A Quick Glance at School Finance

A 50 State Survey of School Finance Policies
- 2007 -

Vol. I: State-by-State Descriptions

Deborah A. Verstegen, Professor
Research and Educational Planning Center
University of Nevada, Reno

Teresa S. Jordan, Professor
Education Policy Analysis Center
University of Nevada, Las Vegas
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PREFACE

This compendium provides state-by-state descriptions of public elementary and secondary finance policies and programs in effect during the 2006-07 school year. The report consists of two volumes. In Volume I are state-by-state descriptions across all school finance components for each state. Volume II contains separate sections for select provisions across all states, including finance formulae and cost differentials for students and districts. Tax and expenditure information is also included in this part along with 50-state data on average per pupil funding, teacher’s salaries and percentage shares of total funds, drawn from Estimates and Ranking of Education Statistics (NEA, 2007).

The information contained in this report is based on surveys that were completed by each State Department of Education in response to a request for descriptions of school finance programs and provisions. Thus, all information in these two volumes has been provided by the chief state superintendent or finance officer for each state, or their designee, with the exception of four states. In these states, university professors or agency personnel provided the information. Once information was compiled from each state, it was posted on the internet for verification and correction by each State Department of Education.

The finance survey requested information in four parts. The first section sought information on the state finance formula used in allocating education funding to local districts within the state. The survey also sought information on funding for special student characteristics and special needs. Included in this part was funding information for special education students, compensatory education/low income students, English Language Learners and grade level differences. In the next section was information on district components such as transportation and debt service funding. The final section consisted of questions related to taxes and expenditure information.

This 50-State finance survey updates previous work in this area and provides a comprehensive review of state finance policies and practices across numerous formulae and provisions. It is intended for policymakers, scholars and students of education finance.

We wish to thank State Department of Education officials, scholars and others who worked on the survey, for their time and expertise, and to acknowledge the UNR College of Education for a grant that supported this work.

Deborah A. Verstegen, Professor
University of Nevada, Reno

Teresa S. Jordan, Professor
University of Nevada, Las Vegas
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
Grades K-3 -- 13.8 students per teacher unit
Grades 4-6 -- 21.4 students per teacher unit
Grades 7-8 -- 20.4 students per teacher unit
Grades 9-12 -- 18 students per teacher unit

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
Reimbursement of allowable transportation expenditures for the fiscal year preceding the prior fiscal year adjusted by inflation factor and increased costs for salaries and fringe benefits. Funding for school bus purchases provided on a 10 year depreciation schedule.

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.

Compensatory Education
Funding for at-risk students are calculated based on the number of free and reduced price applications and the number of students scoring at lower levels of required tests. Funds are also provided for additional education services for high school students failing portions of the high school graduation exam.

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.

Other
State funds are also provided for school nurses and technology coordinators.

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 (58%), sales tax (29%) and other (13%).

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 multiplying the average daily membership [ADM] by several steps: the area cost differential, 20% add-on for Special Education needs, and for those ADM that qualify for Intensive needs they are given a multiple of 5 per ADM. 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 coterminous school district with the local contributions to assure the equivalent of four mills of the Educational full assessed values or 45% of prior year basic need, which ever 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.

Grade Level Differences
Does not apply.

Declining Enrollment or Growth
Enrollments have seen an increase of 16% 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.

**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.

**Compensatory Education**
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.

**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, 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 4-mill 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. However, beginning in FY02, only 50% of the increase in real and personal property over the 1999 Full and True Value is used for the 4 mill equivalent calculation. If the latest Full and True Value doesn't exceed the 1999 Full and True Value, then the latest value is utilized.

**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:
There are several state funds in Arizona that are paid from School Finance to districts and charters to support the education of Arizona’s K-12 pupils. They are:

Maintenance and Operations: Budget Capacities for Districts and State Aid calculations for districts and charters are based on a dollar amount per weighted student count. This dollar amount is the Base Level Amount and is set by the state legislature yearly. The FY 2007 base amount is $3133/wtd student count. Student count is defined, for districts, as the prior year’s 100th day average daily membership and for charters, as the current year’s 100th day average daily membership. Districts are paid from both state aid and local property tax revenues based on a qualifying levy that is calculated each year from the district’s assessed property values.

Districts can increase their budget capacities by budgeting for:
- transportation,
- requesting a teacher’s compensation increase of 1.25% approved yearly by the State Board of Education,
- a teacher experience index calculated from teacher experience data submitted to ADE by the district,
- 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

Charters receive additional M&O monies calculated with an additional assistance amount of $1387/elementary student and $1616.81/high school student in FY 2007. This additional assistance amount is also yearly set by the state legislature. These dollar
amounts are meant to equalize the charter school funding to be more consistent with the district funding.

**Unrestricted Capital and Soft Capital Funds for Districts**
As part of the equalization formula, districts are funded on a student count basis for their capital expenditures. These dollar amounts per student count are calculated based on the size of the school district. The dollar amounts vary from $225.76 to $272.75 for K-8 students and $337.62 to $399.09 for 9-12 (high school amounts include $69.68 per student count for textbooks).

**Classroom Site Fund**
This special fund was set up in 2002 for purposes of increasing teacher compensation, 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 wtd student count is set yearly by the Joint Legislative Budget Committee. In FY 2007, the amount set was $353/wtd attending student count. In FY 2007, about $408,000,000 was paid from this fund. 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 all quarterly revenues are paid out based on the attending student counts used for the Classroom Site fund. In 2007, approximately $47,000,000 was paid from this fund to school districts and charter schools.

**District Based Components**

**Density/Sparsity of Small Schools**
Districts with less than 600 average daily membership (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.

**Grade Level Differences**
The weights included below represent the minimum weights. They are increased dependent upon the size of the district or charter school.

**Instructional Unit Weight for Grade Level Differences**
Grade = K-3
One Unit For = .06 additional weights
Grade = K
One Unit For = .835 additional weights in 2007, 1.352 in 2008
Weights for District/School Size
Small isolated and small school districts with less then 600 ADM receive special weighting for K-8 and 9-12 enrollment.

<table>
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<tr>
<th>Grade</th>
<th>Weight</th>
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<tr>
<td>PSD</td>
<td>1.450</td>
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<tr>
<td>K</td>
<td>2.053</td>
</tr>
<tr>
<td>1-3</td>
<td>1.218</td>
</tr>
<tr>
<td>4-8</td>
<td>1.158</td>
</tr>
<tr>
<td>9-12</td>
<td>1.268</td>
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Declining Enrollment or Growth
Districts are eligible for a “Rapid Decline Count” if there student count has decreased by 5% or more from the prior year. Depending on the percent decrease, the district student count is adjusted to 85% to 95% of their prior year’s student count. The difference, then, between the prior year’s count and this calculated Rapid Decline count is multiplied by 50%. This product is added to the current year’s count for purposes of funding.

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 their available budget capacity.

Capital Outlay and/or Debt Service
Please see description of formula.

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 $2.23 per mile for districts with .5 miles or less per student, $1.81 for .501 to one mile and $2.23 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.

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

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<td>Hearing Impairment</td>
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<td>K-3</td>
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<td>English Learners (ELL)</td>
<td>0.115</td>
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<td>MD-R, A-R, and SMR-R (2)</td>
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<td>MD-SC, A-SC and SMR-SC (3)</td>
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<tr>
<td>Multiple Disabilities Severe Sensory Impairment</td>
<td>7.947</td>
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<tr>
<td>Orthopedic Impairment (Resource)</td>
<td>3.158</td>
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<tr>
<td>Orthopedic Impairment (Self Contained)</td>
<td>6.773</td>
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<tr>
<td>Preschool-Severe Delayed</td>
<td>3.595</td>
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<td>ED, MIMR, SLD, SLI, &amp; OHI (4)</td>
<td>0.003</td>
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<td>Emotionally Disabled (Private)</td>
<td>4.822</td>
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<tr>
<td>Moderate Mental Retardation</td>
<td>4.421</td>
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<tr>
<td>Visual Impairment</td>
<td>4.806</td>
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</table>

Compensatory Education
Does not apply.

English Language Learner/Bilingual Education:
Weight included in basic state aid calculations to provide additional funds. In FY 2007, the weight is 0.115.

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

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply.

Property Assessment Ratios Used/Legal Standards for Property Assessment
The prior year's assessed values are determined and the legislature sets a qualifying tax rate. In FY 2007, the qualifying tax rate was 1.734 for HS and Elementary districts and double that for Unified school districts. The total Assessed Value is divided by 100 and then this tax rate is applied to determine the local contribution to the equalization formula need for each school district.

Measure of Local Ability to Support Schools
Property valuation.

School District Budget and Tax Rate Procedures/Sources of Local Revenue:
No response provided.
**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.
Description of the Formula

6-20-2305. School funding.
(a)(1) For each school year, a school district shall receive state foundation funding aid computed as the difference between the foundation funding amount pursuant to subdivision (a)(2) of this section and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district plus seventy-five percent (75%) of miscellaneous funds of the school district… (B) For the 2006-2007 school year, the foundation funding amount is equal to five thousand four hundred ninety-seven dollars ($5,497) multiplied by the average daily membership of the previous school year.

District-Based Components

Density/Sparsity of Small Schools
6-20-601. Qualifications for receiving isolated funding.
(a) As used in this section, "isolated school district" means a school district that meets any four (4) of the following five (5) criteria: (1) There is a distance of twelve (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 three (3) students per square mile of area; (3) The total area of the district is ninety-five square miles (95 sq. mi.) or greater; (4) Less than fifty percent (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 if: (1) The district's budget is prepared by the local district with Department of Education approval; (2) The district has an average daily membership of less than three hundred fifty (350); and (3) The 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 four (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 shall be two (2) categories of isolated funding: (A) Category I isolated funding shall be provided to all school districts that qualify under this section; and (B) Category II isolated funding shall be further provided to those school districts that qualify under this section and have an average daily membership density ratio of less than 1.2 students per square mile and shall be calculated at fifty percent (50%) of Category I funding.

6-20-604. Additional funding. 
(b) A school district shall receive special needs funding if the school district meets the requirements of subsections (c) through (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 one (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 average daily membership requirements of three hundred fifty (350) students or fewer.

**Grade Level Differences**

Does not apply.

**Declining Enrollment or Growth**

Arkansas Code § 6-20-2305(a), concerning the public school funding formula, is amended to add an additional subdivision to read as follows: (3)(A) During the 2006-2007 school year, a school district with an average daily membership that is less than the school district’s previous year’s average daily membership shall receive: (i) Declining enrollment funding equal to the difference between the average of the two (2) immediately preceding years’ average daily membership and the average daily membership for the previous school year multiplied by five thousand six hundred twenty dollars ($5,620); or (ii) Special needs isolated funding under § 6-20-604.

**Capital Outlay and/or Debt Service**

6-20-2503. Bonded debt assistance. (b)(1) In accordance with the requirements and limitations of this section, 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 one-tenth (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. (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 the Supplemental School District Funding Act of 2003, § 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 the Supplemental School District Funding Act of 2003, § 6-20-2401 et seq. [repealed], in Fiscal Year 2005. (B) The commission shall phase out the state financial assistance under this subsection after a ten-year period by reducing the amount received by a school district under this subsection after Fiscal Year 2006 by one-tenth (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.

Transportation
Does not apply.

Student-Based Components

Special Education
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.

**Compensatory Education**

Does not apply.

**English Language Learner/Bilingual Education**

(3)(A) For school years 2005-2006 and 2006-2007, the English-language-learners funding shall be one hundred ninety-five dollars ($195) for each identified English-language learner. (B) Funding for English-language-learner students 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**

The amount of money districts are required to spend for gifted and talented programs is as follows according to Ark. Code Ann. § 6-20-2208, Second Extraordinary Session of 2003 (Act 61): Local school districts shall expend from state and local revenues not less than the following amounts on gifted and talented programs, in accordance with rules and regulations promulgated by the State Board of Education; the previous year's average daily membership participating in gifted and talented programs, up to five percent (5%) of the previous year's average daily membership, multiplied by fifteen hundredths (.15) times the foundation funding per student.

**Other**

6-20-2305. School funding.

(2)(A) For school years 2005-2006 and 2006-2007, alternative learning environment funding and secondary vocational area center funding shall be three thousand two hundred fifty dollars ($3,250) multiplied by: (i) The number of identified alternative learning environment students enrolled during the previous school year; and (ii) The number of students enrolled in a secondary vocational area center during the previous school year.

(4)(A) For school years 2005-2006 and 2006-2007, national school lunch student funding for each identified national school lunch student shall be as follows: (i) For school districts in which ninety percent (90%) or greater of the previous school year's enrolled students are national school lunch students, funding shall be one thousand four hundred forty dollars ($1,440); (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, funding shall be nine hundred sixty dollars ($960);
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, funding shall be four hundred eighty dollars ($480). (B)(i) Funding under this subdivision (b)(4) for national school lunch students shall be based on the percentage determined in § 6-20-2303(12) multiplied by the number of the previous school year's enrolled students.

(ii)(a) A school district that has experienced a significant growth in enrolled students in the previous three (3) years shall receive funding for the expected increase in the number of national school lunch students based on the expected increase in enrolled students based on the levels of funding provided in this section for national school lunch students.

(5)(A) Professional development funding for school years 2005-2006 and 2006-2007 shall be equal to an amount of up to fifty dollars ($50.00) multiplied by the school district's previous school year average daily membership.

Pupil Weights for Special Education Programs
Categories and Weights are no longer applicable for Arkansas Special Education Programs funding.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply.

Property Assessment Ratios Used/Legal Standards for Property Assessment
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 eighteen percent (18%) or above twenty-two percent (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.

Measure of Local Ability to Support Schools
(a)(1) For each school year, a school district shall receive state foundation funding aid computed as the difference between the foundation funding amount pursuant to subdivision (a)(2) of this section and the sum of ninety-eight percent (98%) of the uniform rate of tax multiplied by the property assessment of the school district plus seventy-five percent (75%) of miscellaneous funds of the school district...

School District Budget and Tax Rate Procedures/Sources of Local Revenue
6-20-2202. Budget and expenditure report.
All 245 districts are fiscally independent. There is no legal limit to the number of mills that may be levied for school purposes. To increase the tax rate for schools, a simple
majority vote is required. There is a limit on one election per year for tax increase requests. The majority of local revenues derive from the property tax.

School Tax-Budget-Approval of Tax Rate. There is established a uniform rate of ad valorem property tax of twenty-five (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)).

**State Support for Nonpublic Schools**

Does not apply.
Description of the Formula

California has a complex school finance system that is almost entirely state controlled. The bulk of K-12 public school funding comes from general purpose entitlements (often referred to as “revenue limit” funding). The basic formula is a per pupil in average daily attendance (ADA) amount multiplied by the actual ADA of the entity to create an entitlement for the district, county office of education, or charter school. There are some additional adjustments to the entitlement for districts and county offices of education. Once the full 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.

The per-ADA amounts for districts and county offices of education are based on historical funding levels for individual entities established in the late 1970s, adjusted for cost-of-living increases, periodic funding to reduce inequities amongst districts of similar size and type, and changes in the definition of ADA.

In addition to the general purpose funding described above, California provides additional special purpose funding for public schools through a number of “categorical” programs designed to target specific needs or state goals. Additional information on California’s school finance system is available on the internet at http://californiaschoolfinance.org, a site developed by the non-profit organization, EdSource.

District Based Components

Density/Sparsity of Small Schools
For small school districts, California provides an optional alternative general purpose funding entitlement for necessary small schools. For an elementary school district that consists of a single school with less than 97 ADA and for each qualifying necessary small elementary school 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 a high school district that consists of
a single school or a single high school maintained by a unified school district with less than 287 ADA and for each qualifying necessary small high school in a 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-equivalent (FTE) certificated employees providing services in grades nine through 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**
Currently, most general-purpose funding for public schools recognizes differences in district type (elementary, unified, high school rather than grade level served). As such, cost-of-living adjustments and equity funding is allocated based on such district type (and, in the case of equity, size differences). One exception is general-purpose funding for charter schools funded through a block grant formula, rather than district or county office revenue limit formulas. General-purpose funding for these charter schools is allocated based on “grade-group” formulas (K–3, 4–6, 7–8, and 9–12 with different amounts per ADA for each grade group).

**Declining Enrollment or Growth**
School district general purpose 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. Funding for categorical programs usually does not provide a declining enrollment adjustment. ADA growth is fully funded for general purpose entitlements. ADA growth may or may not be funded in categorical programs, depending on individual program calculations and state funding provided.

**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. Local school districts can also 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 properties and to property owners who remodel.

Current estimates are that from 2006-07 through 2011-12 California school districts would need more than $6 billion in state matching funds to build 18,000 new classrooms. Another $5.3 billion will be needed to modernize more than 61,000 classrooms that are
25 years or older. State bond measures passed in 2004 and 2005 have provided almost $10 billion in funding for public school facilities projects designed to meet K–12 school facility needs through 2008-09.

**Transportation**
California provides about $600 million in funding to partially reimburse school districts for home-to-school and special education transportation expenditures. Funding is based on a reimbursement of actual prior-year expenditures and is limited to historical participation rates and levels, adjusted for optional increases provided by the state.

**Student-Based Components**

**Special Education**
California provides $2.9 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. The model also provides funding adjustments to compensate for those areas in which there are concentrations of special education students with high-cost, low-incidence disabilities. 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.

**Compensatory Education**
Economic Impact Aid (EIA) is a state categorical program that provides supplemental funds, kindergarten through grade twelve, to support: 1) additional programs and services for English learners (ELs) and 2) compensatory education services for educationally disadvantaged students. Funding is allocated based on a district per pupil rate times the sum of: 1 Prior year English Learner count, 2 Current year Title I Formula child count, and 3 Weighted Concentration Factor.

**English Language Learner/Bilingual Education**
California does not provide funding specifically for bilingual education, but does provide over $50 million for instructional support and coordination of services for students enrolled in grades four through eight and identified as English learners. In addition, districts may use compensatory education funding (see above to address needs of English learners).

**Gifted and Talented Education**
California provides about $46 million for gifted and talented education programs. Funding is based on prior-year ADA. Local educational agencies with less than 1,500 ADA receive $2,500 or not less than the amount received in 1998-99. No district receives less per ADA than the amount received in 1999-00.
Relevant 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 does allow 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 three prior years’ October pupil counts and the current year’s October pupil count.

District-Based Components

Colorado Preschool and Kindergarten Program

The Colorado Preschool and Kindergarten 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 FY 2006-07, funding is provided for the participation of up to 14,360 children (including up to 2,154 full-day kindergarten pupils who are eligible to be included in the districts’ funded pupil counts).

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 32.5%, 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.

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 the Colorado Preschool and Kindergarten Program. 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 three 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.

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 October 1 and the days of school held in the term. Maximum reimbursement is 90% of current operating expenditures. Reimbursement is based on prior year July – June.

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 2006-07, Colorado administrative units will serve approximately 84,250 students with disabilities, or about 10.7% of the total pupil enrollment. Administrative units will provide services to 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: long-term physical impairment or illness, significant limited intellectual capacity, significant identifiable emotional disorder, specific learning disability, or speech or language impairment.

State ECEA funding of special education programs for children with disabilities is $116 million for budget year 2006-07.

