instructional time in the school day or year for these students.

Foster Care
Foster care funding provides reimbursement to localities for educating students in foster care that are not residents of their school district. State funds are provided for prior year local operations costs for each pupil not a resident of the school division providing his education if the student has been placed in foster care or other custodial care within the geographical boundaries of such school division by a Virginia agency, whether state or local, which is authorized under the laws of the Commonwealth to place children. Funds also cover children who have been placed in an orphanage or children’s home which exercises legal guardianship rights, or who is a resident of
Virginia and has been placed, not solely for school purposes, in a child-caring institution or group home. Funds are also provided to support disabled children attending public school who have been placed in foster care or other such custodial care across jurisdictional lines.

**Individual Student Alternative Education Plan (ISAEP)**

An Individual Student Alternative Education Plan (ISAEP) may be developed when a student demonstrates substantial need for an alternative program, meets enrollment criteria, and demonstrates an ability to benefit from the program. The need is determined by a student’s risk of dropping-out of school. Programs must comply with the provisions of §22.1-254D; Code of Virginia.

**K-3 Primary Class Size Reduction**

State funding is disbursed to school divisions as an incentive payment for reducing class sizes in grades K-3 below the required SOQ standard of a 24:1 student-teacher ratio. Payments are based upon the incremental cost of providing the lower class sizes based on the lower of the statewide average per student cost of all divisions or the actual division per student cost. Schools that have an three-year average 30% free lunch eligibility or greater are eligible for funding. The required ratios range from 19:1 and may go as low as 14:1 based upon the free lunch eligibility rate of the eligible school. The eligible school list and funding are based upon Fall Membership.

**Special Education – Regional Tuition**

Regional tuition reimbursement funding provides for students with low-incidence disabilities who will be served more appropriately and less expensively in a regional program than in more restrictive settings. A joint or a single school division operates regional special education programs that accept eligible children with disabilities from other local school divisions. All reimbursements are in lieu of per student basic operation cost and other state aid otherwise available.

**Standards of Learning (SOL) Algebra Readiness**

Funding is based on the estimated number of 7th and 8th grade students who are at-risk of failing the Algebra I end-of-course. This number is approximated based upon the free lunch eligibility percentage for the school division.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**

Does not apply.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**

State law requires that real property is assessed at 100% of fair market value with periodic reassessments. Additionally, the property valuation component of the LCI, referred to as true valuation of property, is inter locality-equalized through the application of biennial sales-ratio studies conducted by the Virginia Department of Taxation.

**Measure of Local Ability to Support Schools**

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The LCI contains a series of algebraic algorithms that mathematically merge a wealth measure, the true value of locally assessed real property and state-assessed public service corporation property, and two economic indicators: Virginia adjusted gross income and taxable retail sales receipts. Two calculations are conducted that yield a per capita index and a per ADM index. The two indices are then merged by weighting the per ADM index by $2/3$ and the per capita index by $1/3$. The individual unadjusted school division indices traditionally have ranged from a high of 1.0000 and greater to a low of approximately 0.1400, ostensibly setting the state share at 0.0 percent for the highest fiscal capacity school districts to 86.0 percent for the least fiscally able school districts. However, the LCI is truncated so that no school division uses an index larger than .8000, thereby guaranteeing that no school division will receive less than 20% state funding.

**School Division Budget and Tax Rate Procedures/Sources of Local Revenue**

The 136 school divisions are fiscally dependent on county Boards of Supervisors, City Councils, and Town Councils to approve the budgets of their respective school divisions and set tax rates for all local governmental purposes. The sources of local school revenue are derived primarily from the property tax, followed by the sales tax, and other miscellaneous taxes.

**State Support for Nonpublic Schools**

Does not apply.

*Prepared by Richard G. Salmon, Professor Emeritus, Virginia Polytechnic and State University.*
Description of the Formula

Basic Education program based on instructional, administrative and classified formula staff units. The state defines a basic education in terms of course offerings, minimum contact hours and staffing ratios and provides funding for this program. State support includes an amount per formula staff unit based on the average salary levels in school districts and an allocation for materials, supplies, and operating costs. Local school districts may supplement the basic program with local levies.

District-Based Components

Density/Sparsity of Small Schools
For remote and necessary elementary schools and small school districts with less than 100 pupils and high schools with less than 300 pupils, additional units are allocated depending on grade level and required pupil-staff ratio.

Grade Level Differences
Additional instructional units are allocated through the basic education formula to serve students in grades K-3 who reside in high poverty areas. The portion of the staffing enhancement that is generated by students in grades K-1 is dependent upon school districts hiring additional teachers to serve those grades. The maximum possible K-1 staffing enhancement is 11.12 units per 1,000 student FTE, and the guaranteed enhancement for grades 2-3 is 2.15 per 1,000 student FTE.

Declining Enrollment or Growth
Does not apply.

Capital Outlay and/or Debt Service
Approved projects on percentage equalizing basis, with 50% aid in district with average assessed value per student; minimum 20%, maximum 100%; uniform space criteria is basis of need. Total debt limit is 5% of assessed property, 2.5% of this is for capital construction.
Transportation
Each school district providing transportation to and from school is entitled to state student transportation funding based on a regression analysis providing the expected cost of operations given the district characteristics. The primary characteristics are the basic program student count, the special program student count, the number of destinations (schools) served, the average distance between bus stops and schools, and the district land area.