- 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; or (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.
- Two 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. For the 2006-07 school year, the threshold will be $40,000.

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 2006-07, it appears likely that total special education costs will equal roughly $657 million, or about 7% of total educational expenditures. State funding covers roughly 18% of special education costs; federal funding covers an additional 20% of these costs; other sources of funds cover about 1%; and local sources of funding cover the remaining 61% of the costs.

**Compensatory Education**

The following is the list of programs under Colorado Revised Statutes which are classified as Compensatory Education. The Revised Statutes are available at:
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 Compensatory Education

**Gifted and Talented Education**
See Compensatory Education

**Other**
Each school district individually has the discretion, within the limits of existing law, to determine how its Total Program moneys are spent, with three exceptions required by the state in budget year 2006-07.

*Instructional Supplies and Materials* -- Each school district must budget a minimum of $172 per pupil for instructional supplies and materials. Beginning in FY2006-07, if a district’s expenditures for instructional supplies, materials and capital outlay exceeds the amount required to be budgeted in a given year, the district may subtract an amount equal to the amount of excess expenditures in that budget year from the amount required to be budgeted in the subsequent budget year.

*Capital and/or Insurance Reserves* -- Most school districts must budget a minimum of $279 per pupil, not to exceed $800 per pupil, for capital reserves or for insurance reserves/other risk management activities. However, this revenue allocation is optional for any district with existing capital reserves in excess of $1,395 per pupil (five years of the minimum allocation requirement).

*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 2006-07, 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.

Annually, a school district 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 20% 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.

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

Capital Reserve Fund  (C.R.S. 22-45-103, c)-- Most districts are required to budget at least $279 but no more than $800 per pupil to meet capital and/or insurance needs (see previous Earmarked Revenue discussion). Capital-related expenditures are allowed for: 1) acquisition of land, improvements, buildings, equipment, and furnishings and construction of new facilities and additions to existing facilities; 2) alterations and improvements to existing structures; 3) acquisition of school buses and certain other equipment; 4) installment purchase or lease agreements; and 5) software licensing agreements. In order for any expenditure to qualify as a “capital expenditure,” an individual item must cost at least $1,000 and any given project must cost at least $2,500.

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.

*Capital Construction Expenditures Reserve* (C.R.S. 22-54-117) and School Renovation and Construction Fund (C.R.S. 22-43.7-103) -- Through a competitive grant process, a district may apply for funding for capital construction, renovation, or technology. School Districts are required to provide matching funds. The funds cannot be used for athletic facilities.

*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.

*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 currently is comprised of four components: **Base Aid, Supplemental Aid, Density Aid and Regional Bonus. Base Aid** - For each weighted student, towns receive a portion of the foundation ($5,891) based on the ratio of the town’s wealth when compared to the guaranteed wealth level—1.55 times the median town’s wealth. Wealth is measured in terms of property per capita and per student adjusted for Per Capita Income and Median Household. Students are weighted for poverty, low test scores and English language learners. **Supplemental Aid** – Based on the weighting for poverty and low test scores, towns receive a portion of the foundation based on the ratio of the town’s concentration of poor and remedial students to the town with the highest such concentration. **Density Aid** – For towns whose population exceeds the statewide density average, this supplement awards some percent of their weighted students times the foundation. That percentage is in part a function of town density divided by the highest town density. **Regional Bonus** – Towns who are members of regional districts receive up to $100 for each such student, depending on the number of regional grades.

However, for 2006-07, legislation dictates that each town receive an ECS entitlement equal to a two percent increase over their 2004-05 entitlement and receive an additional amount specified for each town in statute.

District-Based Components

**Density/Sparsity of Small Schools**
There are no adjustments for sparsity. The ECS formula includes a grant supplement based on population density. This supplement was designed to support those towns with a high concentration of population, since these communities tend to have a higher demand for a wider variety of services. Therefore, in these types of towns, the education tax dollars are competing with a wide array of demands and services. Any town whose density exceeds the statewide density average is eligible for the supplement. The density supplement awards each eligible town some percent of the foundation times their need
students. That percentage is in part a function of town density divided by the highest
town density times a density aid factor.

**Grade Level Differences**
Does not apply.

**Pupil Weights for District/School Size**
The state provides a per pupil grant increase to the general aid formula grant for those
towns participating in regional school systems:

<table>
<thead>
<tr>
<th>Region grade range</th>
<th>Additional per pupil increase</th>
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<tr>
<td>K-12</td>
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<td>7-12</td>
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<td>9-12</td>
<td>$30.77</td>
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**Declining Enrollment or Growth**
The state’s Minimum Expenditure Requirement (MER) represents the minimum level
that school districts must expend in regular program areas. The current MER
determination is predicated on the prior year MER plus/minus any increase or decrease to
the ECS grant. There is an additional downward adjustment to the MER for those towns
with declining resident students. The adjustment equals one-half the ECS foundation
($5,891 x .5 times the number of decreased students).

**Capital Outlay and/or Debt Service**
The state pays 20%-80% of approved projects, 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% reimbursement. In addition, the state
pays 95% for approved interdistrict magnet schools, vocational agriculture centers and
regional special education facilities. Bonded indebtedness may not exceed 160% of the
current year estimated tax receipts.

**Transportation**
The state pays 0%-60% of eligible prior year expenditures, inversely related to district
wealth. Regional high school districts receive an additional 5%, and regional K-12
districts receive an additional 10%. Districts are guaranteed a minimum grant of $1,000.

**Student-Based Components**

**Special Education**
Since 1995-96, the state’s primary contribution to general special education is through
the Education Cost Sharing (ECS) formula described under Description of Formula. The
ECS foundation reflects the cost of regular education and general special education. In
addition, the students used in the ECS grant determination include both regular education
and special education.
The state also supports extraordinary special education costs through its Excess Costs grant, which funds 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).

The Excess Cost-Equity grant provides funding to towns that have extraordinary special education costs. Towns, whose prior year special education expenditures exceed the state average (when such costs are compared to average spending in regular programs), are reimbursed for their excess costs at a rate equal to their Education Cost Sharing (ECS) grant aid ratio. There is a proportionate reduction of grant totals to the amount of the appropriation if funding is insufficient.

**Pupil Weights for Special Education Programs**

General special education is funded through our general formula aid which weights students for district-wide poverty (25%) district-wide remedial performance (25%) and limited English proficiency (10%). There is no additional weighting for special education. However, the formula foundation and student counts include special education.

**Compensatory Education**

Does not apply.

**English Language Learner/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. 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.

**Other**

Connecticut targets significant funding to those 15 to 20 districts with the highest numbers, or concentrations, of poor and remedial students. Funding for theses districts provides quality preschool education, Kindergarten through grade 3 reading, summer school and extended school building hours. The state supports a variety of interdistrict choice programs for the purposes of providing academic alternatives and reducing racial and economic isolation: (1) Magnet Schools – 53 interdistrict magnet schools, serving 17,700 students; (2) Charter Schools – 16 charters, serving 3,600 students; (3) Connecticut Technical High School System – 17 state operated technical high schools enrolling over 10,000 students; (4) OPEN Choice – almost 1,800 city students enroll in suburban districts; and (5) Vocational Agriculture – 17 regional high schools serving 3,000 students.
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% of true and actual or fair market value.

Measure of Local Ability to Support Schools
For special education, transportation, adult education and school construction grants:
Equalized property value per capita, modified by a ratio of the town’s 1999 per capita income to the wealthiest town’s per capita income.

For the Education Cost Sharing (ECS) grant: Equalized property value per weighted pupil and per capita, modified by a ratio of the town’s 1999 per capita income to the town with the highest per capita income and 1999 median household income to the town with the highest median household income. The pupils are weighted for poverty, remedial performance and limited English proficiency.

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 total budget. Voter approval is required for a new tax increase.

State Support for Nonpublic Schools
Aid to public schools for services is provided to nonpublic schools and/or pupils for health and welfare services, transportation, and child nutrition.
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, Energy, is allocated on a student-based unit system. Energy funds may be used for heating oil, gas, or electricity.

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

Division IV funds are allocated on a student-based unit system, taking into consideration the wealth of the district. Minimum unit allocation is $1,363; maximum unit allocation is $20,696.

Transportation allocations are for the transporting of students to and from school and are 100% state funded.

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

<table>
<thead>
<tr>
<th>Grade</th>
<th>Per Instructional Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>½ Day K</td>
<td>34.8</td>
</tr>
<tr>
<td>Full-Day K</td>
<td>17.4</td>
</tr>
<tr>
<td>1-3</td>
<td>17.4</td>
</tr>
<tr>
<td>4-6</td>
<td>20.2</td>
</tr>
<tr>
<td>7-12</td>
<td>20.2</td>
</tr>
</tbody>
</table>

Declining Enrollment or Growth
Districts are guaranteed the unit count of the preceding school year with a maximum of 20 units state-wide.

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

Transportation
State provides total cost of transportation for K-6 pupils who reside over one mile from school and for 7-12 pupils who reside more than two miles from school.

Pupil-Based Components

Special Education
Funding is provided through instructional units. Units for 12 categories are provided, ranging in size from four pupils per unit to 15 pupils per unit.

The State is phasing in 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.

Compensatory Education
Academic Excellence instruction units are provided on the basis of one unit per 250 pupils enrolled and funds are also provided for extra time for students at risk of not meeting state standard in core content areas.

English Language Learner/Bilingual Education
Funding for Limited English Proficient (LEP) students is provided through the Block grant and Pass Through Program application process.

Gifted and Talented Education
Program now collapsed into academic excellence units.

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
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 (85%), capitation tax (1%), interest (5%), tuition (5%), and other (4%).

State Support for Nonpublic Schools
Aid for transportation and driver education is provided. State is responsible for providing driver education to all eligible Delaware residents. State provides transportation stipends to parents of children attending non-public schools
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 recognized: (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 based funding from state and local FEFP funds. Programs cost factors are determined by the Legislature and represent relative cost differences among the FEFP programs. In addition to the base funding allocation, two major allocations within the FEFP are the Supplemental Academic Instruction Allocation and Exceptional Student Education Guaranteed Allocation. Please see page 15 of “Funding for Florida School Districts” at http://www.Firn.edu/doe/index.html 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 exceed the state average. This supplement is limited to $35,000,000 statewide for the 2006-07 fiscal year.

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

<table>
<thead>
<tr>
<th>Kindergarten and Grades 1 – 3</th>
<th>1.035</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grades 4 – 8</td>
<td>1.000</td>
</tr>
<tr>
<td>Grades 9 – 12</td>
<td>1.088</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 of the prior year. In those districts where there is a decline in unweighted FTE, 50 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 community 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 community college. A school district or community 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 state 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.

A school district must participate in the FEFP to be eligible to receive funds from the state student allocation for transportation of eligible school district or charter school students.

Students in membership in kindergarten through grade 12 (K-12) and in exceptional student education programs below kindergarten 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, 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 (individuals with Disabilities Education Act 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.
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 Florida Education Finance Program (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 91 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 funds 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 2006-07, the base student allocation is $3,981.61. The approximate base weighted funding amounts generated by students in basic programs for 2006-07 are:

<table>
<thead>
<tr>
<th>Grades</th>
<th>Basic Amount</th>
<th>Multiplier</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>PK-3 Basic</td>
<td>$4,120.97</td>
<td>1.035</td>
<td>$4,275.82</td>
</tr>
<tr>
<td>Grades 4-8 Basic</td>
<td>$3,981.61</td>
<td>1.000</td>
<td>$3,981.61</td>
</tr>
<tr>
<td>Grades 9-12 Basic</td>
<td>$4,331.99</td>
<td>1.088</td>
<td>$4,653.51</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 (2006-07) the ESE Guaranteed Allocation appropriation is $1,101,383,681.

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>Multiplier</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 (254)</td>
<td>$14,867.33</td>
<td>3.734</td>
<td>$54,603.07</td>
</tr>
<tr>
<td>5 (255)</td>
<td>$20,708.35</td>
<td>5.201</td>
<td>$107,631.36</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”
http://fldoe.org/ese/pdf/matrixnu.pdf/

Compensatory Education
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 1.275.

Gifted and Talented Education
Please see the response for Special Education above.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Districts that levy the discretionary tax of 0.510 mills and an additional 0.250 mills (see discussion of current operating millage, item (2), page 3, of “Funding for Florida School Districts,” available at http://www.fldoe.org/fep/) will receive a supplement if the additional 0.250 mills raise less than $100 per FTE. An amount will be provided to ensure that each district receives $100 per FTE when combined with the amount raised by the 0.250 mills. In addition, if a school board’s 0.510 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 the district’s 0.510 mill levy, 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 95 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 $7,357,994,671 as the adjusted required local effort for 2006-07. 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 revenue for schools is the value of real property; however school boards are authorized to levy a sales tax of 0.5% for capital outlay purposes if approval is approved 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 Corporate Contributions/Tax Credits Scholarships.
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 3.25 mills), the state will pay the difference needed in the per pupil amount for each WFTE to bring the amount raised per pupil equal to the amount per pupil at the 90th percentile. The state has a minimum salary schedule for 10 months (190 days); the base salary was $31,659 for the 2006-07 school year. Most school systems provide a local supplement to the base salary.

District-Based Components

Density/Sparsity of Small Schools
No additional funds are allotted to sparsely populated areas except as might occur in the pupil transportation.

Grade Level Differences

<table>
<thead>
<tr>
<th>Grade</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>1.6490</td>
</tr>
<tr>
<td>K Early Intervention</td>
<td>2.0351</td>
</tr>
<tr>
<td>1-3</td>
<td>1.2806</td>
</tr>
<tr>
<td>1-3 Early Intervention</td>
<td>1.7916</td>
</tr>
<tr>
<td>4-5</td>
<td>1.0301</td>
</tr>
<tr>
<td>4-5 Early Intervention</td>
<td>1.7855</td>
</tr>
<tr>
<td>6-8</td>
<td>1.0147</td>
</tr>
<tr>
<td>6-8 Middle School</td>
<td>1.1186</td>
</tr>
<tr>
<td>Base Grades 9-12</td>
<td>1.0000</td>
</tr>
<tr>
<td>Vocational Lab 9-12</td>
<td>1.1882</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.

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.

Student-Based Components

Special Education
Funding is provided through foundation program for six weighted categories for special education. The weights range from 2.3803 to 5.7655, depending on the type of disability and service and program provided to the pupil.

Compensatory Education
A weight of 1.3073 is provided for students in remedial education programs; a weight of 1.5938 is provided for students in alternative education programs.

English Language Learner/Bilingual Education
The formula includes a weight of 2.5102 for students in the ESOL program.

Gifted and Talented Education
A weight of 1.6586 is provided for students in programs for the gifted.

Categorical Programs
Districts also may be eligible for the following categorical programs:

<table>
<thead>
<tr>
<th>Categorical Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bus replacement Bonds</td>
<td>$45 million</td>
</tr>
<tr>
<td>High School Graduation Specialist/Counselors</td>
<td>$15.4 million</td>
</tr>
<tr>
<td>Academic Coaches</td>
<td>$0.25 million</td>
</tr>
<tr>
<td>High Performance Principals</td>
<td>$2.25 million</td>
</tr>
<tr>
<td>Online SAT Prep Course</td>
<td>$1.0 million</td>
</tr>
</tbody>
</table>

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Expenditure controls for FY 2007 are as follows:
• Each local school system shall spend 100% of funds designated for direct instructional costs on one or more of the 19 QBE programs at the system level.
• 100% of the funds designated for media center costs shall be spent at the system level.
• 100% of the funds designated for professional development shall be sent for such costs at the system level.
• 100% of the funds for 20 days for additional instruction shall be spent for this purpose at the system level.
• Salary increases of 4% effective September 1 and health insurance increases to 16,713

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
State provides tuition for multi-handicapped pupils.
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 elected State Board of Education has no independent authority to raise funds to be used 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 (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).

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; and transience due to movements of students and their families. Other factors in the formula adjust for geographic isolation (since Hawaii is a state consisting of seven major islands); small and large schools; and grade-level adjustments for elementary and middle schools. A Committee on Weights meets annually to review the formula and possibly recommend changes to the Board of Education, such as other
program funds to be allocated by the formula, and/or changes to the weights, characteristics, or calculation methodology. For further information, please refer to the Hawaii public school website, at doe.k12.hi.us.

**District-Based Components**

**Density/Sparsity of Small Schools**
Within the statewide school district, the new weighted student formula effective for school year 2006-07 includes a factor to adjust state funding for small and large schools. Enrollment thresholds are established as lower and upper bounds for elementary, middle and high schools. An allocation of $400 per student is given to schools for student counts which are below the enrollment thresholds. A reduction of $400 per student is made for schools which have student counts above the upper enrollment thresholds. With this calculation, the total overall adjustment nets to zero, requiring no additional state funding, only a reallocation of existing funding.

The enrollment ranges are as follows:

<table>
<thead>
<tr>
<th>Enrollment Range</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elementary schools</td>
<td>400 -- 800</td>
</tr>
<tr>
<td>Middle schools</td>
<td>700 -- 1,100</td>
</tr>
<tr>
<td>High schools</td>
<td>1,150 -- 1,850</td>
</tr>
<tr>
<td>Grades K-8 schools</td>
<td>400 -- 1,100</td>
</tr>
<tr>
<td>Grades K-12 schools</td>
<td>400 -- 1,850</td>
</tr>
<tr>
<td>Grades 7-12 schools</td>
<td>700 -- 1,850</td>
</tr>
</tbody>
</table>

**Grade Level Differences**
Within the Hawaii statewide school district, state funds are adjusted in the weighted student formula (WSF) for grade level differences, as follows:

- Grades K-2: Additional weight, i.e. 0.15 per student in those grades, to provide resources for lower class sizes in those grades.
- Elementary schools: Additional weight, i.e. 0.034654 per student in those grades, to ensure that pre-WSF funding was not lost to other grade levels.
- Middle schools: Additional weight, i.e. 0.100351 per student in those grades, to ensure that pre-WSF funding was not lost to other grade levels.
- High schools: No additional weight, since high schools in aggregate gained funding under the weighted student formula.

**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.

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.

Debt service is administered by the Governor’s budget and finance division. However, the dollar amount is charged to the public school system as a “pass-through” accounting transaction.

**Transportation**
Funds for the student transportation program are appropriated by the State Legislature to the public school system. In 2001, the student transportation program was transferred to the public school system from another state agency.
**Student-Based Components**

**Special Education**
State funding for special education has increased dramatically over the past several years, 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 funding within the statewide school district is weighted per student, based on a comprehensive special education database. This database tracks every special education student, school-by-school, with information from each student’s Individualized Education Program (IEP). The relative intensity of specially designed instruction for each student is then weighted according to the following categories, identifying the number of hours per week of special instruction or supports needed:

- Intermittent support
- Targeted support
- Sustained support
- Intensive support

The information is compiled in the special education database, and state resources are allocated school-by-school based on the weighted calculations. The functionality of this database has been looked upon by other school districts as a state-of-the-art implementation of technology to track special education needs and weighted resource allocation, particularly for the size of the Hawaii statewide public school district, which ranks as one of the top 10 largest school districts in the nation.

**Compensatory Education**
Over 50% of Hawaii public school students require more educational resources, including at least 30% economically disadvantaged; 3% with English language difficulties; 5% special education; and 13% 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 a weight of 0.1885 per ELL student at this time).