Charter Schools
State Initiative 1240 was passed in November of 2012 and established a charter school system for the first time in the state of Washington. The first charter school, serving approximately 90 student FTE, was opened in September of 2014 in Seattle. The funding formula for charter schools is the same as for the 295 public school districts in the state of Washington. Charter schools must be authorized by either the State Charter School Commission, or a local school district which has been approved by the state as a charter school authorizer. There are expected to be between three and five new charter schools open in time for the 2015-16 school year.

Tribal Compact Schools
HB1134 passed in the 2013 legislative session established a tribal compact school system for the first time in the state of Washington. Tribal schools have the option of applying to OSPI to become their own educational entity within state, instead of being associated with a local school district. There are currently three tribal compact schools operating in the 2014-15 school year.

Student-Based Components

Special Education
The special education formula provides funding for students ages 0-5 at 115% of the basic education amount per student. Funding is provided for students age K-21 at 93.09% of the basic education funding amount. A district will receive funding based upon reported number of age K-21 special education students up to a maximum level of 12.7% of the reported basic education population. In addition a safety net process is in place to award additional funding for districts with students costing above 2.3 of the state average prior year APPE.

Low Income / Comp Ed / At-Risk
A learning assistance program is available to students identified as deficient in basic skills. Allocations are based on the number of students in grades K-12 qualifying for free and reduced price lunch (FRPL). The number of students qualifying for FRPL at each district drive an allocation of teacher units in the funding formula. The assumed role of these teacher units are to provide additional hours of instruction to students in the program. The allocation per each eligible student in the 2014-15 school year is approximately $460.

English Language Learner/Bilingual Education
A transitional bilingual program (TBIP) provides funds to school districts to implement bilingual education programs. Allocations are based upon the headcount of pupils served in the program. The headcount of students served are converted to an allocation of teacher units in the funding formula. The assumed role of these teacher units is to provide additional hours of instruction to
students in the program. An allocation is also provided to assist students who have exited the TBIP program transition back into the traditional classroom environment. The funding rate for the 2014-15 school year is $885.91 per pupil.

**Gifted and Talented Education**
A program established in an effort for the realization of each individual student’s potential and right to learn at their own rate. An allocation for highly capable students is funded in an amount equal to 2.314% of the school district enrollment multiplied by approximately $415. Currently, 23,285.49 student FTE are the basis for the highly capable program allocation. The allocation is provided through teacher units in the funding formula. The assumed role of these teacher units is to provide additional hours of instruction to students in the program.

**Career and Technical Education**
Vocational program instruction is offered to students in 7th through 12th grade, for which a funding enhancement is provided. The statewide average funding enhancement for a 1.0 student FTE in these programs for the 2013-14 school year was approximately $750. In order for the funding enhancement for this program to be claimed, students must be participating in a course that is approved as a vocational course by OSPI, and which is being taught by an instructor with a vocational teaching endorsement.

**Preschool Education**
The state provides funding for children aged birth to pre-kindergarten through the state’s special education funding formula. Children who have a valid individualized education plan can be claimed for funding through a local school district. For the 2013-14 school year 17,436.95 FTE students were claimed for special education funding in the birth to pre-kindergarten age range. The average allocation provided per student in this group was approximately $6,200.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Local levies generally may not exceed 28% of the previous year’s levy base. The levy base consists of most state and federal funding for K-12 education. Districts previously above 28% may continue to have levies above 28%

The state provides additional funding to school districts with above average tax rates. The funding is intended to reduce district tax rates. The funding is intended to reduce district tax rates to the state average for 14% of their levy base (provided they pass a levy).

**Property Assessment Ratios Used/Legal Standards For Property Assessment**
One hundred percent of true and fair value is used.

**Measure of Local Ability To Support Schools**
Property valuation per pupil.
School District Budget and Tax Rate Procedures/Sources of Local Revenue
The state’s 295 public school districts are fiscally independent. Local levies generally may not exceed 28% of the previous year’s state and federal funding. For calendar year 2014, 284 districts had maintenance and operation levies with an average tax rate of $2.66 per $1,000. Local levies account for approximately 19% of all maintenance and operation revenue.

State Support for Nonpublic Schools
Does not apply.
Description of the Formula

The Public School Support Program (PSSP), commonly referred to as the state aid funding formula, is a plan of financial support for the public schools in the State of West Virginia that specifies statutorily the responsibilities of both the State and the fifty-five county school districts. The State’s responsibility for the basic program allowance is the total of the allowances calculated under Steps 1 through 7, less the aggregate amount calculated as the school districts’ local share.

The PSSP provides allowances for personnel salaries (Steps 1, 2, and 5), employee benefit costs (Step 3), transportation operating costs (Step 4), general operating costs, substitute costs and allowances for faculty senates (Step 6), and improvement of instructional programs, increase in technology funding, and advanced placement programs (Step 7). Additional allowances are provided for alternative education, increased enrollment over the previous year, and other programs.