**Gifted and Talented Education**
In past years, the Hawaii state public school system funding included a categorical program for 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. However, due to the subjectivity of defining gifted and talented students across the state, the gifted and talented characteristic is not weighted at this time.

**Other**

*Weighted student formula:*
Within the Hawaii statewide school district’s weighted student formula for state funding, transiency is weighted at 0.025 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 weight for geographic isolation, of 0.005 per student 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

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 economic 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 received $25,436 of discretionary funds per unit for 2006-2007 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 average amount of salary and benefits distributed was $64,400.

District-Based Components

Pupil Weights for District/School Size

<table>
<thead>
<tr>
<th>COMPUTATION OF KINDERGARTEN SUPPORT UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Daily Attendance</strong></td>
</tr>
<tr>
<td>41 or more</td>
</tr>
<tr>
<td>31- 40.99</td>
</tr>
<tr>
<td>26- 30.99</td>
</tr>
<tr>
<td>21- 25.99</td>
</tr>
<tr>
<td>16- 20.99</td>
</tr>
<tr>
<td>8- 15.99</td>
</tr>
<tr>
<td>1- 7.99</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>COMPUTATION OF ELEMENTARY SUPPORT UNITS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Daily Attendance</strong></td>
</tr>
<tr>
<td>300 or more ADA</td>
</tr>
<tr>
<td>160 to 299.99</td>
</tr>
<tr>
<td>110 to 159.99</td>
</tr>
<tr>
<td>71.1 to 109.99</td>
</tr>
<tr>
<td>51.7 to 71.0</td>
</tr>
<tr>
<td>Average Daily Attendance</td>
</tr>
<tr>
<td>--------------------------</td>
</tr>
<tr>
<td>750 or more</td>
</tr>
<tr>
<td>400 - 749.99</td>
</tr>
<tr>
<td>300 - 399.99</td>
</tr>
<tr>
<td>200 - 299.99</td>
</tr>
<tr>
<td>100 - 199.99</td>
</tr>
</tbody>
</table>

99.99 or fewer Units allowed as follows:

<table>
<thead>
<tr>
<th>Grades</th>
<th>Units</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>

**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); Special Education; and Alternative Programs.

**Declining Enrollment or Growth**
The state school support of a school district with a decreasing ADA of 1% or more will be maintained at the level of the previous year less 1%.

**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.
**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>

**Compensatory Education**
Does not apply.

**English Language Learner/Bilingual Education**
The state distributed $5.29 million based on the number of Limited-English Proficient (LEP) students (approximately $290 per student) and $750 thousand in 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 total ADA of the Exceptional Child Program and earns Support Units. The state also distributed $500 thousand based on total enrollment and the number of identified G/T students, to be used for teacher in-service.

**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. 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 114 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.
Description of the Formula

Beginning in FY 1999 Illinois had major revisions to their GSA Formula.

We have 3 formulas: Foundation, Alternate Method, and Flat Grant. In FY ’07 the foundation level is $5,334 for districts that have available local resources per pupil less than 93% of the foundation level.

Districts that have 93% up to 175% of the foundation level from local funds are Alternate Method and receive 7% - 5% of the foundation level depending upon where they are (93%-175%).

Flat Grant districts have 175% or more of FLEVEL from local funds and get a flat $218 per pupil.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences
No Grade level weighting – Eliminated in FY1999.

Declining Enrollment or Growth
Greater of Best three months Average Daily Attendance from 2005-06 school year or the prior 3 years avg. of the Best 3 months ADAs. (2003-04, 2004-05, 2005-06)

Capital Outlay and/or Debt Service
No state appropriation for capital outlay for school districts.
Transportation
For regular pupils, the state provides a minimum of $16 per pupil or actual eligible costs less a qualifying amount. For vocational and special education, 80% of allowable costs are reimbursed. Parents/guardians of pupils residing 1-1/2 miles or more from their attendance center or less than 1-1/2 miles if hazardous conditions exist and do not have access to free public transportation may file for a state grants of up to $124.59 for 2005-2006.

Student-Based Components

Special Education
There are six state funding mechanisms for special education consisting of Personnel Reimbursement, Extraordinary Services (Funding for Children Requiring Special Education Services), Transportation, Private Tuition, Orphanage and Summer School. The Personnel Reimbursement still funds $8,000 per certified special education employee and $2,800 per approved non-certified employee. The Extraordinary Services formula was changed in FY 2005. Each school district has a base amount from FY 2004 and the appropriation above and beyond the base amount is split 85% on best three months average daily attendance and 15% on poverty.

Compensatory Education
Beginning in FY99 there is a separate Poverty Grant Calculation. The student weightings for poverty have been eliminated.

We use a 3-year average of the low income count from the Dept. of Human Services.

The formula is:
\[ \begin{align*}
\geq 15\% & \cdot [294.25 + 2700(DCR)^2] \times \text{poverty students} \\
\leq 15\% & \cdot \text{flat } $355 \text{ per poverty student.}
\end{align*} \]

Pupil Weights for Compensatory Education
Pupil weights were eliminated.

English Language Learner/Bilingual Education
275 Projects to provide funds to help cover the cost of providing transitional bilingual education students with limited English proficiency.

Gifted and Talented Education
No special funding for gifted – eliminated in FY2004.

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.

Also, Property Tax Extension Limitation Law (tax caps). Statute implemented for Collar County (Dufage, Kane, Lake, Mckerny, Will) in 1991 Statute implemented for Cook County in 1994.

All other counties put it on the ballot. Approximately 50% of school districts are subject to PTELL. Basically PTELL limits the increase in tax extension from the previous year to the smaller of 5% or CPI.

Property Assessment Ratios Used/Legal Standards for Property Assessment
Thirty-three and three-tenths percent of market value is used. 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
We use the real property value (equalized assessed valuation) formula (strategy) tax rates by district type:
3.00 per $100 for unit districts
2.30 per $100 for elementary districts
1.05 per $100 for high school districts

Corporate Personal property Replacement funds.
No Weighting

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 Nonpublic Schools
Non-public school pupils are afforded transportation services on the same basis as public school pupils. Participation is authorized and funded for the state school lunch and breakfast programs. The state textbook program is available on equal basis to non-public and public pupils. Parents or guardians of public and non-public pupils that reside 1-1/2 miles or more from their attendance center or less than 1-1/2 miles if hazardous
conditions exist and do not have access to free public transportation are eligible to file for a state grant up to $124.59.
**Description of the Formula**

The Indiana General Assembly revisits the school distribution formula in its budget making sessions, on odd years. This, 2007 session, is 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 2007-08 and 2008-09 state fiscal years. Due to the fact that the formulae for each of these two fiscal years build from previous year data, the narrative that follows reflects the formula for both the 2005-06 and 2006-07 distribution formulae. Furthermore, due to the way Indiana funds Charter schools, which under Indiana law are public schools; the narrative does include descriptions of that funding mechanism as well.

*Total Basic Grant:* The total basic grant for 2006 and 2007 calendar years is the addition of these components for each school corporation and charter school as they apply.

- Tuition Support
- Academic Honors Diploma Grant
- Special Education Grant
- Vocational Education Grant
- Prime Time Grant

*The Basic Grant* is the total of several different calculations and includes tuition support, academic honors, special education, vocational education, and a Prime Time funding. Each school corporation and charter school computes the Basic Grant based on variables described below. Accordingly, it is not possible to provide examples of these calculations applicable to school corporations or charter schools. Further, input variables are subject to change in mid-year due to modifications in assessments, modifications in student count variables, or reductions made by the Department of Education required by statute to preclude over spending either the fiscal year appropriation or the calendar year cap. At the end of the Basic Grant section is a discussion pertaining to the calendar year cap.
In its simplest form, the tuition support formula determines a gross amount of state and local revenue for each school corporation and charter school. For school corporations, there is a calculated local share based on property wealth, or assessed valuation of the individual corporation, that is subtracted from the gross calculation. Charter schools have a local share deduction of thirty-five percent (35%). The result is the amount paid by the State of Indiana.

**Complexity Index:** The complexity index is determined according to the following criteria and is the sum of the following five calculations plus 1:

1. The greater of zero (0) or the percentage of the school corporation’s population 25 years of age with less than a 12th grade education, multiplied by the result of dividing $1,019 by $4,517 ($1,019 divided by $4,563 for 2007). The 2000 federal census data are used for this variable.

2. The greater of zero (0) or the percentage of the school corporation’s students eligible for free lunch in the 2004-05 school year as reported to the Department of Education, multiplied by the result of dividing $1,260 by $4,517 ($1,260 divided by $4,563 for 2007). The 2004-05 school year data are also used for the 2007 calculation.

3. The greater of zero (0) or the percentage of the school corporation’s students classified as Limited English Proficient in the 2004-05 school year as reported to the Department of Education, multiplied by the result of dividing $452 by $4,517 ($452 divided by $4,563 for 2007). The 2004-05 school year data are also used for the 2007 calculation.

4. The greater of zero (0) or the percentage of families in the school corporation with a single parent, multiplied by the result of dividing $557 by $4,517 ($557 divided by $4,563 for 2007). The 2000 federal census data are used for this variable.

5. The greater of zero (0) or the percentage of families in the school corporation with children less than 18 years of age that have a family income below the poverty level, multiplied by the result of dividing $347 by $4,517 ($347 divided by $4,563 for 2007). The 2000 federal census data are used for this variable.

If the sum of the above five (5) steps is greater than 1.25, it is adjusted by subtracting 1.25 from the sum and multiplying the result by five-tenths (0.5).

**Previous Year Revenue:** Selected state and local revenue establish a revenue base to determine the ensuing years funding. For 2006, this calculation is the total 2005 calendar year basic grant less the calendar year 2005 academic honors diploma grant, special education, vocational education, and primetime grants. It also includes the 2005 calendar year maximum levy, 2004 motor vehicle excise, commercial vehicle excise, and financial institutions taxes. Further, in 2006 is subtracted the amount of the school corporation’s general fund levy attributable to the levy transferred from the school corporation’s general fund to the school corporation’s referendum tax levy fund established under IC
21-2-11.6-4. For 2007, this calculation is the 2006 calendar year basic grant, less the 2006 academic honors diploma grant, special education, vocational education, and prime time grants. The 2006 calendar year maximum levy plus the 2005 motor vehicle and commercial vehicle excise and financial institutions taxes are used for the 2007 previous year revenue calculation. School corporations that counted nonpublic students in the 1999-2000 ADM have the previous year revenue reduced in 2006 and 2007. Calendar year 2007 is the last year for this reduction.

*Adjusted ADM:* There is an adjustment to the ADM of school corporations for growth and decline in the student population. Generally, school corporations experiencing growth will have a downward adjustment in both the 2005-06 (for the 2006 basic grant calculation and the 2006-07 ADM (for the 2007 basic grant calculation). The downward adjustment equals twenty-five percent (25% of the actual growth from the prior year. Generally, school corporations experiencing enrollment decline will have both the 2005-06 (for the 2006 basic grant calculation) and 2006-07 ADM (for the 2007 basic grant calculation) adjusted upward to reflect a 5-year average of the ADM.

The Adjusted ADM for 2005 (the 2004-05 school year) is recalculated first. To complete step ONE, the 2000-01, 2001-02, 2003-04, 2004-05, and 2005-06 ADMs are each multiplied by two tenths (0.20). The result for each year beginning with 2000-01 through 2004-05 is summed. Step TWO begins with subtracting the 2003-04 ADM from the 2004-05 ADM, multiplying that result by seventy-five hundredths (0.75), and adding it to the 2003-04 ADM.

The 2004-05 Adjusted ADM is the greater of step ONE or step TWO.

For 2006, the 2001-02, 2002-03, 2003-04, 2004-05, and 2005-06 ADM data are used. The sum of the result of multiplying the ADM for each of these years by two tenths (0.2) is step ONE. Step TWO is the result of the calculation of the difference between the 2005-06 ADM and the 2004-05 ADM, multiplied by seventy-five hundredths (0.75). This result is added to the 2004-05 ADM.

The 2005-06 Adjusted ADM is the greater of step ONE or step TWO.

For the 2007 calculation of Adjusted ADM, the 2002-03, 2003-04, 2004-05, 2005-06, and 2006-07 ADM data are used.

For charter schools, the 2004-05 Adjusted ADM is the actual 2004-05 ADM and the 2005-06 Adjusted ADM is the actual 2005-06 ADM. For the 2007 calculation, the 2005-06 Adjusted ADM is the actual 2005-06 ADM and the 2006-07 Adjusted ADM is the actual 2006-07 ADM.

*Previous Year Revenue per ADM:* The previous year revenue, defined earlier, divided by the previous year adjusted ADM determines the previous year revenue per ADM.

*Target Revenue:* Target Revenue is the total state and local dollars generated by the formula, excluding categorical funding for Academic Honors, special education,
vocational education, and Primetime. A calculation is made to determine the Target Revenue per pupil for each individual school corporation and charter school.

A charter school in the first year of operation in 2006 uses the target revenue per ADM for the school corporation in which the charter school is located to compute total Target Revenue.

A charter school that is in its second or later year of operation in 2006 uses the Complexity Index of the school corporation in which it is located to compute total Target Revenue.

The calculation considers:
- The complexity index.
- Previous year revenue per adjusted ADM.
- The current year ADM.
- The current year adjusted ADM.
- The relationship between the previous year revenue per adjusted ADM and the state target

A school corporation, based on individual corporation data, will receive target revenue from the transition to foundation calculation or the foundation calculation. In either case, a school corporation is guaranteed ninety-nine percent (99%) of its previous year revenue per ADM times the current ADM. All school corporations and charter schools in the second or later year of operation make these three calculations. The calculation generating the greatest result is the actual target revenue for that school corporation or charter school.

The Foundation amount for 2006 is $4,517 ($4,563 for 2007) adjusted by the complexity index (discussed earlier). From this amount per student is subtracted the previous year revenue per adjusted ADM for 2004-05 and the result is divided by 6. For 2007, the previous year revenue per ADM is the 2006 revenue divided by 5.

- If the subtraction is less than negative $50 (-$50), the greater of the absolute value of this division by 6 (or 5 for 2007) or $50 is subtracted from the previous year revenue per ADM. These school corporations are transitioning from the Foundation amount. (Foundation Transitioning Grant).
- If the subtraction is greater than negative $50 (-$50) and less than or equal to $50, the Complexity Index times $4,517 ($4,563 for 2007) is the per pupil target revenue. These school corporations are at the Foundation amount. (Foundation Grant).
- If the subtraction is $50.01 or greater, the greater amount of the absolute value of the above division by 6 or $50 is added to the previous year revenue per ADM. These school corporations are transitioning to the Foundation amount. (Foundation Transitioning Grant).

The applicable result from the above calculations is multiplied by the 2005-06 adjusted ADM for 2006 for 2007 to arrive at the Foundation revenue.
All school corporations, regardless whether transitioning to, from, or at the Foundation amount, are guaranteed to have Target revenue at a level that is not less than ninety-nine percent (99% of the previous year revenue per ADM).

Next, the previous year revenue is divided by the 2004-05 ADM for 2006 multiplied by ninety-nine percent (99%). This result is multiplied by the 2005-06 ADM and the result is per ADM Guaranteed Revenue.

The greater of Foundation Revenue or per ADM Guaranteed Revenue is the Target revenue. Target revenue divided by the 2005-06 adjusted ADM is the Target revenue per ADM for 2006 (divided by the 2006-07 adjusted ADM for 2007).


Target Tax Rate: This section only applies to school corporations.

For 2006, the $4,517 foundation amount, adjusted by the Complexity Index ($4,563 for 2007, is multiplied by the 2005-06 Adjusted ADM and the result is subtracted from the target revenue calculated previously). For this purpose, this value is the Variation From Foundation.

Next, the 2006 Assessed Value is divided by the 2005-06 ADM and this amount is multiplied by .0001. The result is compared to $36.30 and the greater amount is selected. This value is Wealth Per ADM. The 2007 Assessed Value and the 2006-07 ADM are used for this calculation for 2007.

- If result ONE is not equal to zero, the Variation From Foundation is divided by the 2005-06 ADM for 2007. This quotient is divided by the Wealth Per ADM and multiplied by .01, rounded to 4 places. To this amount is added $0.72 and this is the target tax rate.

- If result ONE is zero, and there is a 2005 (2006) General Fund levy increase granted on appeal for a loss in Impact Aid (P.L. 874) or the opening and operating of a new facility dollar amount, the total of these approved appeals is divided by the 2005-06 ADM ADM for the 2007 calculation. This quotient is divided by the result TWO value and multiplied by .01, rounded to 4 places. To this amount is added $0.72 and this is the target tax rate.

General Fund Tuition Support Levy: This section only applies to school corporations.

The product of the target tax rate and the ensuing year Tax Rate Adjustment Factor is the Adjusted Target Tax Rate. The 2005 General Fund tax rate is subtracted from the Adjusted Target Tax Rate (the 2006 General Fund Tax Rate is subtracted for the 2007 calculation). For both 2006 and 2007, this difference cannot be less than negative eight cents ($-0.08) nor greater than three cents $(0.03).
NOTE: If the school corporation has or will have students from the corporation attending a charter school, the Burris Laboratory School, or the Indiana Academy of Science, Math, & Humanities, there is an additional levy adjustment for charter schools which is added to the total levy calculation. For 2006, the charter school levy adjustment equals the 2006 target revenue per ADM per student multiplied by thirty-five hundredths (0.35) and this result is multiplied by the number of the school corporation’s students attending a charter school. For 2007, the charter school levy adjustment equals the 2007 target basic grant per student multiplied by thirty-five hundredths (0.35) and this result is multiplied by the number of the school corporation’s students attending a charter school.

For 2006:

• If the 2006 Adjusted Target Tax Rate is equal to the 2005 General Fund Tax Rate, the Adjusted Target Tax Rate is multiplied by the 2006 Assessed Valuation and divided by 100 to determine the Tuition Support Levy.

• If the 2006 Adjusted Tax Rate is greater than the 2005 General Fund Tax Rate, the lesser of difference between the two tax rates or $0.03 is added to the 2005 General Fund Tax Rate and this rate is multiplied by the 2006 assessed valuation and divided by 100 to determine the Tuition Support Levy.

If the 2006 Adjusted Target Tax Rate is less than the 2005 General Fund Tax Rate, the lesser of the difference or $0.08 is subtracted from the 2005 General Fund Tax Rate.

• The result is multiplied by the 2006 assessed valuation and divided by 100 to determine the Tuition Support Levy.

For the preceding calculations for 2007, 2006 data are substituted for 2005, and the 2007 assessed valuation and adjustment factors are used.

Tuition Support: The amount of tuition support for a specific school corporation is total Target revenue minus the sum of the 2006 (2007 levy) and the 2005 (2006) motor vehicle excise, commercial vehicle, and financial institutions tax. Tuition support may be a negative dollar amount. This applies to both school corporations and charter schools.