The PSSP divides the school districts into the following four categories based on student population density and provides funding for a specified number of professional educators and service personnel to each district based on the district’s student enrollment, with the districts with lower student population densities being funded at higher personnel ratios:

<table>
<thead>
<tr>
<th>Category</th>
<th>Enrollment Density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sparse</td>
<td>Less than 5 students per sq. mile</td>
</tr>
<tr>
<td>Low</td>
<td>5 to less than 10 students per sq. mile</td>
</tr>
<tr>
<td>Medium</td>
<td>10 to less than 20 students per sq. mile, and</td>
</tr>
<tr>
<td>High</td>
<td>20 or more students per sq. mile</td>
</tr>
</tbody>
</table>

For the districts with student net enrollments of less than 1,400, their net enrollments are increased for funding purposes by an amount determined by taking the difference between the
district’s actual enrollment and 1,400, and further adjusting the difference by the relationship the
district’s student population density is to the district with the lowest student population density.
For the 2014-15 year, the enrollments of nine school districts were adjusted in such a manner.

For the 2014-15 year, the funding ratios for professional educators (PE) and service personnel
(SP) were as follows for each 1,000 students in net enrollment:

<table>
<thead>
<tr>
<th>Category</th>
<th>PE</th>
<th>PI</th>
<th>SP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sparse</td>
<td>72.75</td>
<td>66.26</td>
<td>45.88</td>
</tr>
<tr>
<td>Low</td>
<td>72.60</td>
<td>66.20</td>
<td>45.30</td>
</tr>
<tr>
<td>Medium</td>
<td>72.45</td>
<td>66.10</td>
<td>44.73</td>
</tr>
<tr>
<td>High</td>
<td>72.30</td>
<td>66.00</td>
<td>44.17</td>
</tr>
</tbody>
</table>

The local districts are required to maintain the minimum limits of professional instructional
personnel (PI) indicated in the preceding chart, or be penalized. The category of PI personnel is
comprised of classroom teachers, librarians, attendance directors and school psychologists. The
penalty is computed by multiplying the number of such personnel employed short of the required
limits by the average state funded salary.

The formula identifies school counselors and school nurses as professional student support
personnel but there are no funding ratios established for this group of personnel; the state aid
allowance is fixed at the total state aid allowance provided for the 2012-13 year.

The allowances for salaries for all personnel are based on the state basic salary schedules and
supplemental equity funding included in statutes. Equity funding was started in 1984 to ensure
salary equity among the various school districts throughout the state and is determined by
computing the difference between each district’s salary supplement schedules that were in place
in 1984 and the state required equity schedules.

Funding for student transportation operating costs is also based on the preceding four student
population density categories, with the districts with the lower student population densities
receiving a higher allowance. Funding is based on the following percentage of actual
expenditures for the latest year for which the data is available, which for the 2014-15 year, was
actual expenditures incurred during the 2012-13 fiscal year.

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sparse</td>
<td>95%</td>
</tr>
<tr>
<td>Low</td>
<td>92.50%</td>
</tr>
</tbody>
</table>
Medium | - | 90%, and;
High | - | 87.50%

The allowance rate is increased by 10% for that portion of the districts’ bus fleets that use alternative fuels or transport students to and from multi-county vocational centers, and additional allowances are provided for the replacement of buses over a 12 year replacement cycle, for the purchase of additional buses for the districts with increasing enrollments, and for the payments paid in lieu of being provided transportation.

Each district’s allowance is limited to not more than 1/3 above the state average allowance on a per mile basis, exclusive of the allowance for additional buses. Beginning with the 2014-15 year, the definition of alternative fuel is restricted to compressed natural gas. For the districts that used bio-diesel as alternative fuel in prior years, the additional allowance is being reduced by 2.5% per year over a four-year period, until it is eliminated.

Step 6 provides an allowance for operating and maintenance costs and for substitute costs. An allowance of $200 per professional instructional personnel is also provided for the faculty senates at each school. Step 7 provides allowances for: the improvement of instructional programs; the improvement of technology; and advanced placement programs. Ten percent (10%) of the growth in local share each year is dedicated to increasing the allowance for the improvement of instructional programs and twenty percent (20%) is dedicated to increasing the allowance for the improvement of technology.

Each school district’s total program allowance is reduced by its local share to arrive at the state aid that the district is entitled to receive. Local share is each district's projected regular levy property tax collections for the year. Local share is computed by multiplying the taxable assessed valuation of all property in the district for the current fiscal year as certified by the county assessor by 90% of the regular levy rates for the year as set by the Legislature and then deducting four percent (4%) as an allowance for discounts, exonerations, delinquencies, with other allowances also deducted.

As a result of this equalization process, West Virginia is consistently ranked near the top regarding the equability of its state aid funding formula.

**District-Based Components**

**Density/Sparsity of Small Schools**

As discussed in the preceding section, districts are divided into four categories based on student population density per square mile. These groupings are utilized in calculating the allowances for salaries and transportation in order to provide more funding for the rural districts.
Grade Level Differences
Does not apply.

Declining Enrollment or Growth
Increased enrollment is addressed through statute; additional funds are provided for districts experiencing enrollment increases. The foundation formula is based on enrollment; therefore, declining enrollment generates decreased basic state aid.

Capital Outlay and/or Debt Service
The funding formula does not provide funds for either capital outlay or debt service.

Transportation
As discussed in the preceding section, districts are divided into four groups based on student population density, and additional funding is provided to the districts with the lower student population density ratios.

Charter Schools
Not authorized.

Student-Based Components
Special Education
No additional funding is provided to school districts through the based on student enrollment in special education programs. However, an additional appropriation is provided each year to be distributed to the school districts to support children with high acuity needs that exceed the capacity of the school district to provide with available funds. Each district is required to apply to the State Superintendent for receipt of this funding.

Low Income / At-Risk
No specific funds are provided for Low Income / At-Risk.