For school corporations that are neither transitioning to nor transitioning from the Target Revenue amount, $4,517 for 2006 as adjusted by the Complexity Index, the following calculations are made:

• Target Revenue is added to the 2005 P.L. 874 Loss amount and the 2005 New Facility amount, if applicable.
• The local share, which is the sum of the 2006 Tuition Support Levy, 2005 Motor Vehicle and Commercial Vehicle Excise Tax, and Financial Institutions Tax, is subtracted. The result is the 2006 Tuition Support. For 2007, the 2007 Total Target Revenue, as adjusted, is multiplied by the 2006-07 Adjusted ADM, and the 2006 P.L.
874 and 2006 New Facility amounts, if applicable, are used. This is the Tuition Support for school corporations that are neither transitioning to nor from the Target Revenue amount.

For school corporations that are either transitioning to or transitioning from the Target Revenue amount, the following calculations are made:

- **Target Revenue**
- **The local share, which is the sum of the 2006 Tuition Support Levy, 2005 Motor Vehicle and Commercial Vehicle Excise Tax, and Financial Institutions Tax, is subtracted. The result is the 2006 Tuition Support. For 2007, the 2007 Total Target Revenue, as adjusted, is multiplied by the 2006-07 Adjusted ADM, and the 2006 P.L. 874 and 2006 New Facility amounts, if applicable, are used. This is the Tuition Support for school corporations that are either transitioning to or from the Target Revenue amount.**

For charter schools, the Target Revenue is the previous year revenue guarantee multiplied by thirty-five hundredths (0.35) and this result is subtracted from the Total adjusted Target Revenue. This is the Tuition Support for charter schools.

**District-Based Components**

**Density/Sparsity of Small Schools**
Does not apply.

**Grade Level Differences**
Does not apply.

**Declining Enrollment or Growth**
See discussion of Adjusted ADM.

**Capital Outlay and/or Debt Service**
Does not apply. The flat grant distribution has been discontinued.

**Transportation**
Does not apply. The state transportation distribution has been discontinued.

**Student-Based Components**

**Special Education Funding**
School corporations and charter schools are entitled to receive a grant for special education programs. The grant is based on a count of students who are enrolled in special education programs on December 1 of the preceding calendar year (the enrollment of December 1, 2005), is used for the 2006 calculation and the enrollment of December 1, 2006, is used for the 2007 calculation. The grant is the sum of multiplying the unduplicated count of enrolled students with severe disabilities receiving special education and related services by $8,246, plus multiplying the unduplicated count of
enrolled students with mild and moderate disabilities by $2,238, plus a duplicated count of enrolled students receiving services for communication disorders and the cumulative count of enrolled students receiving home bound services are multiplied by $531. The same per-pupil per-program dollar amounts are used for both 2006 and 2007.

Compensatory Education
Not directly funded; however the Complexity Index does include a factor pertaining to the percentage of students in the school corporation eligible for free lunch in 2004-05 as reported; and, the percentage of families in the school corporation with children less than 18 years of age that have a family income below the poverty level, using the 2000 federal census.

English Language Learner/Bilingual Education
Not directly funded; however the Complexity Index does include a factor pertaining to the number of students classified as Limited English Proficient in the 2004-05 school year, as reported.

Gifted and Talented Education
Program encourages school corporations to develop high ability programs. The Gifted and Talented Education program includes allocating technical assistance funds to local schools for high ability students, and organizing and developing a state infrastructure of resources and communication for high ability programs.

Other
Vocational Education Funding
The distribution of vocational 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. The Fall 2005 program enrollment data are used to calculate this grant for 2006 and the Fall 2006 program enrollment data are used for 2007.

1. The number of students enrolled in vocational 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 vocational 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 vocational 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 less than moderate wage category is multiplied by $300 per hour; plus,
4. The number of students enrolled in vocational 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,

5. The number of students enrolled in vocational 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,

6. The number of students enrolled in vocational 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 less than moderate wage category is multiplied by $225 per hour; plus,

7. The number of students enrolled in vocational 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,

8. The number of students enrolled in vocational 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,

9. The number of students enrolled in vocational 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 less than moderate wage category is multiplied by $150 per hour; plus,

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

11. The number of students enrolled for vocational programs served in an area vocational school receiving students from more than one high school is multiplied by $150.

Note: In 2005-06, there are no approved programs for numbers 3, 6, 8 or 9 above.

The total vocational 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 recategorization.
Prime Time Grant:  All school corporations and charter schools are eligible to receive a Prime Time Grant. This grant is paid on the basis of a Target Pupil/Teacher Ratio calculated for each school corporation or charter school. This ratio can range from 18 pupils per teacher to 15 pupils per teacher, depending on the school corporation or charter school Complexity Index. The 2006 Complexity Index is used for the 2006 calculation and the 2007 Complexity Index is used for the 2007 calculation. The Complexity Index for a charter school is the index of the school corporation in which the charter school is located for the first year of operation and subsequent years of operation. The first calculation is to determine the applicable Target Pupil/Teacher Ratio.

- If the Complexity Index is equal to or greater than 1.1, but less than 1.2, subtract the Complexity Index from 1.2, divide that result by .1, multiply the quotient by 3 and add 15. This is the target pupil/teacher ratio.
- If the Complexity Index is less than 1.1, the target pupil/teacher ratio is 18.
- If the Complexity Index is equal to or greater than 1.2, the target pupil/teacher ratio is 15.

Divide the 2005-06 Grade K-3 ADM (for 2007 use the 2006-07 Grade K-3 ADM) by the appropriate pupil/teacher ratio. Round to four (4 places). This calculation determines a teacher equivalency needed to meet the target pupil/teacher ratio.

Multiply the applicable 2006 tuition support per pupil dollar (the 2007 calculated amount) for 2007 amount by .75 and divide by the 2005-06 ADM (use 2006-07 ADM for the 2007 calculation). Round to two (2 places).

This result is multiplied by the 2005-06 Grade K-3 ADM (use 2006-07 Grade K-3 ADM for the 2007 calculation).

Divide this result by $69,811 (for both the 2006 and 2007 calculations), rounded to four (4) places, and subtract the amount from the result of the division of the 2005-06 Grade K-3 ADM by the appropriate pupil/teacher ratio (use the 2006-07 Grade K-3 ADM for the 2005 calculation). Round this value to two (2) places. This calculation cannot be less than zero (0). This represents the number of Grade K-3 teachers that are funded through the Prime Time calculation. This result is multiplied by $69,811, and the result is rounded to two (2) places (for both the 2006 and 2007 calculations). For charter schools that did not receive a Prime Time Grant in 2005, this is the 2006 Prime Time Grant. The result is compared to the 1999 Prime Time Grant amount or the First Program Year Grant amount. The greater of these three dollar values is compared to the 2005 (2006 is used for the 2007) calculation Prime Time Grant multiplied by seven and one half percent (7.5%), rounded to two (2) places. The 2006 Prime Time Grant is the lesser of these two values.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Revenue adjustments are controlled by the tuition support formula.
Property Assessment Ratios Used/Legal Standards for Property Assessment
By statute all real property is to be assessed at 1/3 fair market value.

Measure of Local Ability to Support Schools
Total assessed property valuation in the corporation.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All school districts are fiscally independent. With the exception of 5 districts, all budget on a calendar year. The five budget on a fiscal year basis. Each corporation has access to six separate property tax based funds: General, Debt Service, Capitol Projects, Transportation, School Bus Replacement, and Special Education Pre-School. Under Indiana Law, a corporation must budget expenditures for transportation, school bus replacement and or debt service to levy taxes for those funds. Further revenues to those funds can only be expended for the purposes of those funds. Growth in the General Fund is controlled by the Indiana General Assembly. A school corporation may increase its General Fund property tax levy upon approval of its taxpayers by referendum. The maximum chargeable for the capitol projects fund is $0.4167 per each $100 of assessed valuation.

State Support for Nonpublic Schools
Does not apply.
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 $4,487 per pupil from a combination of state aid and a uniform local property tax levy (2006-07). 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 ($5,128 in 2006-07). The rate of growth in the state per pupil cost is set as a percentage annually by the legislature.

District-Based Components

Density/Sparsity of Small Schools
Additional pupil FTE is provided for .48 of the time that pupils attend classes in another school district, attend classes in a community college, 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. 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 students. The total amount or supplementary weighting provided for a regional academy cannot exceed the equivalent of 15 additional pupils and is guaranteed a minimum of 10 additional pupils.

Grade Level Differences
Does not apply.

Declining Enrollment or Growth
For enrollment growth, a school district can request an on-time budget adjustment of 100% 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 by 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 or to its FY2004 budget. 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 local property tax levy/income surtax, a local bond issue, or
a countywide local option 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.

Student-Based Components

Special Education
Three levels of additional pupil FTE weighting are provided for special education pupils.

Pupil Weights for Special Education Programs

<table>
<thead>
<tr>
<th>Categories</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource teaching program, special class with integration, supplemental</td>
<td>1.72</td>
</tr>
<tr>
<td>assistance. Receive all or part of instructional program in the general</td>
<td></td>
</tr>
<tr>
<td>education curriculum</td>
<td></td>
</tr>
<tr>
<td>Self-contained special class with little integration, limited participation</td>
<td>2.21</td>
</tr>
<tr>
<td>in the general education curriculum with non-handicapped pupils</td>
<td></td>
</tr>
<tr>
<td>Self-contained special class. Pupils with similar educational needs who</td>
<td>3.74</td>
</tr>
<tr>
<td>are severely handicapped and special education instructional program</td>
<td></td>
</tr>
<tr>
<td>provided on a full-time basis.</td>
<td></td>
</tr>
</tbody>
</table>

Compensatory Education
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. 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 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 four years. A
school district may apply to the School Budget Review Committee for an adjustment to
budget authority for the cost of providing the program in excess of the funding generated from the weightings or the cost to continue providing the program beyond the four 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. Forty-eight dollars per pupil is incorporated in the regular program cost to fund 75% of the gifted and talented program budget. The local district must provide the remaining 25% of the budget, or $16 per pupil.

**Other**
Supplementary weighting carry forward is provided as an incentive for districts that reorganized during an incentive period that ended on July 1, 2006.

**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.

**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 four classes: agricultural, residential (including agricultural dwellings), commercial, or industrial. 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 full
reimbursement is not made, the amount of the credits granted to taxpayers will be prorated.

**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 appeal local tax levies to a state appeals 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 textbooks 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 school district finance formula establishes the general fund of each unified school district by setting weights for different programs. The budget is determined by using the enrollment data and a formula based on the size of the district. In addition, weights are assigned for at-risk students, vocational students, bilingual students, students transported, and various other smaller weights. State aid is determined by taking the general fund and subtracting a 20 mill property tax levy and other small amounts of revenue. The difference between the general fund and those revenues is the amount of state aid.

District-Based Components

Density/Sparsity of Small Schools
It is a linear transition formula ranging from 100 students up to 1,622 students.

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 transition. 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.
Student-Based Components

Special Education
State provides 80% of special education transportation costs: $23,000 ($26,500 in 2007-08) estimated in categorical aid per instructional unit is also provided. That amount is paid on all certificated education teachers, while paraprofessionals are paid .4 or $9,200 (10,600 in 2007-08) per fulltime paraprofessional.

Compensatory Education
Does not apply.

English Language Learner/Bilingual Education
State aid is based on the full-time equivalency enrollment of bilingual students receiving services. The district would receive an additional $1,705 ($1,728 in 2007-08) for a full-time bilingual student.

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

Other
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 amount set at $1,200 per student ($1,653 in 2007-08). In addition, additional funds are available for districts in which their students on free meals exceed 40% of their total enrollment. A small amount is also given to schools based on the students not on free meals who are non-proficient on state assessment tests.

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 $4,316 for 2006-07 ($4,374 for 2007-08).

Property Assessment Ratios Used/Legal Standards for Property Assessment
No response provided.

Measure of Local Ability to Support Schools
Under the formula, all school districts levy 20 mills for the general fund and the state aid makes up the difference between the budget authority and the 20 mills.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
No response provided.
**Supplemental General Fund (Local Option Budget or LOB)**
Districts can budget up to 30% of their general fund budget providing certain criteria are met (32% in 2007-08). See *2006-07 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 issued based on the assessed valuation per pupil of the district. See *2006-07 Edition (or 2007-08 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 $84 per pupil ($108 in 2007-08).
**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. ($3,508 for 2006-2007, $3,822 for 2007-2008). 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 number 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. Transportation cost as calculated under the provisions of KRS 157.370;

d. 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 160.420).

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**

**Density/Sparsity of Small Schools**
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.
**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>25 pupils</td>
</tr>
</tbody>
</table>

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

**Declining Enrollment or Growth**

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 average daily attendance (ADA) 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 distributed to 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.
Student-Based Components

Special Education
Special Education is funded through an Exceptional Child Add-on to Kentucky base funding mechanism. The base funding formula if 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 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.

Compensatory Education
Discontinued for all practical purposes in 1990.

English Language Learner/Bilingual Education
Bilingual Education no longer applies. The new laws under No Child Left Behind Act of 2001 are:

Title III: Language Instruction for Limited English Proficient (LEP and Immigrant Students)

Students with limited English proficiency come with diverse histories, traditions and varied educational experiences. The term 'limited English proficient' used in the state is defined in Title IX of the No Child Left Behind Act under the General Provisions Part A, Section 9101. Definition. The term immigrant children and youth is defined as specified in Part C, General Provisions, Section 3301.

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 7004 KAR 3:285. Grant awards are
based on funding units reflecting district population at the end of the year preceding the prior year.
The value of one (1 unit is $11,300).

*The source of very slight funding increases for all districts is grant money previously used for competitive/discretionary grants additional funding.

A district with a population of 0-175 (1) district receives $11,450. A district with a population of 176-500 (1) district receives $11,445 and a district with a population of 501-1,950 (57) districts receives $22,650. A district with a population of 1,951-2,000 (5) districts receives $28,300 and a district with a population of 2,001-4,500 (68) districts receives $45,250. A district with a population of 4,501-8,000 (22) districts receives $67,850; a district with a population of 8001-10,000 (4) districts receives $73,500; and a district with a population of 10,001-15,000 (7) districts receives $79,150; a district with a population of 30,001-35,000 students (1) district receives $102,550; and a district with a population of 90,001-95,000 + (1) district receives $172,750.

B. 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, 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 and year-end MUNIS expenditure report.

_Discretionary/Competitive Grant Awards_

A. Criteria for Recipient Eligibility
B. Application Process
C. Selection Procedures
D. Recipient Reporting Requirements
E. List of award grantees and awards amounts and brief description of use.
No discretionary/competitive grants have been awarded for 2006-2007.

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.

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 including boats and airplanes - the fair cash value of motor vehicles owned by residents and corporations in the school district).
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: (See sample tax rate certification in Section III. Budgeting and Financial Accounting):

(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. (Also, see Section XI. Miscellaneous, Procedures for Implementing the Utility Gross Receipts License Tax for Local School Districts).

(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 local school districts. Districts are afforded the flexibility to spend these funds as they determine to be in the best interest of the district while satisfying all mandated program requirements. Funds within the MFP are not earmarked for specific purposes but are intended, in combination with other funds available to the local districts, to provide the fiscal requirements of operating a school district.

Components of the FY2006/07 MFP Formula:

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

- Base State and Local Costs
- Base per Pupil Amount
  - $3,652 per HCR 290 - set annually by the SBESD with approval of the Joint Legislative Committee on the Budget or an increase of 2.75% over the prior year per pupil amount if the MFP continues to operate under the previous resolution because a new resolution was not adopted by the Legislature.
- Add-on weights - based on student characteristics recognizing the extra cost of instruction for certain categories of students or classes.
  - At Risk Students (19%)
  - Vocational Education Units (5%)
  - Special Education Students
  - Other Exceptionalities (150%)
  - Gifted and Talented (60%)
  - Economy of Scale up to 20% (for districts with less than 7,500 students)
- 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 Wealth Factor (fiscal
capacity relative to sales and property taxes and proration factor for each district)

• 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 (Approximately 40 cents on the dollar,
up to a maximum amount).

• Level 3: Unequalized Funding
• Calculation of growth in Level 1 and 2 funding over prior year; 50% of Level 1 and 2
“growth funds” dedicated to certificated pay raises
• Continuation of FY 2001-02 Certificated Pay Raise
• Continuation of FY 2002-03 Support Worker Pay Raise
• FY 2006-07 $1,500 Certificated Pay Raise
• FY 2006-07 $500 Support Worker Pay Raise
• Foreign Language Associate Funding
• Hold Harmless Funding (continuation of prior year funding for districts that would
lose State aid under the revised formula)
• FY 2006-07 $80 Mandated Cost Adjustment

**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**
Does not apply.

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

**Transportation**
No state aid provided.
Student-Based Components

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

Special Education Students
Other Exceptionalities (150%)
Gifted and Talented (60%)

Compensatory Education
Does not apply. We do have additional funding for At-Risk Students:

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

At Risk Students (19%) Students who have limited English proficiency who are not contained in the at-risk weight based on the free and reduced lunch criteria, are added to the At-Risk

At-Risk Students are those students receiving free and reduced lunch.

English Language Learner/Bilingual Education
Any local school system employing a Foreign Language Associate shall receive a supplemental allocation from BESE of $20,000 per teacher not to exceed a total of 300 teachers in the program. During FY2006/07, there are 207 foreign language associate teachers within the 68 school districts.

Gifted and Talented Education
Add-on weights - based on student characteristics recognizing the extra cost of instruction for certain categories of students or classes.
Gifted and Talented (60%)

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply to school districts.

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 Wealth Factor: A measure of the wealth of each school district based on each district’s sales and property capacity per student.
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 Wealth Factor (fiscal capacity relative to sales and property taxes and proration factor for each district).

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 68 districts 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 (40%); sales tax (53%); interest on investments (2%); 16th section lands (1%); and other (4%).

State Support for Nonpublic Schools
Nonpublic schools receive funding for:

Required Services – reimbursement for the actual cost of performing selected activities as required by State law or regulation.

Textbooks – Number of nonpublic students reported to the Department on October 1 of the prior school year @ $27.02 per student plus 5.92% administration fee.

Transportation – Districts which provide transportation services to nonpublic schools are eligible to receive a per pupil amount for each student reported in the School Transportation Data Survey.

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 - This is a per pupil amount that fluctuates but is based on the October 1 student count in the prior school district.
Description of the Formula

Beginning in 2003-04, 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.

District-Based Components

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

Grade Level Differences
The number of staff approved for K-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 school size for each LEA, and different levels of State subsidizeable funds provided each LEA.

Declining Enrollment or Growth
Does not apply.
**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.

**Student-Based Components**

**Special Education**
The State subsidizes 100% of approved Essential Programs and Services special education costs.

**Compensatory Education**
The State provides additional subsidies for all children eligible for free or reduced lunches in each LEA based on a 1.20 pupil weighting.

**English Language Learner/Bilingual Education**
The State provides additional subsidies for all ESL children based on weightings 1.30-1.60, depending upon the number of eligible children in each LEA.

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

**Other**
Does not apply.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
At present there are no state mandates restricting revenue nor expenditures. The State is on a 4 year plan of action to result in the State paying 55% of approved K-12 costs. Once the State reaches this target, State and local budgets will be subject to a growth cap; a cap equal to the 10 year average percent growth in personal income and percent change in K-12 student population. Locals will be permitted to exceed this percentage growth if it is approved by referendum by the local voters.

The cap is scheduled to take effect for the 08-09 year. However, the State may be delayed in reaching its 55% target, and thus the growth cap would be delayed.
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 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.
MARYLAND

Description of the Formula

Effective June 1, 2002, Senate Bill 856 - Bridge to Excellence in Public Schools Act created the Foundation Program. A higher per pupil amount to be shared by the State and local governments is phased in for an "adequate" base level funding in fiscal 2008. In fiscal 2007 the phase in rate is 83%. The per pupil amount for fiscal 2007 is $5,959. The State share is 50%. The grants are equalized on the basis of local wealth. The minimum State share of the per pupil foundation amount that a local school system may receive is 19% in fiscal 2007 and 15% when fully phased in during fiscal 2008. The program is funded based on the full-time equivalent enrollment as of September 30 of the prior fiscal year. For fiscal 2007 the full-time equivalent enrollment value for a kindergarten student is .90 increasing to 1.00 when fully phased in during fiscal 2008.

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 will be 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.

The State pays on behalf of each local board of education the entire cost of pension/retirement benefits for eligible school personnel. Local school boards, however, are required to reimburse the State for retirement expenses that are accrued for personnel who are paid with federal funds.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences
Does not apply.
Declining Enrollment or Growth
September 30 enrollment is used in calculating the Foundation Program as special needs populations are used in calculating the state Compensatory Education, Limited English Proficient, and Special Education programs. Although declining enrollment and special needs populations are not specifically addressed the Foundation, Compensatory Education, Limited English Proficient programs do have a statutory minimum grant amount.

Capital Outlay and/or Debt Service
School construction is shared state/local costs. Some school construction costs or projects are exclusively the responsibility of the local jurisdiction. They include site acquisition; architectural and engineering fees; utility connections; regional or central administrative offices; permits; and movable furniture and equipment. The State funds its share of school construction primarily through the issuance of general obligation bonds and PAYGO operating funds. The State also provides an annual grant for Aging Schools.

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, increased by the Consumer Price Index (minimum 3% - maximum 8%) as well as an additional grant for school systems experiencing increased enrollment. The grant amount equals the student enrollment increase over the previous year multiplied by the total transportation aid per pupil in the prior year. For purposes of calculating the fiscal 2004 base grants the fiscal 2003 base grant amounts were increased by $10,612,223. The sum of the base grant and the enrollment adjustment becomes the subsequent year's base grant.

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. An overall 50% State share of the per pupil funding level is phased in from fiscal 2004 to 2008 (fiscal 2007) - 46%, with less wealthy school systems receiving more than a 50% State share and more wealthy school systems receiving less than a 50% State share. By fiscal 2008, no school system may receive less than a 40% State share of the per pupil special education amount regardless of local wealth (fiscal 2007) - 38%. The fiscal 2007 funding level is $231,835,479.

Nonpublic placement is a program by which the State shares in the cost of placing students with disabilities in nonpublic special education schools when no program is available for them in the public schools. For FY 2005 and FY 2006, the State paid 75% of the cost of students placed over 300% of the excess cost of Special Education students. Beginning in FY 2007 and each year thereafter, the State pays 80% of the cost of students placed over 300% of the excess cost of Special Education students.
Compensatory Education
A funding level per student who is eligible for free and reduced price meals (FRPM) is calculated by taking 97% of the per pupil amount established in the Foundation Program. An overall 50% State share of the per pupil funding level is phased in from fiscal 2004 to 2008 (fiscal 2007 - 46%), with less wealthy school systems receiving more than a 50% State share and more wealthy school systems receiving less than a 50% State share. By fiscal 2008, no school system may receive less than a 40% State share of the per pupil compensatory education amount regardless of local wealth (fiscal 2007-38%).

English Language Learner/Bilingual Education
A funding level per LEP student is calculated by taking 99% of the per pupil amount established in the Foundation Program. An overall 50% State share of the per pupil funding level is phased in from fiscal 2004 to 2008 (fiscal 2007) - 46%). Local school systems receive funding for the program based on wealth, although no school system may receive less than a 40% State share of the per pupil LEP amounts times the number of students eligible for the program (fiscal 2007 - 38%)

Gifted and Talented Education
Funding provides support to two initiatives: The Maryland Summer Centers for Gifted and Talented Students, and expenses for Maryland participants in the world-level competition of DestiNation ImagiNation. The Maryland Summer Centers Program provides unique summer enrichment opportunities for gifted and talented students in the areas of the sciences, humanities and social sciences, the arts, engineering, mathematics, creative writing, and technology. All programs funded must adhere to accepted tenets of gifted and talented education program design, service delivery, and evaluation, and must support Achievement Matters Most goals; the National Association for Gifted Children (NAGC Program Standards); and Maryland's Learning Goals. The DestiNation ImagiNation grant provides for the expenses of Maryland State-level winners who compete at the world finals level.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
By statute, in order for local school systems to receive increases in State foundation program aid, counties must provide the local school systems with at least the same dollars 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.

Property Assessment Ratios Used/Legal Standards for Property Assessment
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.

**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 derives from property and income taxes.

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

The “Chapter 70” state aid formula provides $3.5 billion in aid to school districts through a modified foundation program. A “foundation budget” averaging $8425 per pupil is calculated for each school district, based upon specific inflation-adjusted rates in fourteen enrollment categories and 11 functional areas. Beginning in FY07, a newly-developed methodology called “aggregate wealth” defines the target local contribution for each city and town. The target is derived by taking .3383 percent of each municipality’s total 2004 property valuation, and adding 1.6306 percent of its residents’ total 2003 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. In addition, districts may qualify for “growth aid” or a $50 per pupil minimum aid increase.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences
The regular education foundation rate is $6,019 for elementary, $5,706 for junior high/middle, and $7,115 for senior high.

Declining Enrollment or Growth
“Growth aid” may supplement foundation aid where enrollment increases and inflation yield significant growth in foundation budgets compared to the previous year. No district receives less than its FY06 aid, plus an additional $50 per pupil.

Capital Outlay and/or Debt Service
State Aid 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 FY07, the rate was 91 percent.

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 75 percent of special education instructional costs in excess of four times the state average foundation budget—$33,700 in FY07.

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 $20,822.

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 $21,750.

Compensatory Education
Each low-income pupil generates an extra increment of between $2,285 to $2,831 in foundation budget dollars. A $10 million grant program provides additional support for districts with low test scores.

English Language Learner/Bilingual Education
Each limited-English pupil generates an extra increment of between $484 and $1893 in foundation budget dollars.

Gifted and Talented Education
Does not apply.

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).

Fifty-one commonwealth charter schools are funded by tuition transfers from quarterly Chapter 70 payments to school districts. The 21 thousand pupils at these schools count towards the sending districts’ foundation enrollment.
One hundred and fifty-five 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.

Massachusetts DOE website link for Chapter 70 information: http://finance1.doe.mass.edu/chapter70/

**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. In FY07 tax levies rose an average of 5.1 percent.

**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.
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 then the others until all were at a minimum of $6,700. Since then, all districts receive the same increases. The lowest foundation in 2007 is $7,108. State school aid per pupil is equal to the district’s foundation per pupil minus their school operating taxes per pupil. School operating taxes are equal to non-homestead property times 18 mills for most districts.

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
See answer above. The state uses a three-year average pupil count in the calculation of state school aid for districts with a pupil count of 1,550 and 4.5 or fewer pupils per square mileage, if it benefits the districts. New for 2007 is a categorical program that allocates declining enrollment funds for districts that do not meet the 1,550/4.5 criteria. However, those funds are capped at $20 million statewide.

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.

**Student-Based Components**

**Special Education**
A long standing Michigan court case (know 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.

**Compensatory Education**
Michigan has appropriated $315 million in categorical funding earmarked for Compensatory Education (At Risk pupils). The formula is 11.5% of the districts per pupil foundation grant times the number of free breakfast, lunch or milk pupils that the district claims.

**English Language Learner/Bilingual Education**
The current year state appropriation for Bilingual Education is $2.8 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**
Gifted and Talented funding of $285,000 is appropriated in Michigan for 2007. An amount of $5,000 is available for each of the 57 intermediate school districts in the state.

**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 553 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.

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). Kindergarten pupils are weighted at 0.557, pupils in grades 1-6 at 1.15, pupils in grades 4-6 at 1.06, and secondary pupils (grades 7-12) at 1.3. For districts with declining weighted ADM from the previous school year, revenues are calculated using 77% of the current year weighted ADM and 23% of the prior year weighted ADM. A district’s general education revenue equals the sum of its basic, compensatory, limited English proficiency (LEP), extended time, training and experience, alternative teacher compensation, sparsity, transportation sparsity, operating capital, gifted & talented, equity and transition revenues. Basic revenue equals $4,974 times weighted ADM.

Most categories of general education revenue, including the basic revenue, are funded entirely with state aid. The basic general education levy was repealed in 2001. School districts are required to levy for a portion of operating capital, transition and 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:

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>0.557</td>
</tr>
<tr>
<td>Grades 1 – 3</td>
<td>1.115</td>
</tr>
<tr>
<td>Grades 4-6</td>
<td>1.06</td>
</tr>
<tr>
<td>Grades 7-12</td>
<td>1.30</td>
</tr>
</tbody>
</table>

Declining Enrollment or Growth
Most revenues are calculated using adjusted marginal cost pupil units (AMCPU). For districts with declining weighted ADM from the previous school year, AMCPU equal 77% of the current year’s weighted ADM and 23% of the prior year’s weighted ADM. AMCPU for districts with growing weighted ADM are based on 100% of the current year’s 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 $173 plus $1 times 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 21 large school districts to make an annual levy or issue bonds for the approved costs of deferred maintenance, health and safety or disabled access, and allows other districts to make an annual levy or to issue bonds for the approved costs of health and 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 $100 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, 4.85% ($241 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.

Student-Based Components

Special Education
State special education aid includes state special education-regular aid and special education excess cost aid. State special education-regular aid is based on expenditures in the second prior fiscal year. The base revenue aid includes 68% of the salaries of essential special education personnel, plus 47% of the cost of special supplies and equipment, not to exceed $47 per pupil, plus 100% of the cost of special transportation, plus 52% of the difference between the cost of contracted services and the general education revenue of the district for that pupil for the amount of time the pupils receives services under the contract. The base revenue is adjusted for change in the district’s ADM between the base year and the current year, and the state total special education revenue is constrained to $529,247,000. As a result of the statewide funding cap, the adjusted aid is about 79% of the formula aid.

The special education excess cost aid formula funds 75% of approved special education costs not funded under the special education-regular formula, based on current year data. Due to a statewide aid limit of $104,700,000, the actual excess cost aid is about 50% of the formula aid.

Compensatory Education
Compensatory education 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 and reduced price lunch count is at least 80% of the building’s enrollment, the compensatory revenue equals $2,735 times the adjusted free and 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 Compensatory Education

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

### English Language Learner/Bilingual Education

Revenue for limited English proficiency (LEP) programs is included in the general education revenue program. Students who have generated 5 or more ADM in Minnesota public schools before the start of the current school year are not eligible to be counted for LEP revenue calculations. Students in grades 4 – 12 who were enrolled in a Minnesota public school when the Test of Emerging Academic English (TEAE) was administered during the prior year are not eligible unless they scored below the state cutoff score on the TEAE. For districts with at least one but fewer than 20 eligible LEP students, funding is based on 20 students. Basic LEP revenue equals $700 times the eligible LEP average daily membership served. Districts where the concentration of LEP students is 11.5% or greater receive an additional $250 per eligible LEP 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 and talented revenue is included in the general education revenue program. A district’s gifted and talented revenue equals $9 per weighted ADM. It must be used only to identify gifted and talented students, provide educational programs for gifted and talented students, or provide staff development for teachers to best meet the needs of gifted and talented students.

### 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. Training and experience revenue is being phased out, and a new alternative teacher compensation program enacted in 2005 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 26% of the basic general education formula. 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.

**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 340 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 $4,974 times the number of FTE weighted ADM served.

For further information see:

http://education.state.mn.us/mdeprod/groups/Finance/documents/Publication/010078.pdf

http://www.house.leg.state.mn.us/fiscal/files/06fined.pdf

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

The Mississippi Accountability and Education Program Act (MAEP) was enacted in 1997. The MAEP is a foundation program that is based on the following formula:

1. \(((\text{ADA excluding self-contained special education}) \times \text{Base Student Cost}) + \text{At-Risk Component}) – \text{Local School District Contribution} + 8\% \text{ Guarantee} = \text{MAEP Formula Allocation}\)

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 statistical data to identify successful schools; criteria for efficient schools include (a) number of teachers per 1,000 students, (b) administrator/staff ratio, (c) operation and maintenance personnel, 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\%.

**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
State provides $18 per year per pupil in ADA. 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.

Student-Based Components

Special Education
Funding is based on agency approval of the teacher units and certification and experience of the approved teacher. Five separate offices in the Department have a role in the application in program approval criteria and allocation of special education teacher units.

Compensatory Education
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 gifted and talented students; the funding amount is based on the certification and experience of each teacher.

Revenue and Expenditures Information

State Mandates Restricting Revenue or Expenditure Increases
Local district share under MAEP is limited to 27% of the program costs including the At Risk Component.

Property Assessment Ratios Used/Legal Standards for Property Assessment
Not response provided.

Measure of Local Ability to Support Schools
Local district share under MAEP is limited to 27% of the program costs including the At-Risk Component.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
The 152 districts are fiscally independent. In addition there are 11 non-operating administrative units and four agriculture high schools (AHS). There is no specific maximum mill rate. Districts are limited to no more than a 7% increase in the prior year’s
ad valorem revenue without a referendum. From 7% to 10%, the referendum is by protest petition. Over 10% must be by referendum with simple majority required for approval. 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.state.mo.us/statutesearch/

**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.
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 53% of allowable costs.

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 14.9% 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.

Compensatory Education
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 26.6% 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 1.1% 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.

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 $6,117, 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, 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 2006-07, the basic entitlements for elementary and high school districts were $20,718 and $230,199, respectively, with a pro-ration of the elementary and high school entitlements applied to elementary districts having accredited 7-8 grade (middle school or junior high school) programs. The per-student entitlements were approximately $4,456 for elementary students and $5,704 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 the 4 additional funding components.

District-Based Components

Density/Sparsity 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 45% 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. Legislature called for a statewide survey of school facilities to be conducted during FY 2006-07.

**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.

**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.

**Compensatory Education**
Does not apply.

**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 2006-07.
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, 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, 3.14%; electric and telephone cooperatives, 3%; public utilities, 12%; 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

- 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 aid; and ADM for the final calculation of state aid.

- Formula students in each grade range are multiplied by weighting factors of .5 for kindergarten students, 1.0 for full day kindergarten through grade 6, 1.2 for seventh and eighth grade students, and 1.4 for nine through twelve.

- An adjustment is made to weighted formula students:
  - Indian Land Factor (.25)
  - Limited English Proficiency (.25)
  - Poverty Factor (progressive percentages between .05 and .30 multiplied by students qualified for free lunches/milk or children under 19 years of age living in a household with adjusted gross income less than $15,000, whichever is greater.
  - Extreme Remoteness Factor (.125)

- Divides local systems into three cost groupings:
  - Very Sparse
  - Sparse
  - Standard

- Transportation Allowance which 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.

- 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.
• Formula Resources:
  • Yield from Local Effort Rate (adjusted valuation provided by the Property Tax Administrator divided by 100 multiplied by the Local Effort Rate of $0.95).
  
  • Net Option Funding (net enrollment option students multiplied by the weighting factor at each grade range as of the day of the fall membership count multiplied by the statewide average cost grouping cost per student).
  
  • Allocated Income Tax Funds (a percent calculated annually of the net Nebraska income tax liability of each school district’s resident individuals).
  
  • Minimum Levy Adjustment (applied to any system that has a general fund common levy that is less than $0.945 [90% of the $1.05 maximum levy].
  
  • Other Actual Receipts from the most recently available complete data year which include general fund state, county and local receipts.

• Other Factors:
  • Lop Off Adjustment limits the amount of revenue from state aid as follows:
    o State aid and property taxes (calculated based on assessed valuation and the system general fund levy) are multiplied by a percentage that includes the applicable allowable growth rate and the percentage growth in students. The prior year’s state aid and property taxes are further increased by receipts from other school districts related to annexation, unused budget authority, decreases in system receipts from the prior year and the absolute value of a negative prior year correction.
    o The amount of revenue from calculated state aid and potential property taxes (based on adjusted valuation) and a $0.95 levy is then compared to the prior year’s state aid and property taxes that have been adjusted as described above.
    o If the calculated state aid and potential property taxes is more than the previous year’s state aid and property taxes, the local system has state aid taken away (“lopped off”).
  
  • Small School Stabilization Adjustment:
    o Distributed to local systems with 900 or less formula students that have adjusted general fund operating expenditures per formula student less than the average for all local systems with 900 or less formula students.
    o Aid is distributed proportionately to qualifying local systems based on the dollar amount each local system’s calculated state aid plus the product of a levy of $1.00 multiplied by the assessed valuation is below 90% of state aid and property tax receipts received during the previous year.
  
  • Stabilization Factor:
    o A local system cannot receive state aid which is less than an amount equal to 85% of the prior year’s state aid less any increase in adjusted valuation multiplied by the maximum levy of $1.05.
**District-Based Components**

**Density/Sparsity of Small Schools**
Small School Stabilization Adjustment:

Distributed to local systems with 900 or less formula students that have adjusted general fund operating expenditures per formula student less than the average for all local systems with 900 or less formula students.

Aid is distributed proportionately to qualifying local systems based on the dollar amount each local system’s calculated state aid plus the product of a levy of $1.00 multiplied by the assessed valuation is below 90% of state aid and property tax receipts received during the previous year.

**Grade Level Differences**
No response provided.

**Declining Enrollment or Growth**
A local system cannot receive state aid which is less than an amount equal to 85% of the prior year’s state aid less any increase in adjusted valuation multiplied by the maximum levy of $1.05.

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

**Transportation**
Transportation Allowance which 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.

**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.

**Compensatory Education**
An adjustment is made to weighted formula students for Poverty Factor (progressive percentages between .05 and .30 multiplied by students qualified for free lunches/milk) or children under 19 years of age living in a household with adjusted gross income less than $15,000, whichever is greater.
English Language Learner/Bilingual Education
An adjustment is made to weighted formula students for limited English proficiency students of .25.

Gifted and Talented Education
Does not apply.

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, state aid reduction due to temporary aid adjustment 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.
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. Funding ranges from $4,489 to $10,420 and differences 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. 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% 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 $137 million in FY2007 and required the funding of 2,197 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” statute 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.

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 $35,122. Students per unit range from a low of 48.2 in Pershing County School District to a high of 156.2 students per unit in Clark County School District.

Compensatory Education
Does not apply.

English Language Learner/Bilingual Education
Does not apply.

Gifted and Talented Education
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
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).

**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 Formula

Equitable Education Aid:
Aid received each year is a combination of statewide education property tax revenue and grants. Grants are recalculated for the first year of the state’s biennium budget (05-06) and grant amounts remain the same for the second year. Three independent calculations are made to determine each town’s grant. Eligibility requirements for each component limit aid to those towns with the greatest need.