English Language Learner/Bilingual Education
The PSSP includes a provision that provides supplemental funding for programs for Limited English Proficient students where the cost of the program in a particular district exceeds the district’s capacity to provide the program with the funds that the district has available. The statute does not require any specific amount of funding to be appropriated, but required that funds so appropriated be distributed to the various districts in a manner that takes into account
the varying proficiency levels of the students and the capacity of the district to deliver the needed programs. Districts are required to apply for the funds that are available in accordance with the provisions contained in State Board policy.

**Gifted and Talented Education**

An additional allowance is provided to school districts for students enrolled in advanced placement courses. The allowance is 1.0% of the state average per pupil state aid times the number of students enrolled in advanced placement, dual credit and international baccalaureate programs by each district.

**Preschool Education**

All school districts are required to offer a universally free, pre-school program for all children who turn four years of age by September 1 and whose parents enroll them in the program. Enrollment is not mandatory, but once enrolled, students are required to attend. The instructional programs can be delivered by the school district or in collaboration with community based organizations. Beginning with the 2016-17 school year, all programs must be full-time, providing at least 25 hours of instruction per week. All students enrolled in pre-kindergarten programs are included in the district’s enrollment count, and are included in the funding calculations.

**Revenue and Expenditure Information**

During the 2012-13 year, the latest year for which the information is currently available, the 55 school districts received $3.4 billion in revenue, comprised of 30.7% from local funds, 58.8% from state funding, and 10.5% from federal program funds. Expenditures totaled $3.6 billion, including $3.2 billion for current operations, $261 million for capital outlay, and $147 million for debt service.

**State Mandates Restricting Revenue or Expenditure Increases**

There are no restrictions on the level of expenditure increases or revenues set by the funding formula.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**

All property in the State is classified into the following four classes, however, all Class I property is exempted from taxation: Class I – All tangible personal property employed in agriculture, all products of agriculture, all notes bonds and accounts receivable, stocks and any other evidence of indebtedness; Class II – all property owned, used and occupied by the owner exclusively for residential purposes, and all farms; Class III – All real and personal property situation outside of municipalities, exclusive of classes I and II property; and Class IV – All real and personal property situation within the corporate limits of municipalities, exclusive of classes I and II property.
The County Assessor certifies the taxable assessed valuations of all property in the district as of March 3rd each year. The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year.

To ensure uniformity throughout the State, the Legislature sets the regular levy rates for the school districts. The levy rates for the 2014-15 year were: For Class I property - 19.40¢ per $100 of assessed valuation; for Class II property – 38.80¢ per $100 of assessed valuation; and for classes III and IV property – 77.60¢ per $100 of assessed valuation. Projected regular levy gross tax collections for the 2014-15 year totaled $521 million.

County boards can assess an additional levy for operating costs if approved by a majority of the voters casting ballots during the election, for the duration of one to five years. The maximum levy rates can be 100% of the maximum statutorily allowed for the regular levy. Forty-three (43) of the fifty-five county boards have such levies in effect for the 2014-15 year, with the projected gross tax collections being $481 million.

**Measure of Local Ability to Support Schools**

As discussed in a preceding section, each school district’s total program allowance is reduced by its local share to arrive at the state aid that the district is entitled to receive. Local share is based on each district's projected regular levy property tax collections for the year. The projected tax collections from excess levies are not included in determining the local share amount.

Local share is computed by multiplying the taxable assessed valuation of all property in the district for the current fiscal year as certified by the county assessor by 90% of the regular levy rates for the year as set by the Legislature and then deducting four percent (4%) as an allowance for discounts, exonerations, delinquencies, with other allowances also deducted. Local share totaled $432 million for the 2014-15 year.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**

All 55 school districts are fiscally independent. They are all required to submit their proposed budgets for the upcoming year to the State Superintendent of Schools for approval on or before the date established by the budget calendar, which is generally May 30th. County boards are required to hold a meeting or meetings between March 7th and March 28th, with certain exceptions, to ascertain the fiscal condition of the board and determine the amount to be raised by the levy of taxes. The meeting is then to stand adjourned until the third Tuesday in April, at which time the board is to reconvene the meeting to finally enter the levy order, after having received approval from the State Auditor’s Office. Although the Legislature sets the levy rates of the regular levy for school boards, the boards are responsible for setting the levy rates for all other levies, including the levies for permanent improvements, excess and bond purposes.
Other than a few miscellaneous revenue sources, such as interest earned on investments, the proceeds from property taxes is the only major source of local revenue for the school districts in the State.

**State Support for Nonpublic Schools**

Does not apply.
Description of the General Aid Formula

Equalization Aid

Equalization Aid comprises approximately 98% of total general school aid in Wisconsin and is the only type of general aid for most districts. The equalization formula uses a three-tier, guaranteed-tax-base configuration to share in the local costs of elementary and secondary (K-12) education. The total Equalization Aid eligibility for 2014-15 is $4,492,790,500.

District-based factors used in the calculation of equalization aid include the equalized property value of a district, membership, and shared cost. Equalized property value is the full market value of taxable property in the district as determined by the Department of Revenue as of January 1 of each year. Shared cost is defined as costs funded by either local property tax or general state aid; costs funded by federal and state grants, donations, and other miscellaneous local revenue are not used in the formula. Membership is the number of full-time-equivalent resident pupils.