Local Equalization Component:
This component uses:
Average Daily Membership in Residence (ADM-R) for FY03 (02-03 school year). The local tax base for FY03 (4/1/02 equalized valuation including the utility properties). The statewide average local education tax rate for FY03.

Only towns that have an equalized valuation per pupil that is below the state average are eligible for aid within this component. The difference between the local equalized valuation per pupil and the state average is determined. This amount is multiplied by the state average local education tax rate to derive a per pupil aid amount for the town. In essence, the aid allocated makes up the difference between what this town could raise at the average tax rate and what the average town could raise. (There is no requirement that towns set a certain tax rate to qualify for aid).

Enhanced Equalization Component:
This component uses:
ADM-R for FY03. The tax base for the FY06 Statewide Enhanced Education Tax (4/1/03) equalized valuation without utility properties. A Statewide Enhanced Education Tax rate sufficient to raise $363,000,000 for FY06 ($2.840 per thousand).

This component uses the same formula as the Local Equalization Component for comparing the town’s ability to raise revenue to the state average. It also restricts aid to only those towns that have an equalized valuation per pupil that is below the state average.
Targeted Aid Component:
This component provides aid for three types of students and for transportation, and uses: ADM-R of the municipality for FY03. The local tax base (4/1/02) equalized valuation including the utility properties for FY03. The statewide average per pupil amount raised from the local school tax for FY03.

Three categories of students:
Special education students with IEPs. Students eligible for free or reduced price lunches (The family income must be less than 185% of the federal poverty limit). Students with a limited proficiency in English receiving at least 5 hours of English instruction per week.

Towns are eligible for aid in this component if their equalized valuation per pupil and their median family income are both below the state average or no more than 50% above the state average. (Individual students may be counted in more than one category).

The per pupil targeted aid amount for special education and low income students for FY06 is $3,917. Eligible towns also receive a transportation allocation of $190 for all students. The per pupil amount for students with a limited English proficiency is $1,000.

Statewide Enhanced Education Tax Assessment:
School districts receive revenue raised locally by the Statewide Enhanced Education Tax. The amount raised each year is fixed at $363,000,000.

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%-60% of annual payment of bonded principal for approved construction and renovation projects. For cooperative districts the range is 40%-60%. Rates are based on the number of towns within the cooperative and the equalized valuation per pupil and median family income of those towns. Limitations based on capacity needs and a per square footage rate apply to new construction. Up to an additional 3% may be awarded for projects that meet New England’s Collaborative for High Performance Schools.

Transportation
See Equitable Education Aid. Also, transportation for career and technical education students to CTE centers.
Student-Based Components

Special Education
See Description of the Formula. 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.

Compensatory Education
No response provided.

English Language Learner/Bilingual Education
See Description of the Formula.

Gifted and Talented Education
Does not apply.

Other
Charter School Tuition for schools approved by the state board of education.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Does not apply.

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
Equalized valuation per pupil and median family income used by both Equitable Education Aid and Building Aid.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
There are nine dependent and 161 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 Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA) and went into effect in the 1997-1998 school year. It is a foundation formula based on projected weighted enrollment.

Core Curriculum Standards Aid (CCSA) provides wealth-equalized foundation aid to school districts with the intent of ensuring a “thorough and efficient” education. The State sets an annual uniform per pupil foundation amount, which is multiplied by the projected weighted enrollment for each district to determine their “T & E” budget. The foundation budget contains an allowance for some local spending variation (5 percent above or below). Districts that cannot fund their “T & E” budget on their own receive CCSA for regular education 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 2001-2002, the “T & E” (foundation amount was $7,913). The following grade level adjustments are made: kindergarten = 0.50; grades 6 through 8 = 1.04; grades 9 through 12 = 1.11.

With some exceptions (described throughout) the formula has been flat funded since fiscal year 2001 – 02. Districts have received the same amount of CCSA each year since 2002, regardless of changes in enrollment or changes in wealth as measured in CEIFA.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.
Grade Level Differences
As noted above, students at different grade levels are given varying weights when determining CCSA.

Declining Enrollment or Growth
Stabilization Aid limits the amount of State aid a district can lose in a year. Under CEIFA, the total amount of aid a district received could not decrease by more than 10 percent relative to the previous year. The Legislature, through the annual Appropriations Act, reduced the loss to 2 percent and ultimately 0 percent. This aid has not been calculated since fiscal year 2001-02.

The fiscal year 2004 – 05 Appropriations Act created Above Average Enrollment Growth (AAEG) to provide additional State aid to school districts with high enrollment growth rates that may have been negatively impacted by the flat funding that existed since the 2001 – 02 fiscal year. The criteria by which districts qualified and the amount of aid received varied in each subsequent annual Appropriations Act. In fiscal year 2006-07 the criterion was an enrollment increase of at least 2.5%.

Capital Outlay and/or Debt Service
Debt service is available to any district with qualifying outstanding debt from school construction or renovation projects. The debt service state share percentage is the ratio of Core Curriculum Standards Aid to the “T & E” Budget. In addition, with the enactment of the Education Facilities Construction and Financing Act (EFCFA) in fiscal 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 (1.5 miles for elementary and middle school students, 2.0 miles for high school students). A greater level of support is provided for special education students who have special transportation needs.

For regular transportation needs, the fiscal year 2001 – 02 aid amounts equaled $383.88 per transported student plus $10.50 per mile the student was transported. The corresponding figures for students with special transportation needs were $2,675.77 per student and $5.10 per mile transported.

This aid category has not been recalculated since fiscal year 2001 - 02.

Student-Based Components

Special Education
Districts received special education aid for students based on the severity of the classification. Students classified into one of three levels (Tiers II, III and IV received $3,260, $5,975 and $13,037, respectively, in fiscal year 2001 – 02). Additionally, any
student classified in these tiers may receive $310 for each related service and up to four related services making up Tier I services.

The funding for this category has not been recalculated since fiscal year 2001 - 02.

**Pupil Weights for Special Education Programs**

The cost factors for Special Education are the same in fiscal year 2006-07 as they were in fiscal year 2001-02, as follows:

*Tier I least severe - $310*

Tier I services are provided to pupils classified for other than speech correction services who are resident in the district. These students may receive related services including, but not limited to, occupational therapy, physical therapy, speech and counseling. Classified pupils are eligible to receive aid for up to four services under Tier I.

*Tier II - $3,260*

Tier II pupils are pupils resident in the district not receiving Tier IV intensive services meeting the criteria for specific learning disability or perceptually impaired, traumatic brain injury or neurologically impaired, cognitive impairment-mild or educable mentally retarded and preschool disabled and all classified pupils receiving services pursuant to chapter 46 of Title 18A in shared time county vocational programs in a county vocational school which does not have a full child study team.

*Tier III - $5,975*

Tier III pupils are pupils resident in the district not receiving the Tier IV intensive services meeting the criteria for cognitive impairment-moderate or trainable mentally retarded, orthopedic impairments, auditory impairments, communication impairments, emotionally disturbed, multiply disabled, other health impairments or chronically ill, and visual impairments.

*Tier IV - $13,037*

Tier IV pupils are pupils resident in the district receiving intensive services. For the 1999-2000 school year, Tier IV pupils are pupils resident in the district meeting the classification definitions for autistic and cognitive impairment-severe or day training eligible, and other pupils who receive one or more of the following services specified in a pupil’s individualized education program:

- Individual Instruction
- Pupil Teacher Aide Ratio of 3:1 or Less
- High Level Assistive Technology
- Extended School Year
- Intensive Related Services
- Interpreter Services
- Personal Aide
- Residential Placement for Educational Purposes
- Individual Nursing Services
Compensatory Education
There is no Compensatory Education Aid category. However the following categories of aid are based on measures of districts’ low income concentration and wealth. For aid purposes, low-income counts are based on the number of students eligible for the federal free lunch program.

Supplemental Core Curriculum Aid (SCCSA) is provided to districts where there is a high concentration of low-income students, and property tax rates significantly above the State average are required to support general education expenditures. Specifically, districts must meet the following three criteria to qualify: 1) Forty percent or greater low-income concentration; 2) an equalized tax rate at least 10 percent above the State average; and 3) where resident enrollment is greater than 2,000, the equalized property valuation does not exceed two times the State average. This aid has not been recalculated since FY 2002.

Educational Opportunity Aid (EOA) is allocated to the 31 “Abbott” districts as required by the State Supreme Court. EOA is provided to the Abbott districts to increase their per pupil general education revenue to the average of the wealthiest districts in the State. Additionally, this aid provides resources for these districts to provide for their students’ unique needs. The amount allocated to districts varies based on the difference between each Abbott district’s general education revenue per pupil (prior to the addition of EOA and the average of the wealthiest district). It should be noted that EOA was not a part of the original CEIFA law. Rather, it is included in the Appropriations Act each year.

Preschool Expansion Aid (PSEA) is another aid category that is only provided to the Abbott districts. The aid supports the increased enrollment and improved quality of full day preschool programs for three and four year old children. The aid is calculated by calculating the difference between the district’s approved preschool budget for a given school year and the approved budget in the base year (2001 – 02) for most of the Abbott districts. Similar to EOA, this aid category is authorized each year in the Appropriations Act.

Early Childhood Program Aid (ECPA) is targeted to districts with a low-income concentration of at least 20 percent and supports the cost of preschool programs, full-day kindergarten, and other elementary programs. In fiscal year 2001 – 02, districts with a low-income concentration between 20 percent and 40 percent received $506 per student while districts with higher concentrations received $817 per pupil. Note that the district’s total enrollment, not the preschool nor the kindergarten enrollment, is used to calculate the total amount of aid. This aid is restricted to use for early childhood programs. This aid category has not been recalculated since fiscal year 2001-02.

Demonstrably Effective Program Aid (DEPA) provides revenue to schools with high concentrations of low-income students to implement programs that have been demonstrated to improve student outcomes. To qualify, a school must have a low-income concentration of at least 20 percent. For the 2001 – 02 fiscal year, schools with a low-income concentration between 20 percent and 40 percent received $327 per student.
while schools with higher low-income concentrations received $463 per student. Note that this aid is determined based on the total school enrollment, not the number of low-income students. This aid category has not been recalculated since fiscal year 2001 - 02.

Instructional Supplement Aid (ISA) provides additional resources to districts with a low-income concentration between 5 and 20 percent. The fiscal year 2001 – 02 aid totaled $369 per low-income student in the district, and was the same for fiscal year 2006 – 07.

High Expectations for Learning and Proficiency (HELP) aid has been included in the annual Appropriations Act since fiscal year 2004 – 05. This aid category targets financial resources to districts with a large share of low-income students, low property valuation and county vocational districts that receive the majority of their students from Abbott districts. The per-pupil allocation varies based on the total enrollment in eligible districts and the total amount of funding appropriated by the Legislature.

**English Language Learner/Bilingual Education**

This category of aid is dispersed to districts based on the number of students enrolled in qualifying programs. Aid totaled $1,168 per pupil in fiscal year 2001 – 02.

The funding for this category has not been recalculated since fiscal year 2001- 02.

**Gifted and Talented Education**

Does not apply.

**Other**

*County Vocational District Aid* is dispersed to the 21 county vocational school districts on a per pupil basis. In fiscal year 2001 – 02 these districts received an additional $1,883 per student.

*Consolidated Aid* was created in the fiscal year 2003 – 04 Appropriations Act. Three State aid categories (Adult Education Aid, Distance Learning Network Aid and Academic Achievement Rewards) were combined and supplemented with an additional appropriation. The aid was distributed to districts based on enrollment and their District Factor Group classification. In subsequent years, districts have received the same amount of funding for this aid category.

*School Choice Aid* provides revenue to districts that receive students from other school districts as part of the School Choice Program. Participating districts receive the T&E amount for participating students with the appropriate adjustment made depending on the students’ grade levels.

*Abbott Bordered District Aid* was first implemented in fiscal year 2005 – 06 as a result of the passage of new legislation. Aid is provided to districts that are bordered by at least three Abbott districts and meet other criteria. Qualifying districts receive revenue to eliminate the per pupil spending difference between them and the average per pupil.
expenditure in the Abbott districts. Districts were funded at their fiscal year 2005 – 06 levels in the subsequent year.

*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**

School districts are allowed to increase their budgets by the greater of 2.5 percent or the Consumer Price Index (CPI). Districts may increase their expenditures beyond this level using one of the established spending growth limitation adjustments (SGLAs) or by proposing a separate question for voter approval that requests additional spending authority for specified programs and/or services. Districts are also allowed to temporarily “bank” unused SGLAs for use in a later fiscal year.

In fiscal year 2006 - 07 the budget limit was tied to the CPI which was 4.04 percent.

In fiscal year 2006 - 07, SGLAs were permitted for the following:
*Statutory*: 1) changes in enrollment; 2) capital outlay expenditures; 3) non-remote pupil transportation costs; 4) special education costs in excess of $40,000 per pupil; and 5) opening a new school facility in the budget year;
*Commissioner*: 1) increases in tuition; and 2) increases in insurances (liability, workers’ comp, employee group and domestic security preparedness costs--banked cap must first be exhausted for this last one).

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

Taxable value is 100 percent of the true value as established by 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 the April election. Type II districts may also 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 non-public schools including the following:
• Textbook aid
• Handicapped aid
• Auxiliary services aid
• Auxiliary services / handicapped transportation aid
• Nursing services aid
• Technology initiative

The State also provides Aid-in-lieu of transportation for nonpublic transportation expenditures. In FY 2007 the amount was $794 per pupil.
Description of the Formula

Foundation program based on weighted pupil units is MEM. The guarantee per weighted pupil is $3,446.44 for 2006-2007. State foundation aid is equal to the sum of weighted pupil units times $3,446.44 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) x 1.0 x MEM = UNITS

   Senior High
   Whichever provides the greater number of units:
(200 – MEM/200) x 2.0 x MEM = UNITS
or
(400 – MEM/400) x 1.6 x MEM = UNITS

Additional program units for districts with less than 4,000 MEM (including special education MEM) according to the following formula:

(4,000 – MEM/4,000) x 0.15 x MEM = 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 – MEM/Senior High Schools) x 0.50 = 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.

**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 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>
<tr>
<td>** Weighted classroom units</td>
<td></td>
</tr>
</tbody>
</table>

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.

**Compensatory Education**
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”

**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

Operating Aid is still a percentage equalizing formula using a combination wealth measure of property and taxable income. A district’s Combined Wealth Ratio (CWR) is based on the sum of 50% of its full property value per total weight pupil units compared to the state average of $382,200; and 50% of its income per total weighted pupil units compared to the state average of $121,800. This aid category, while still calculated, is used only in the calculation of a few, smaller aid categories, rather than the multi-billion dollar program it was in 1999. Since 2001-02, aid has been paid to districts in relation to the amount of aid that they received in the previous year. For 2005-06 and 2006-07, the bulk of unrestricted aid to school districts has been paid in the form of Flex Aid. 2006-07 Flex Aid was calculated, and is being paid, based on 101% of a district’s 2005-2006 Flex Aid amount. Flex Aid consolidated a large number of aid categories, including Comprehensive Operating Aid which was the largest category of unrestricted aid to school districts.

District-Based Components

Density/Sparsity of Small Schools

Sparsity is a factor in calculating Supplemental Extraordinary Needs Aid, an unrestricted general aid with adjustments to meet the needs related to educating populations with a concentration of poverty, LEP or geographical sparsity. In 2006-2007, Supplemental Extraordinary Needs Aid is projected to be $136 million, statewide. For this aid category, sparsity is considered to be school districts operating grades K-12 with less than 25 pupils per square mile. This sparsity factor is not exclusive to “small schools”; enrollment does not specifically affect a district’s eligibility for such aid.

Sparsity also potentially affects the Transportation Aid ratio of a school district. School districts’ enrollment from the year prior to the base year is subtracted from 21 and then that difference is divided by 317.88. The minimum is 0. This sparsity factor is added to the district’s selected sharing ratio to determine the State Sharing Ratio for Transportation Aid for each school district.
Grade Level Differences
Secondary pupils are weighted 1.25. This weighting is still a factor in the calculation of Operating Aid (see first section for description of Operating Aid) although the amount calculated is no longer what is paid to districts. Rather, it is used in the calculation of a few other, small aid categories.

Declining Enrollment or Growth
The percentage by which ADA of first half of current year exceeds ADA for same period of base year is applied to operating aid to generate growth aid, which is paid in addition to base formula aid. Districts with declining enrollment may select higher of base pupil count or a two-year average pupil count in the operating formula.

Capital Outlay and/or Debt Service
Aid is provided for approved building expenses including both debt service and capital outlay. Formula “equalizes” based on real property wealth of district. Limits for bonded indebtedness are based on the relationship of debt to full value of district property. 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.

In addition, recent legislative changes created an Assumed Amortization Schedule upon which State Building Aid is now based and paid. Depending on whether the work being done is reconstruction, additions or new buildings, aid is paid to school districts over 15, 20, or 30 years, respectively.

Transportation
Transportation Aid is now wealth equalized with a choice of aid ratios and sparsity adjusted (see section on sparsity). The average (1990) is 90 percent but districts may also receive as little as 6.5%. In addition, approved capital transportation expenses are now amortized and aided over five years.

Student-Based Components

Special Education
Aid for special education pupils equals weighted resident pupils multiplied by district approved operating expense per pupil, but not less than $2,000 or more then $9,250. This is multiplied by the district’s excess cost aid ratio. Aid is in addition to aid for operating expense. Districts also receive Special Education Aid for students in very high cost programs, for students moving from a restricted placement into a general education setting and for pupils receiving direct or indirect teacher consultant services at least two hours per week.
Pupil Weights for Special Education Programs

<table>
<thead>
<tr>
<th>Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pupils with handicapped conditions in special class 60% or more or the school day in either public school or BOCES Program.</td>
<td>1.65</td>
</tr>
<tr>
<td>Pupils with handicapping conditions in special class 20% or more of the school week or receiving consultant teacher services a minimum of 2 hours per week.</td>
<td>0.90</td>
</tr>
</tbody>
</table>

These weightings are for resident pupils and aid under the Excess Cost Aid Formula is in addition to aid for pupil attendance being included in the district’s regular operating aid.

Compensatory Education
This program has been discontinued. In its place are Sound Basic Education (SBE) Aid (new in 2005-2006) and Supplemental Extraordinary Needs Aid (Supp. ENA). SBE Aid for 2006-2007 is what school districts received in 2005-06 plus the district’s percent of the total 2005-06 statewide allocation times an additional SBE allocation amount ($375 million). Supplemental ENA uses a variety of different factors in three tiers to drive aid to school districts with the greatest pupil need.

Pupil Weights for Compensatory Education
The PCEN program has been discontinued. Sound Basic Education Aid and Supplemental Extraordinary Needs Aid currently are aid categories which provide state support for the extra costs associated with students who are at risk for not meeting state learning standards, as previously covered under the PCEN program.

English Language Learner/Bilingual Education
A Limited English Proficiency student count is used in the calculation of Supplemental Extraordinary Needs Aid and Additional Limited English Proficiency Aid. In both instances, LEP counts as reported by the districts are multiplied by different ratios and dollar amounts to generate the aid. Districts are also required to set aside money up to a certain dollar amount (varies by district) to serve LEP students or face a deduction of their 2006-07 LEP Aid.