The primary tier provides aid for district shared costs up to $1,000 per member (primary cost ceiling), which is calculated using a statutory primary guaranteed valuation of $1,930,000 per member. The percentage of the $1,000 per-member cost required to be paid for by the district's tax base is the same percentage the district's per-member value is of the state per-member primary guarantee. The remainder is primary-tier Equalization Aid.

The secondary tier provides aid for district per-member shared costs that exceed $1,000 but are less than the secondary cost ceiling ($9,225 in for aids computed in 2014-15). The secondary cost ceiling is set at 90% of the prior year statewide total shared cost per member. In 2014-15, the secondary guaranteed valuation was $1,096,593. The percentage of the secondary per-member cost required to be paid for by the district’s tax base is the same percentage the district’s per-member value is of the state per-member secondary guarantee. The remainder is secondary-tier Equalization Aid.
The tertiary tier provides aid for shared costs per member that exceed $9,225. The tertiary guaranteed valuation is the state average value per member and was $531,883 in 14-15. The percentage of the tertiary per-member cost required to be paid for by the district’s tax base is the same percentage the district’s per-member value is of the state per-member tertiary guarantee. The remainder is tertiary-tier Equalization Aid.

A district’s total Equalization Aid is the sum of aid generated at all three tiers. There are two important additional concepts in the formula allocation of Equalization Aid:

1.) If a district's value per member exceeds the state guarantee at the secondary or tertiary tiers, negative aid is generated. Negative aid at any tier can reduce, or in some cases, eliminate a district's positive aid from another tier. A hold-harmless provision in state statutes entitles a district to receive at least the positive aid generated at its primary tier, regardless if the sum of all three tiers is a negative number. Districts not generating positive aid at the primary tier do not get any Equalization Aid from the state.

2.) The Equalization Aid formula accommodates the differing grade configurations found in Wisconsin districts. For elementary school districts (grades K-8), the guaranteed valuation is adjusted to one-and-a-half (1.5) times the K-12 guaranteed valuation, and for high school districts (grades 9-12), the guaranteed valuation is adjusted to three (3) times the K-12 guaranteed valuation.

Other General Aids

There are 3 other general aid programs in Wisconsin:

1.) **Special Adjustment Aid** - provides general aid to school districts generating less than 85% of the state aid generated in the previous year. Otherwise known as "parachute" aid, it is meant to mitigate severe declines in aid from year to year.

2.) **Inter and Intra-District Aid** – provides general aid to school districts for pupil transfers resulting from a plan to reduce racial imbalance. (Intra applies to within-district transfers, and Inter applies to between-district transfers.)

<table>
<thead>
<tr>
<th>Other General Aid Programs</th>
<th>Participation Rates</th>
<th>Eligibility (2010-11)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration Aid (inter and intra)</td>
<td>Beloit, Madison, Racine, Milwaukee, and Wausau receive intra-district aid for 26,940 transfers; Milwaukee and 22 suburban districts receive inter-district aid for 1,881 transfers</td>
<td>$65.3 million for both programs</td>
</tr>
<tr>
<td>Special Adjustment Aid</td>
<td>Additional aid to a school district that receives less than 85 percent of state aid in current year than it received in the</td>
<td>$14.2 million</td>
</tr>
</tbody>
</table>
Governance

The state has 368 K-12 districts, 46 elementary (K-8) districts, and 10 union high school (9-12) districts, for a total of 424 school districts in 2010-11. All are fiscally independent; that is, they do not depend on other local units of government such as counties or municipalities for their local tax revenue. In addition, 12 cooperative educational service agencies (CESAs), which are fiscally dependent on school districts, provide programs and services to local districts. Three counties operated county children with disabilities education boards (CCDEBs), all fiscally independent. School districts are classified as common (367), union high (10), unified (46), and a first class city (Milwaukee). Common and union high districts are required to hold an annual meeting at which a majority of electors present approve the district’s property tax levy. However, the school board has the authority to adjust the tax levy if it is determined that the annual meeting has not voted a tax sufficient to operate and maintain the schools or for debt retirement. School boards in unified and first class city school districts do not hold annual meetings.

District-Based Components

Density/Sparsity of Small Schools
The state’s 2007-09 biennial budget enacted this categorical aid program. The statutory provision for this aid program is found in s. 115.436, Wis. Stats. Districts that have 725 or less members, whose membership is less than 10 members per square mile of district’s geographic area and have at least 20 percent of its membership qualify for free or reduced-price lunch under the National School Lunch program will receive $300 per pupil. The 2010-11 appropriation for Sparsity Aid is $13.5 million.

High-Poverty Aid
The state’s 2007-09 biennial budget enacted this categorical aid program. The statutory provision for this aid program is found in s. 121.136, Wis. Stats. A school district is eligible for High Poverty Aid if, in the October preceding each biennium, the number of pupils eligible for free or reduced-price lunch divided by the district’s September membership is equal to at least 50 percent. The 2014-15 appropriation for High-Poverty Aid is $15.8 million.

Grade Level Differences
Does not apply.

Declining Enrollment or Growth
Does not apply.
**Capital Outlay and/or Debt Service**
Capital outlay financed directly from taxes is included in a district’s shared cost calculation for equalization aid purposes. Long-term indebtedness is limited to 10% of equalized valuation in K-12 districts, 5% in other districts, and for Milwaukee, 5%, plus an additional 2%.