Gifted and Talented Education
Gifted and Talented Aid was consolidated in to Flex Aid in 2005-06.

Other
Does not apply.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
The laws of 1997 imposed a contingent budget cap on school districts whose budget was defeated by the voters (maximum of two votes possible). Upon adoption of a contingent budget, district spending in the subsequent year is limited to the lesser of 120% times the percentage increase in the consumer price index or 4% over the spending from the previous year (some costs are excluded when calculating the contingent budget amount),
whichever is less. In addition, there is a limit on the administrative component of a contingent budget.

Property Assessment Ratios Used/Legal Standards for Property Assessment
Full value at 100% assessment is used.

Measure of Local Ability to Support Schools
The measures described in 1990 are still used. However, they are not used for the calculation and payment of the largest category of unrestricted aid to school districts, Flex Aid. Rather, they are used in the computation of some smaller categories of aid.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
There are 698 school districts in New York State. Five (5) of these districts are fiscally dependent large city school districts. Of the remaining 693 districts, 14 are special act school districts which do not have taxing authority. Therefore, 679 school districts place their budgets before the voters for approval. There is a limit of two (2) votes on a budget and a simple majority is required for approval (see “State Mandates Restricting Revenue of Expenditure Increases” for information regarding contingent budgets). 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. In dependent school districts (the state’s largest cities), local revenue to be applied in the budget is determined by the municipal government.

State Support for Nonpublic Schools
Public school districts are reimbursed for costs of purchasing and loaning textbooks to non-public school children (up to $57.30 per child). Transportation is provided by the student’s home district and the expenses are Transportation Aid eligible. School districts loan software and library materials to eligible, resident nonpublic school students. Health services are provided to the students in a non-public school by the district in which the non-public school is situated. The public school district providing the services contracts with any other public school district from which students attending the non-public school are resident. 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. The program budget for this aid is approximately $80, million for 2006-2007.

Note: Chapter 57 of the New York State Laws of 2007 changed the school funding system by replacing some 30 separate aids with a new foundation formula. The formula has four parts: a foundation amount based on the cost of education in successful school districts multiplied by a pupil need index and a regional cost index, less an expected local contribution.

The pupil need index reflects students typically requiring extra time and help by districts and is measured by students receiving subsidized meals, English language learners and students from geographically sparse areas of the state. The regional cost index measure
the relative cost of doing business in various labor force regions of the state as measured by the salaries of professionals other than teachers. The expected local contribution represents each district's fair share of education funding based on the capacity to raise revenues locally. Districts are given a choice of the better of a state sharing ratio (percent equalizing formula) or a standard tax rate per $1,000 of Full Value adjusted by the income of residents in the district. This legislation provides separate funding for regional shared services (i.e., BOCES Aid), school construction, pupil transportation, the education of high cost students with disabilities and universal pre-kindergarten.
Description of the Formula

Flat grant program based on instructional units. The state provides between $28,510 and $57,330 per instructional unit (excludes NBPTS) based on a statewide teacher salary schedule. Additional support is provided for administrative personnel and teacher aides. There is no required local contribution. Pupil count is ADM. The State Salary Schedule is located on the following link: http://www.ncpublicschools.org/fbs/finance/salary/

District-Based Components

Density/Sparsity of Small Schools
A special allotment is paid for isolated school populations.

<table>
<thead>
<tr>
<th>Grade</th>
<th>One Teacher Position for</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-3</td>
<td>18 students</td>
</tr>
<tr>
<td>4-6</td>
<td>22 students</td>
</tr>
<tr>
<td>7-8</td>
<td>21 students</td>
</tr>
<tr>
<td>9</td>
<td>24.5 students</td>
</tr>
<tr>
<td>10-12</td>
<td>26.64 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 mechanics, drivers’ wages and bus replacement based on efficiency ratings and replacement schedules.

Student-Based Components

Special Education
State allocated aid for handicapped students on the lesser of April first headcount or 12.5% of total ADM.

Compensatory Education
North Carolina has three categories of funding specifically for remediation and students at risk of failing. These categories are as follow:

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.

Improving Student Accountability – This funding is based on the results of the State Testing program for Grades 3 -8. School Systems receive $200 per child for each student scoring below grade level on the State Test.

Disadvantaged Student Supplemental Funding
Distribute resources based on a prescribed delivery option the 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
State allocates funding based on 4% of total Average Daily membership her LEA.

Other
Teacher Assistants – Dollars per K-3 ADM
Vocational Education – Dollars and Months of Employment for 8-12 ADM
Driver Education – Dollars per 9th grade ADM

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
Does not apply.
Description of the Formula

In North Dakota’s basic support program, there is a “deduct” of the revenue generated by a mill levy set by the legislature. The revenue generated by the “deduct” is used to increase the base per student foundation aid rate and is redistributed through the funding formula. An additional deduction is applied if the district’s general fund balance exceeds the allowable limit. The deduct is set at 41 mills for 2006-2007.

Calculation of state aid under the foundation program begins with the calculation of total weighted pupil units, which is then multiplied by the legislatively determined per-pupil payment. The per-pupil payment is $2,867 in 2006-2007.

Once the per-pupil payment and weighted pupil units have been determined, transportation, special education ADM, teacher compensation and tuition apportionment payments are added. The “deduct” (described above) is subtracted from the resulting sum (equivalent to what would be generated by a 41 mill levy). As there is no recapture provision, a zero replaces any negative figure resulting from the formula.

The basic unit in North Dakota’s school foundation program is the Weighted Pupil Unit (WPU). The WPU is calculated by multiplying the greater of the average daily membership from the prior year’s enrollment, or the September 10th count from the current year by a weighting factor. Weighting factors are calculated for eight categories based on grade levels and district size using cost data from the most recent five-year period.

District-Based Components

Density/Sparsity of Small Schools
Adjustments may be made to weighted pupil units in certain situations, such as isolated schools, cross border attendance, or alternative education programs. For example, elementary schools that serve less than 50 students, at least 15% of whom would need to travel more than 15 miles to attend another school have their weighting factor increased by 25%. High Schools that serve less than 35 students, at least 15% of whom would need to travel more than 20 miles to attend another school, have their weighting factor increased by 25%.
Grade Level Differences and Pupil Weights for District/School Size
The weighting factors in North Dakota’s foundation program are applied only for grade level and district size. Factors are subject to annual review based on comparisons with standard statutory weights and five-year average costs of education for the different grade levels and districts sizes. The weighting factors for the 2006-07 school year are as follows:

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special education preschool</td>
<td>1.1258</td>
</tr>
<tr>
<td>Kindergarten</td>
<td>0.6710</td>
</tr>
<tr>
<td>Grades 1-6 (&lt;100)</td>
<td>1.3854</td>
</tr>
<tr>
<td>Grades 1-6 (100 or more)</td>
<td>1.0064</td>
</tr>
<tr>
<td>Grades 7-8</td>
<td>1.0043</td>
</tr>
<tr>
<td>Grades 9-12 (&lt;120)</td>
<td>1.2864</td>
</tr>
<tr>
<td>Grades 9-12 (120-299)</td>
<td>1.0303</td>
</tr>
<tr>
<td>Grades 9-12 (300 or more)</td>
<td>1.0000</td>
</tr>
</tbody>
</table>

Declining Enrollment or Growth
Pupil Payments are based on the current fall enrollment, or the ADM for the previous year whichever is greater. Thus, the formula is sensitive to both declining and increasing enrollment.

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 in 2005-06 is provided to a maximum of 90% of actual expenditures under a rate schedule that includes the number of miles transported, the number of pupil days, the type of vehicle used, and eligibility based upon distance between students’ residences and schools. There are three categories for calculating transportation aid. For transportation outside city limits, school districts are eligible for funding of 40 cents per mile for vehicles with capacities of less than 10 students. For larger vehicles, districts receive 67 cents per mile plus 40 cents per day per student. For
any means of transportation of eligible students within city limits, school districts received 20 cents per student per one-way trip. If such transportation was provided by vehicles other than commercial buses, the district was eligible for an additional 50 cents per mile for in-city transportation. If students were transported by parents, in cases where district transportation was not provided, the district could reimburse parents and then claim 40 cents per mile per day if the students lived more than two miles from the school. The funding for 2006-07 will block granted based on the amount received in 2005-06.

**Student-Based Components**

**Special Education**
State funds are provided in three different categories. Special education ADM payments of $190 per pupil are provided and these payments constituted approximately 70% of all special education funding provided by the state. A second mechanism provides payments to school districts that incurred excess costs of special education services. Districts were responsible for special education expenditures per student to two and one-half times the state average per-pupil expenditures. Beyond that amount, the state reimbursed districts for 80% of the “excess costs.” The third provision for special education funding supported excess costs for students placed by state agencies or court order. In those instances, the district of residence was responsible only for education and/or special education costs to the state average of per-pupil expenditures and the state paid all costs beyond that amount.

**Compensatory Education**
Does not apply.

**English Language Learner/Bilingual Education**
$650,000 was appropriated for the 2005-2007 biennium to assist districts with students having difficulty speaking, reading, writing and understanding English as evidenced by a language proficiency test.

**Gifted and Talented Education**
$400,000 was appropriated for the 2005-2007 biennium for gifted and talented programs.

**Other**
Vocational education – Approved vocational 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 vocational programs are augmented by federal aid. The state provides approximately one third of vocational funding.

Revenue supplement – School districts, which had taxable valuation of property below the state average and per-pupil (ADM) expenditures less than the state average in the preceding year receive supplemental funding. The Legislative Assembly appropriated $5 million for the 2005-2007 biennium that is distributed on a specialized equity formula.
Teacher compensation reimbursement – This program reimburses school districts for increasing the compensation of its teachers. The amount was $3,000 for each full time teacher in 2006-2007.

Tuition apportionment – Interest and earning from the common schools trust fund are distributed schools based on resident age 6-17. The amount per student was $351 per student in 2006-2007.

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. Recent legislation set the assessment ratio for centrally assessed wind generation units at either 3% or 1.5%, depending on the construction timeframe. In most cases true and full agricultural land value being based on the land’s productivity.

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

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 198 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 maximum levy for the general fund may be calculated using one of the following methods:

1. Eighteen percent increase in dollars over last year’s levy as authorized by NDCC 57-15-14, up to a maximum of 185 mills.

2. The maximum number of mills authorized by the electors of the district, NDCC-57-15-14.

3. The amount levied in dollars in the base year (the highest amount levied in dollars in property taxes of the three taxable years immediately preceding the budget year, NDCC 57-15-01.1). The levy imitation does not apply for levies for board and lodging for high school students, tuition for students in grades seven through twelve, final judgments obtained against a school district, the removal of asbestos, remodeling to meet
specifications set by the Americans with Disabilities Act accessibility guidelines or the state fire marshal and for providing an alternative education program. In addition voters may approve a dedicated levy of up to 5 mills for technology that is accounted for within the general fund.

There is no maximum allowable fund balance for the general fund, although a provision in the school finance formula could result in a reduction in state aid if a district’s general fund balance exceeds an amount equal to 50% of its general fund expenditure plus $20,000. Beginning July 1, 2008 the percentage will be reduced to 45%.

**State Support for Nonpublic Schools**

No response provided.

NOTE: Beginning with the 2007-2008 school year North Dakota redesigned its funding formula to improve the adequacy and equitable distribution of funding for schools. The new formula combined virtually all state aid previously appropriated and distributed separately into a single student driven formula. Weighting factors are used to reflect additional costs of educating students based on factors such as school size, special education and limited English proficiency. The formula also includes adjustments guaranteeing low property wealth districts a local revenue yield of at least 90% of the state average. The legislature created a commission made up of legislators and education stakeholders to continue work on improving the current system for delivering and financing public elementary and secondary education. This commission is currently focusing on adequacy issues.
Description of the Formula
Foundation program based on pupil ADM. Formula amount is $5,403 for 2006-07. It is $5,565 in FY 2008 and $5,732 in FY 2009. Cost of doing business factor is no longer part of the Ohio school funding formula. RLE is 20 mills. Local share charge-off in formula is 23 mills.

District-Based Components

Density/Sparsity of Small Schools
Extra per pupil subsidy for three small Lake Erie Island school districts.

Grade Level Differences
Does not apply.

Declining Enrollment or Growth
Formula uses current ADM based on counts in October and February.

Capital Outlay and/or Debt Service
Permissible local bonded indebtedness is 9% of assessed property valuation. State helps subsidize school bus purchases, vocational education equipment replacement, and vocational construction.

State also has a School Facilities Commission (separate from the Department of Education) that funds significant portions of school facilities projects for low-wealth school districts based on local property valuation. For more information, see http://www.osfc.state.oh.us/

Transportation
Transportation funding formula for calculating payments is currently suspended and each district will receive 1 percent funding increase over previous fiscal year in FY 2008 and FY 2009.”
Transportation also provided through local school district for eligible students attending chartered nonpublic and community (a.k.a. “charter”) schools.

**Student-Based Components**

**Special Education**
Special education students are funded through the formula based on weights according to special education categories.

**Compensatory Education**
Additional funding is provided to districts through Poverty Based Assistance.

**English Language Learner/Bilingual Education**
Does not apply.

**Gifted and Talented Education**
A flat grant of $2,678 per approved unit is provided plus 115% salary allowance awarded for gifted education support personnel and programs.

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
All voted continuing levies on real property are subject to a tax reduction factor so that tax collections do not increase as a result of reassessment. However, a 20-mill floor limits the tax reduction factor so that at least 2% of assessed value is charged for school operation.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**
The tangible personal property tax is being phased-out by 2011. The taxable base is the assessed value of land and buildings. Assessed value is 35% of market value, except for certain agricultural land. County auditors must reappraise all real estate once every six years. Equalization adjustments are made in the third year following reappraisal.

**Measure of Local Ability to Support Schools**
Property valuation.

**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**
Non-public schools receive funds for secular materials, equipment, computer software, textbooks, health, and remedial services.
State does have two scholarship programs that provide funding to parents to use to support tuition at chartered nonpublic schools – the Cleveland Scholarship and Tutoring Program was instituted in 1995 and the EdChoice Scholarship Program was instituted in 2005.
OKLAHOMA

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 $1,501 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 $70.88 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 education 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) x .2 x 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.

**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>Mentally Retarded: (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>

**Compensatory Education**
Pupils who qualify and participate in a free and 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.
Other

*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
Not greater than 35% of fair cash value for the highest 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 districts 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, two-thirds required. Property tax revenue accounts for 88% of local revenue for schools.

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

The 1991 session of the Oregon Legislature created a new measure of financial equity for school districts. Equity is not viewed as the same funding per student for all school districts; school districts will have students with special needs, will need to offer different programs, and will experience different costs to deliver equivalent programs and services. The foundation program consists of four different types of grants: General Purpose Grants, Transportation Grants, High Cost Disability Grants, and Facility Grants. 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 increase their allocation.
5. Provisions of the four grants are discussed in the following paragraphs.

General Purpose Grants

These grants are based on weighted student counts; they account for 95.5% of the formula revenue. (There are no constraints on how this money can be spent.)

- Weighted Student Counts are adjusted for teacher experience and the value of a weighted student is balanced on available revenues. Each kindergarten student is assigned a weight of 0.50; the cost of any special services and/or programs is added to the base weight.
- A teacher experience factor of $25 per student per year is added, or subtracted from, to the base funding per student depending on whether the district’s average teacher experience exceeds, or falls below, the state average.
- The initial base value of the student weight was $4,500 for 2006-07; after considering the available revenues, number of weighted students, the teacher experience adjustment, transportation, high cost disability students, and facility needs, the amount per weighted student is actually $5,580 for the 2006-07 school year.
The student cost weights used in the calculations for the equalization are listed in the following table.

**Weights and Weighted ADM Used in the Equalization Formula**

<table>
<thead>
<tr>
<th>Group</th>
<th>Weight</th>
<th>Weighted ADM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Special Education and At-Risk</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Education</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>English as a second Language</td>
<td>0.50</td>
<td>1.50</td>
</tr>
<tr>
<td>Pregnant and Parenting</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Students in poverty</td>
<td>0.25</td>
<td>1.25</td>
</tr>
<tr>
<td>Neglected and Delinquent</td>
<td>0.25</td>
<td>1.25</td>
</tr>
<tr>
<td>Students in foster home</td>
<td>0.25</td>
<td>1.25</td>
</tr>
<tr>
<td><strong>Grade and School</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kindergarten</td>
<td>- 0.50</td>
<td>0.50</td>
</tr>
<tr>
<td>Elementary district students</td>
<td>- 0.10</td>
<td>0.90</td>
</tr>
<tr>
<td>Union high school district students</td>
<td>0.20</td>
<td>1.20</td>
</tr>
<tr>
<td>Small school</td>
<td>Varies</td>
<td>Varies</td>
</tr>
</tbody>
</table>

*Note: Maximum additional is 2.00 but not all weights are coupled.*

**Transportation Grants**
The transportation grant uses actual costs as the factor to adjust for different costs per student. The transportation grant is 70% to 90% of approved transportation costs. Approved costs include transporting students to and from school (if over 1 mile from elementary school or 1.5 miles from high school), between schools, on field trips and for other reasons in special cases. This categorical grant is only available for actual transportation costs. 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 actual costs above $30,000 per disability student to help compensate for the uneven distribution of high cost disability students. High cost special education students tend to be concentrated in urban areas where medical and therapeutic services are available. The cost for their education can be very disproportionate to the revenue generated from the double weighting of these students in the school equalization formula.

The effect of adding a high cost disability to the formula reduces the total for the general purpose by $12 million. The 2007 Legislature raised this annual amount to $18 million starting in the 2007-08 school year. All districts share in the cost and those districts with students who have high cost disabilities benefit by their high cost disability grant exceeding the reduction in their general purpose grant.

**Facility Grant**
The cost of new facilities to increase classroom space is the differentiating cost factor for districts with new classrooms to equip. The facility grant is 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 beginning in 2007-09.

**District-Based Components**

**Density/Sparsity of Small Schools**
Students in a qualified small school receive an extra weight based on grade level, average grade size, and distance to the nearest school. The smaller the school, the higher the weight. The weight is based on the size of each school, not the size of the district. To qualify as a small elementary school, the school must have been in the same location since 1955 and qualified as a small school in 1995 (elementary) and in 1999 (high school). Elementary schools also must be remote – more than 8 miles from the nearest school. If small high schools are the result of a merger, they receive the combined weight for four years...

**Grade Level Differences**
Kindergarten students are weighted at .50, elementary at .90 and union high school district students at 1.20. There are also varying small school weights.

**Declining Enrollment or Growth**
The equalization formula uses the higher of the current years weighted ADM or prior years weighted ADM. Extended weighted is the term for the higher 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 (i.e., the facilities grant program described above).

**Transportation**
State support for pupil transportation is one of the four components in the state’s equalization program. The rate of reimbursement to the school district for pupil transportation is 70% to 90% of approved costs.

**Other**

*Small High School*
In 2005, the Legislature transferred $5 million ($2.5 million per year) from the State School Fund (K-12 Equalization Formula) to the Small School District Supplement Fund. Small districts are those with fewer than 8,500 weighted students with high schools having less than 350 students for four grades and 267 for three grades. Of the 198 school districts in the state, 102 districts qualify. Each eligible small school district receives its proportionate share of the small high school ADM each year of the biennium. The 2007 legislature eliminated funding for this program starting in the 2012-13 school year.