**Transportation**
State pupil transportation aids are a categorical aid and determined under the provisions of s. 121.58, Wis. Stats. The appropriation for reimbursement of transporting public and nonpublic school pupils is found in s. 20.255(2)(cr), Wis. Stats. School districts that furnish transportation to and from public and nonpublic schools are entitled to receive state aid at the following rates:

<table>
<thead>
<tr>
<th>Distance in Miles</th>
<th>Regular Year</th>
<th>Summer School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than 2 Miles (hazardous area)</td>
<td>$15/pupil</td>
<td>--</td>
</tr>
<tr>
<td>2-5 miles</td>
<td>$35/pupil</td>
<td>$4/pupil</td>
</tr>
<tr>
<td>Over 5 up to 8</td>
<td>$55/pupil</td>
<td>$6/pupil</td>
</tr>
<tr>
<td>Over 8 up to 12</td>
<td>$110/pupil</td>
<td>$6/pupil</td>
</tr>
<tr>
<td>Over 12</td>
<td>$275/pupil</td>
<td>$6/pupil</td>
</tr>
</tbody>
</table>

Distances are measured from the pupil's residence to the school attended; following the shortest commonly traveled route. Half payment is made for pupils enrolled and transported less than 91 days (regular year) or 16 days (summer school). Pupil transportation aid is based on student ridership in the previous year. The 2010-11 appropriation for Transportation Aid is $26.3 million.

**High Cost Transportation Aid**
The State’s 2011-13 biennial budget enacted this categorical aid program. Additional funding is provided to districts with higher per pupil transportation costs compared to the statewide average. A district is eligible for aid if its per pupil transportation cost, based on audited information from the previous fiscal year, exceeds 150% of the statewide average. The 2014-15 appropriation for High Cost Transportation Aid is $5 million.

**Student-Based Components**

*Categorical Aids*
The state provides two types of categorical aids: (1) formula-driven, in which funds are automatically provided to school districts based on specific criteria, and (2) grant programs, under which districts must submit a request for the funds. The 2014-15 program appropriations are listed below:

<table>
<thead>
<tr>
<th>Categorical Aid Programs</th>
<th>Funding (2014-15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Education</td>
<td>$368.9 million</td>
</tr>
<tr>
<td>High Cost Special Education</td>
<td>$3.5 million</td>
</tr>
<tr>
<td>Program</td>
<td>Allocation</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>CCDEBs</td>
<td>$4.1 million</td>
</tr>
<tr>
<td>SAGE (based on low-income concentration)</td>
<td>$109.2 million</td>
</tr>
<tr>
<td>SAGE debt service aid</td>
<td>$133,700</td>
</tr>
<tr>
<td>Telecommunications Access Program</td>
<td>$11.1 million</td>
</tr>
<tr>
<td>Sparsity Aid</td>
<td>$13.5 million</td>
</tr>
<tr>
<td>School Library Aid (est, as this is based on program revenue)</td>
<td>$34 million</td>
</tr>
<tr>
<td>Pupil Transportation</td>
<td>$23.7 million</td>
</tr>
<tr>
<td>Bilingual Bicultural Education</td>
<td>$8.6 million</td>
</tr>
<tr>
<td>Head Start Supplement</td>
<td>$6.3 million</td>
</tr>
<tr>
<td>4K Implementation Grants</td>
<td>$1.3 million</td>
</tr>
<tr>
<td>Alcohol and Other Drug Abuse</td>
<td>$1.3 million</td>
</tr>
<tr>
<td>Educator Effectiveness Grants</td>
<td>$5.8 million</td>
</tr>
<tr>
<td>State Nutrition Programs</td>
<td>$7.4 million</td>
</tr>
<tr>
<td>Career &amp; Technical Education Incentive Grants</td>
<td>$3 million</td>
</tr>
<tr>
<td>Peer Review and Mentoring</td>
<td>$1.6 million</td>
</tr>
<tr>
<td>Open Enrollment Transportation</td>
<td>$434,200</td>
</tr>
<tr>
<td>Environmental Education</td>
<td>$284,600</td>
</tr>
<tr>
<td>CESA Administration</td>
<td>$260,600</td>
</tr>
<tr>
<td>Gifted and Talented</td>
<td>$237,200</td>
</tr>
<tr>
<td>Supplemental Aid</td>
<td>$100,000</td>
</tr>
<tr>
<td>Tribal Language Grants</td>
<td>$222,800</td>
</tr>
<tr>
<td>Youth Options Transportation Aid</td>
<td>$17,400</td>
</tr>
</tbody>
</table>

**Special Education**

Special Education is funded by a combination of state, local, and federal monies. State categorical aids assist with the costs of providing special education and related services. This includes reimbursement for teachers and teacher aides, physical and occupational therapists, speech/language therapists, special education directors, school psychologists, social workers,
school nurses, school counselors, and special transportation. Staff must hold appropriate licensure in order to be eligible for reimbursement.

School districts, cooperative educational service agencies, county children with disabilities education boards, and 2r charter schools who operate programs for children with disabilities are reimbursed for special education costs in the year after costs are incurred. Funds are appropriated through the state budget process. Recipient agencies must complete the Special Education Fiscal Report program, PI-1505-SE.

There are 11 major areas of state aid to school districts, CCDEBs, and CESAs which provide programs for Special Education children:

- early childhood
- other health impaired or orthopedically impaired
- cognitively disabled
- hearing impairment
- visual disability
- speech and language disability
- emotional disturbance
- learning disability
- school age parents
- homebound instruction
- cross categorical

**Low Income / Comp Ed / At-Risk**
See SAGE in the categorical aid chart

**English Language Learner/Bilingual Education**
Bilingual/Bicultural Education Aid is funded as a categorical aid; brief information is contained in the Categorical Aid chart.

**Gifted and Talented Education**
Gifted and Talented Education is funded as a categorical aid; brief information is contained in the Categorical Aid chart.

**Career and Technical Education**
No response

**Preschool Education**
No response

**Other**
No response

**Revenue and Expenditure Information**
State Mandates Restricting Revenue or Expenditure Increases

Revenue Limits

Wisconsin Act 16 implemented Revenue Limits beginning with the 1993-94 school year. A district’s Revenue Limit is the maximum amount of revenue it may raise through state General Aid, state Computer Aid, and select property tax levies.

A district’s maximum is derived from enrollment changes (3-year rolling average), a per-pupil allowable increase or decrease ($75.00 in 2014-15), and the prior year controlled revenue. A district may increase its maximum limit by an additional amount of specific exemptions upon application and approval by the Department of Public Instruction. A district then determines the maximum allowable levy for Funds 10, 38 and 41 by subtracting Computer Aid and the October 15 General Aid Certification provided by the department from the revenue limit. (General school aids include equalization, integration, and special adjustment aids. Computer aid is state funding provided to local units of government, including school districts, equal to the amount of property tax that would otherwise have been paid on exempt equipment.)

A district’s total property tax levy is comprised of the controlled levies: General (10), Non-Referendum Debt (38) (authorized after August 12, 1993), Capital Expansion (41); and the non-controlled levies: Referendum Debt (39), Community Service (80), and Property Tax Chargebacks. (Property Tax Chargebacks allow districts to, in the current year, recover uncollectable taxes from a prior year.)

The gross school property tax levy is the total school district levy; however, property tax credits (school levy tax credit, first dollar credit, and lottery credit) provide below-the-line tax relief to taxpayers.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Full market value of taxable property in the school district as determined by the Department of Revenue (DOR) as of January 1 of each year.

Measure of Local Ability to Support Schools
Per pupil value of taxable property.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
School districts derive their revenue through four major sources: state aid, property tax, federal aid, and other local non-property tax revenues such as fees and interest earnings.

Comparative Revenue and Expenditure Information

Comparative Cost & Comparative Revenue
In cooperation with the Wisconsin Association of School Business Officials Accounting Committee, the Department of Public Instruction (DPI) School Financial Services Team has developed several cost and revenue "benchmarks" that can be used for informational and general
analysis purposes. Cost and revenue measures, themselves, cannot indicate the extent or quality of a particular district's educational program. Users of this data are encouraged to pursue the reasons for cost differences between districts. Data can be found at: http://sfs.dpi.wi.gov/sfs_cmprvcst

### State Support for Nonpublic Schools

<table>
<thead>
<tr>
<th>Program</th>
<th>Students (est)</th>
<th>Cost (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milwaukee Parental Choice Program 2014-15</td>
<td>26,000</td>
<td>$191</td>
</tr>
<tr>
<td>Milwaukee-Racine Charter School Program 2014-15</td>
<td>8,500</td>
<td>$68.6</td>
</tr>
<tr>
<td>Racine Parental Choice Program 2014-15</td>
<td>1700</td>
<td>$12.3</td>
</tr>
<tr>
<td>Statewide Parental Choice Program 2014-15</td>
<td>1000</td>
<td>$7.2</td>
</tr>
</tbody>
</table>

Note: Additional narrative description and historical statistics for general and categorical state aid in Wisconsin can be found in “State Aid to School Districts, Information Papers 2, 25, and 27,” Wisconsin Legislative Fiscal Bureau. http://legis.wisconsin.gov/lfb/
Description of the Formula

The Wyoming School Foundation Program provides a guaranteed level of funding to every Wyoming public school district which is computed via the Wyoming Funding Model. The funding model calculates this "guarantee," which is essentially a block grant and is based on a number of factors – the most important of which is the number of students enrolled in the district in the prior year.

Other components having a significant impact on a district's guarantee include special education and pupil transportation costs incurred in the prior year, the number of full-time vocational education students and teachers, the amount of square footage each district building has, the experience and education of the district staff, and the size and location of certain statutory defined “small schools” operated by the district. Very small school districts meeting certain enrollment criteria may qualify for additional funding.

Once a district's guarantee is established, that funding level is compared to the district's available local revenue sources. If a district's local revenues turn out to be less than its guarantee, the state of Wyoming makes up the difference through a series of entitlement payments distributed to the district throughout the school year.

A few school districts, on the other hand, have access to local revenues in excess of their guarantees. These districts must rebate the excess to the state of Wyoming – a process known as recapture. All recaptured monies flow into a School Foundation Program fund and are eventually redistributed to those districts receiving entitlement payments from the state.

District-Based Components

Density/Sparsity of Small Schools

School adjustments:
Schools with 49 or fewer average daily membership (ADM) are resourced 1 assistant principal position plus 1 FTE teacher position for every 7 students for all staff;
All schools within a district comprised of less than 243 total K-12 ADM and notwithstanding all other teacher resources, are resourced a minimum of 1.0 core teacher at every grade with reported ADM, plus 20% of core teachers for elementary specialist teachers and 33% of core teachers for middle and high school specialist teachers;

Minimum of 6.0 teachers for elementary schools greater than 49 ADM;
Minimum of 8.0 teachers for middle schools with greater than 49 ADM;
Minimum of 10.0 teachers for high schools with greater than 49 ADM.

For K-6 school, resource as elementary school;
For a 5-8 or 6/7-9 school, resource as a middle school;
For a K-7, K-8 or K-9 school, resource K-5 teachers as elementary school and remaining teachers as middle school, and resource all other staff resources at the highest-grade prototype;
For K-12 school, resource K-5 teachers as elementary, 6-8 teachers as middle school, 9-12 as high school, and resource all other staff resources at the highest-grade prototype;
For 6/7-12 school, resource 6-8 teachers as middle school and 9-12 teachers as high school, and resource all other staff resources at the highest-grade prototype.

Grade Level Differences
Elementary schools are resourced core teachers at 1:16 (teachers to students), middle schools and high schools are resourced at 1:21 (teachers to students).

Elementary schools are resourced a minimum of 6 teachers, middle schools are resourced a minimum of 8 teachers, and high schools are resourced a minimum of 10 teachers.

Elementary schools are resourced 20% of their core teachers for specialist teachers; middle schools and high schools are resourced 33% of their core teachers for specialist teachers.

To view a detailed list, please review the final legislation and final recalibration report mentioned below.

Declining Enrollment or Growth
Declining enrollment schools use a 3-year average of their ADM and schools that are growing use their previous year’s ADM.

Capital Outlay and/or Debt Service
The School Facilities Commission (SFC), a separate state agency, handles the construction of new schools as well as capital outlay for those buildings requiring remodeling or major maintenance. There are also some funds available through SFC for emergency funds needed for the schools. Districts can still pass bond issues with voter approval for enhancements in excess of the state building adequacy standards.

Transportation
The state reimburses 100% of a school district’s pupil transportation costs.

Charter Schools
Charter schools are resourced in the same manner as traditional schools.

**Student-Based Compensation**

**Special Education**
The state reimburses 100% of a school district’s approved special education costs.

**Low Income / Comp Ed / At-Risk**
Additional staffing resources are generated for students identified as at-risk represented by an unduplicated count of students identified as English Language Learners (ELL), Federal free and reduced lunch (FRL) or considered mobile grades 6-12. Students who are identified as ELL, FRL, or mobile are not necessarily the at-risk students to be served. Rather, the count of these students represents a proxy for the number of struggling or at-risk students in a school.

Additional at-risk resources are funded through other programs such as extended day, and Summer School programs. These programs are administered as state restricted grants.

**English Language Learner/Bilingual Education**
The funding model provides a 1.0 teacher FTE position for every 100 ELL students.

**Gifted and Talented Education**
The funding model provides $29.41 per ADM for gifted and talented.

**Career and Technical Education**
An additional 29% weighting is applied to students enrolled in Wyoming Department of Education approved vocational education programs. The additional weighting provides additional CTE teacher FTE. School districts are also resourced an additional $9,094.97 per CTE teacher for vocational education supplies and equipment.

**Preschool Education**
State law provides districts with the option to offer preschool programs. W.S. 21-4-302(c) states: "The board of trustees of a school district may permit the enrollment of pupils in a part-time preschool program with a curriculum based on developmentally appropriate practices funded by the district." However, the state does not fund these voluntary preschool programs through the funding model. Subsection (c) goes on to say, "A pupil who enrolls in such a preschool program shall not be included within the district's average daily membership (ADM) for purposes of receiving state funds or within any other school funding formula for purposes of receiving funds from the state..." In short, WY does not allocate specific funding for preschool programs from state K-12 education dollars. However, districts have the discretion to use foundation dollars if they choose.

**Other**
The state’s funding model was recalibrated during the 2006 and 2011 legislative sessions. To view the final recalibration report and final legislation, please use the following web address: http://legisweb.state.wy.us/LSOWeb/SchoolFinance/schoolfinance.aspx.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
School districts are only allowed to retain 15% of their guarantee amount in their general fund.

Property Assessment Ratios Used/Legal Standards For Property Assessment
Property is assessed at its fair market value. The State Board of Equalization prescribes the form of assessment and adopts procedures to ensure that all property in the state is assessed at fair market value. Legal standards for property assessment fall under the Revenue Department. Please see this site: http://legisweb.state.wy.us/statutes/statutes.aspx?file=titles/Title39/Title39.htm for legal definitions. Data contained in this statute covers Taxation and Revenue. Specific additional detail is contained in W.S. 39-11-101 through W. S. 39-11-104.

Measure of Local Ability To Support Schools
Local revenues, mainly 6 and 25 mill property taxes, compared to the guarantee. The federal report prepared shows maintenance of effort (MOE) maintained by the districts which might be a reflection of a district’s ability to support schools. The amount of funding to the districts through the funding model might be an indicator of a district’s inability to meet costs derived from local support.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
The majority of local revenues for schools come from property taxes and school land income payments. School districts are required to levy a local district 25 mill levy and a countywide 6 mill. An additional 12 mills flow directly to the Wyoming School Foundation Program Account. Budget increases are handled through local district boards; no voter approval necessary. Districts can still pass bond issues for capital construction with voter approval for enhancements in excess of the state building adequacy standards.

State Support for Nonpublic Schools
Does not apply.