*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 a facility for the deaf or blind.
Virtual School
The sum of $2 million was transferred from the State School Fund to the Department of Education to develop a statewide virtual school district.

Educational Service Districts
The state also funds 21 Educational Service Districts (ESDs). Their functions are to support school districts and provide special education services. Of the total funds in the State School Fund, 4.75% of the total is distributed by formula to the ESDs.

Student-Based Components

Special Education
Two types of funding are provided in the equalization program – a 0.50 general weight for students with disabilities and the “High Cost Disability Grant” for disabled students whose annual IEP cost would exceed $30,000.

Compensatory Education
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.

English Language Learner/Bilingual Education
Students served in programs for English Language Learners are weighted at 1.5.

Gifted and Talented Education
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
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. 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.

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 taxing districts combined (school districts, education service districts, and community college districts).

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

Pennsylvania has not had a dynamic funding formula since 1991-92. Prior to that time, the Commonwealth distributed state basic aid for education using a formula that used current values of district wealth and enrollments as the primary factors with several supplements for specific district characteristics. However, beginning in 1991-92, the state aid shifted to a hold harmless approach, which guaranteed the previous year’s payment as the primary funding amount with the addition of marginal supplements for the year. The increases have been small percentage additions (0% to 4%) to the prior year funding. The net result is that 61% of the state aid distributed in Pennsylvania is based on district characteristics from 1990-91 without regard to change in enrollments, student demographics, economic changes, or any other factor. The annual supplemental payments were made on an ad hoc basis with the purposes and targets of additional funding changing annually depending on transient administrative and legislative priorities. The bases for supplemental payments have included: low wealth, low expenditure, poverty, limited revenue, small district assistance, enrollment growth, minimum funding increases, tax effort, meeting foundation levels, limited English proficiency, and performance.

Under the distribution formula in 2006-2007, school districts received a Basic Education Funding allocation equal to the amount they received in 2005-2006. In addition, school districts received one or more funding supplements based on their characteristics.

**Base Supplement:** Each school district whose 2006-2007 market value/personal income aid ratio (MV/PI AR) is equal to or greater than .7371 received a pro rata share of $10,700,000 based on its MV/PI AR multiplied by its 2005-2006 average daily membership (ADM); each school district whose MV/PI AR is equal to or greater than .6595 and less than .7371 received a pro rata share of $35,950,000; each school district whose MV/PI AR is equal to or greater than .5863 and less than .6595 received a pro rata share of $13,300,000; each school district whose MV/PI AR is equal to or greater than .4044 and less than .5863 received a pro rata share of $15,600,000; each school district whose MV/PI AR is less than .4044 receive a pro rata share of $4,500,000.
The MV/PI AR is a reverse wealth index (utilizing market value of taxable property per student and personal income per student) where the higher index numbers represent poorer school districts.

*Poverty Supplement:* A qualifying school district received a pro rata share of $55,000,000 based on its 2005-2006 ADM. To qualify, the school district’s 2004 personal income divided by its ADM must be less than or equal to $91,000 or its 2006-2007 MV/PI AR must be greater than or equal to .6600.

*Foundation Supplement:* A qualifying school district received a pro rata share of $44,000,000 based on its MV/PI AR multiplied by its ADM multiplied by its foundation rate. The foundation rate for each school district is the lesser of 1) $500 or, if its 2004-2005 equalized millage is equal to or greater than 28.3 and its MV/PI AR is equal to or greater than .7563, $850; or 2) the difference between the median 2003-2004 current expenditure per ADM increased by 3.9 percent ($9,029.82) and the school district’s 2004-2005 adjusted current expenditure per ADM; or 3) for school district’s with an equalized millage less than 20.0, its equalized millage divided by 20 multiplied by the lesser of 1) or 2). To qualify, the school district’s 2004-2005 adjusted current expenditures per ADM must be less than the median 2003-2004 current expenditure per ADM increased by 3.9 percent and its 2004-2005 equalized millage must be equal to or greater than 17.2. Each qualifying school district with a 2004-2005 equalized millage equal to or greater than 23.8 received an additional pro rata share of $20,000,000 based on its MV/PI AR multiplied by its ADM times the lesser of 1) or 2) above.

*Tax Effort Supplement:* A qualifying school district received a pro rata share of $11,000,000 based on its ADM). To qualify, the school district’s 2004-2005 equalized millage must be equal to or greater than 20.0.

*Growth Supplement:* Qualifying school districts received funding equal to the sum of 1) and the greater of 2), 3a) or 3b). 1) A qualifying school district received a pro rata share of $500,000 based on its ADM times its MV/PI AR. To qualify, the school district’s 2004-2005 ADM must be greater than its 2002-2003 ADM by at least 2.0 percent, its 2004-2005 local tax revenue per ADM must be less than its 2002-2003 local tax revenue per ADM, and its MV/PI AR must be equal to or greater than .5863. 2) A qualifying school district received a pro rata share of $5,000,000 based on the increase in ADM multiplied by its MV/PI AR. To qualify, the school district’s 2005-2006 ADM must be greater than its 2004-2005 ADM. 3a) A school district with an increase in ADM between 1994-1995 and 2004-2005 greater than ten percent and less than twenty percent and a change in basic education funding per ADM between 1994-1995 and 2004-2005 that is less than the change in the state total basic education funding per ADM received $60 multiplied by the ADM increase between 1994-1995 and 2004-2005. 3b) A school district with an increase in ADM between 1994-1995 and 2004-2005 greater than or equal to twenty percent and a change in basic education funding per ADM between 1994-1995 and 2004-2005 that is less than the change in the state total basic education funding per ADM received $110 multiplied by the ADM increase between 1994-1995 and 2004-2005.
Small District Assistance: A qualifying school district received $70 multiplied by its ADM multiplied by its MV/PI AR. To qualify, the school district's ADM must be equal to or less than 1,500 and its MV/PI AR must be equal to or greater than .5000.

Minimum Increase: Each school district was provided additional funding, if necessary, so that the total increase provided by the base supplement, poverty supplement, tax effort supplement, foundation supplement, growth supplement and small district assistance equaled a minimum of 3.5 percent over the prior year.

Limited English Proficiency: A qualifying school district received a pro rata share of $10,000,000 based on the number of enrolled students identified as limited English proficient in the 2004-2005 school year. To qualify, the school district’s MV/PI AR must be equal to or greater than .3500 and the number of enrolled students identified as limited English proficient in the 2004-2005 school year must be equal to or greater than 2.5 percent of its 2004-2005 ADM.

February 2006 Hold Harmless: Each school district was provided additional funding, if necessary, so that the 2005-06 basic education funding plus the base supplement, poverty supplement, foundation supplement, tax effort supplement, growth supplement, small district assistance, minimum 3.5 percent increase and limited English proficiency funding shall equal the basic education funding allocation for 2006-2007 as published on the Department’s website on February 8, 2006.

District-Based Components

Density/Sparsity of Small Schools
There is no specific subsidy component for density/sparsity of small schools. However, there is a Small District Assistance supplement as part of the main basic education funding component. To qualify, the school district's ADM must be equal to or less than 1,500 and its MV/PI AR must be equal to or greater than .5000 (approximately mid-wealth among districts).

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 a specific Growth Supplement in the formula. Districts qualify by having a 2 percent in enrollment growth, showing a decline in tax revenue per student, and being
above a minimum MV/PI AR value. The funding details vary by district characteristics and are described above.

**Capital Outlay and/or Debt Service**
The state pays the approved cost of a project; also for the rental of a facility. 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 proceeding the year in which such debt will be incurred. Non-voted debt cannot exceed 250% of the borrowing base, except in Philadelphia where the limitation is 100%. The limitation goes to 300% of the base when new lease rental debt is included (150% in Philadelphia).

**Transportation**
Reimbursement for regular pupil transportation is determined by multiplying the cost of approved reimbursable pupil transportation incurred by the district by the district’s aid ratio. Payments are also made to school districts for transportation of charter school students and nonpublic school students 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. Elementary students eligible for transportation reimbursement must reside at least 1.5 miles from their school and secondary students must reside 2 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.

**Student-Based Components**

**Special Education**
Special education funding resembles that of basic education. Each district receives its 2005-2006 allocation as funding base plus several additional supplements.

*Census-based Supplement*
Each school district also received a pro rata share of $20,943,498 new funding based on its 2006-2007 market value/personal income aid ratio (aid ratio) applied to 16 percent of its 2005-2006 average daily membership (ADM).

*Inflation Index Supplement*
Each school district received additional funding so that the total increase including 2006-2007 base supplement equals a minimum 3.9 percent multiplied by the school districts 2006-2007 market value/personal income aid ratio over its 2005-2006 Special Education Funding allocation.
Minimum Increase Guarantee
Each district was guaranteed a minimum two percent (2%) funding increase in special education funding for 2007-07.

Contingency Fund
A special education contingency fund allocation equal to 1 percent of the special education appropriation was distributed to school districts by the Department of Education.

CORE Services Funding To Intermediate Units
An amount equal to 5 percent of the special education appropriation was provided to intermediate units to maintain CORE Services.

Institutionalized Children's Program
Funding to intermediate units to maintain the Institutionalized Children's Program was also provided.

Community Services Funding
Funding to maintain Community Services was also included in the state appropriation for special education.

Compensatory Education
There is a specific Poverty Supplement in the formula. Districts qualify based on being below a personal income per student maximum amount or above a minimum MV/PI Aid Ratio value. It is described above.

English Language Learner/Bilingual Education
Does not apply.

Gifted and Talented Education
Gifted students are classified as part of exceptional students and are included in special education funding.

Other
Secondary Career and Technical Education Subsidy (2007-08)

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 .21; multiplying the average daily membership of students in vocational programs in a school district (SD) or charter school (CS) by .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 .3750 multiplied by 3) the VADM.

- Any additional funding provided by the Commonwealth over the amount provided for the 1998-1999 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.

- Based on Section 2502.6 of the “Pennsylvania Public School Code of 1949,” the actual allocation is proportionately reduced so that the total does not exceed the amount appropriated. The reduction fraction for "regular allocation" is .60097503. The reduction fraction for "new allocation (8 or more programs)" is .11184543.

**Pennsylvania Accountability Grants**

Beginning with the 2004-2005 school year, Pennsylvania Accountability Grants were established by the Department of Education for use by school districts to attain and improve academic performance targets. In a total of $250,000,000 was provided to school districts through this program.

All 501 public school districts in Pennsylvania are eligible for a portion of Accountability Block Grant. Funding amounts are determined by a set formula:

- 75% of allocated funding comes from the percentage of students scoring below proficiency on the PSSA as a way to target those students who need the extra assistance the most.
- 25% of allocated funding comes from the percentage of students scoring proficient or above on the PSSA in an effort to maintain the achievement of those students.

**Educational Assistance Program**

The Educational Assistance Program provided for the continuing support of tutoring services to eligible students. Funds were available to eligible school districts and full-time career and technical centers (CTC) in which one or more schools have failed to meet at least one academic performance target, as provided for in Section 1512-C of the "Pennsylvania Public School Code."

**Reimbursement of Charter School Expenditures**

The subsidy provides a reimbursement of up to 30 percent, subject to the availability of state funding, of the actual expenditures incurred by school districts in the previous school year for resident students attending a charter or cyber charter school.

A school district may be provided a reimbursement of up to 32.45 percent if the school district has:
• average daily membership of resident students enrolled in a charter school or cyber charter school equal to or greater than 12 percent of the school district’s prior year average daily membership,
• a market value/personal income aid ratio equal to or greater than .6000, and
• made payments equal to or greater than $1,000,000 as required under section 1725-A(a).

**Revenue and Expenditure Information**

**State Mandates Restricting Revenue or Expenditure Increases**
Act 1 of 2006 requires that local property tax increases that exceed an inflationary index must be approved by district voters.

**Property Assessment Ratios Used/Legal Standards for Property Assessment**
Varies with each county. Rates range from less that 10% to 100%.

**Measure of Local Ability to Support Schools**
Market Value/Personal Income Aid Ratio (MV/PI AR) is the state’s measure of local district wealth and its ability to support schools. It is calculated to compare a districts wealth compared to the state average. The components of wealth and their weights are: Sixty percent dependent upon property valuation per pupil and 40% dependent upon personal income per pupil.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
There are 499 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. However, voter approval is required for a tax increase greater than an annual inflationary index.

Local revenues for schools are derived from the property tax (76%), other taxes (18%), and other local non-tax sources (6%).

Total revenues come from local sources (59%), state sources (35%), federal sources (4%), and other sources (2%).

**State Support for Nonpublic Schools**
No response provided.

*Source: Hartman, William, Professor, Pennsylvania State University, wth@psu.edu*
Description of the Formula

The state’s current method of distributing aid uses a base appropriation equal to fiscal year (FY) 1998 aid. Funding increases are added to this base, distributed through ten categorical distributions, and since FY 2000 have been adjusted to reflect minimum and maximum aid increases over the prior year’s funding level. The base appropriation is equal to funding levels enacted through the use of the old aid programs in place as of FY 1998. The ten categories of aid distribution include targeted, student equity, professional development, early childhood, student technology, language assistance, full day kindergarten, vocational equity, charter school, and group home aid.

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
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 30%. 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 Regents and state legislature must approve all school construction projects prior to implementation.

Transportation
Does not apply.
Student-Based Components

Special Education
Does not apply.

Compensatory Education
Does not apply.

English Language Learner/Bilingual Education
The Student Language Assistance Investment fund targets state resources to assist students that require additional language educational services. Distribution is based on a district’s proportion of limited English proficiency students. Funding under this program is approximately $31.7 million.

Gifted and Talented Education
Does not apply.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
In 2007, districts’ growth was limited to a statewide cap of 5.5% on each municipality’s tax levy. This percentage will be reduced annually until it reaches 4% in 2013.

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 school housing aid program and in calculating a tax equity index.

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.
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.

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>
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</tr>
<tr>
<td>1-4</td>
<td>1.24</td>
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<td>4-9</td>
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<tr>
<td>9-13</td>
<td>1.25</td>
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<tr>
<td>9-13</td>
<td>1.29**(vocational)</td>
</tr>
</tbody>
</table>

* = Kindergarten is funded at 0.5 FTE (weight of 0.65) for one-half day sessions.

** = 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. For FY2006-07 the state appropriated $10.3 million for school buildings.

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.

Student-Based Components

Special Education
Handicapped children are weighted according to the following specific classifications contained in the foundation program.

<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>2.10</td>
</tr>
<tr>
<td>Autism</td>
<td>2.57</td>
</tr>
</tbody>
</table>

* Includes Profoundly Mentally Handicapped

Compensatory Education
State appropriated $120,436,576 for 2006-07.

<table>
<thead>
<tr>
<th>Definition of Category</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grade 1-12 pupils who fail to meet statewide standards in reading, writing and math or who do not meet first grade readiness test standards.</td>
<td>0.26 Compensatory 0.114 Remediation</td>
</tr>
</tbody>
</table>

English Language Learner/Bilingual Education
No state appropriation.

Gifted and Talented Education
For 2006-07 the state appropriated $34,497,533.
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 $4,365 per student in 2006-07 ($4,528 per-student in 2007-08). 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 $165,000 per year for the state’s most isolated schools. The sparsity factor existed in its current form beginning in the 2006-2007 school year, but the cap was set at $250,000.

Grade Level Differences
Does not apply.
Declining Enrollment or Growth
There were no provisions for enrollment declines or growth in 2006-07. However, two provisions were enacted for the 2007-08 school year.

South Dakota now allows districts to use a two-year fall enrollment average for state aid purposes, meaning districts with decreasing enrollments receive a financial cushion. Districts that experience a 25-student increase or 5% enrollment increase are entitled to a one-time payment equal to the total increase in students times half the per-student allocation.

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.

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 $1.20/$1000 of assessed valuation (AV). A district is authorized by SD statute to utilize a maximum levy of $1.40/$1000 AV for their special education fund. Funding for special education may be limited when levying less than $1.20/1000 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 $4.5 million in additional aid to districts based on need.

Compensatory Education
Does not apply.

Bilingual/English Language Learner Education
Does not apply.

Gifted and Talented Education
Does not apply.
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
Assessment ratio levels are set by the state at 85% of full and true value. Full and true values are based on sales except where there are not enough usable sales to determine full and true value - then counties can use an income-based approach. An exception to state law that removes property sold for more than 150% of the assessed value from tax rolls distorts the actual amount of valuation that can be used for taxation purposes.

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 mill 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.

Source: Aust, Brian, Director of Communications, Associated School Boards of South Dakota
Description of the Formula

The formula uses a Fiscal Capacity Index to determine distribution of state funds to local school districts. The Index utilizes multiple regression to estimate the impacts of five factors at the county level for their three year average per pupil own source revenue. The factors are (1) three year average per pupil sales tax base, (2) three year average per pupil property tax base, (3) three year average per capita personal income, (4) ratio of residential and farm property assessment to total assessment and (5) ratio of average daily student membership to total county population.

The model estimates the average statewide effects of these factors on own-source revenue and multiplies them by each county’s respective factors to calculate a dollar amount that reflects the estimated revenue raising capacity for each county. That dollar amount represents the county’s share of the estimated statewide fiscal capacity. The county’s fiscal capacity share is divided by its share of the total Basic Education Program (BEP) to get a fiscal capacity index with a statewide average of one. This index is multiplied by 25 percent for classroom components and 50 percent for non-classroom components. The results represent the percentage of total BEP generated dollars for which each school district is responsible.

Although state revenue for local school districts is generated categorically by formula, school districts have the option of using these funds in other categories of expenditure. For example, funds generated by the formula for transportation may be used for capital outlay and capital outlay may be used for technology or other system support.

District-Based Components

Density/Sparsity of Small Schools
Does not apply.

Grade Level Differences
In the Classroom component of which the state is responsible for a 75% share, student average daily membership generates revenues equivalent to teaching positions. The levels are:
<table>
<thead>
<tr>
<th>Grade</th>
<th>Teacher Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-3</td>
<td>1 per 20 ADM</td>
</tr>
<tr>
<td>4-6</td>
<td>1 per 25 ADM</td>
</tr>
<tr>
<td>7-9</td>
<td>1 per 30 ADM</td>
</tr>
<tr>
<td>10-12</td>
<td>1 per 26.5 ADM</td>
</tr>
</tbody>
</table>

**Declining Enrollment or Growth**

High growth districts were given additional funding based on percentage of growth when the formula was implemented in 1992. However, the formula no longer holds this provision.

**Capital Outlay and/or Debt Service**

The cost of capital outlay is not computed in the BEP. The computation is part of the Non-Classroom component, of which the state share is 50%. The components for computing local district funding of capital outlay include:

- 110 sq ft per total K-4 ADM X $87 / sq ft
- 110 sq ft per total 5-8 ADM X $95 / sq ft
- 130 sq ft per total 9-12 ADM X $94 / sq ft
- Add equipment (10% of sq ft cost)
- Add Architect’s fee (5% of sq ft cost)
- Add Debt Service (20 yrs @ 6.00%)
- Divide total by 40 yrs = annual appropriation

**Transportation**

The BEP uses regression to estimate the impacts of four different factors on each school district’s transportation spending over three years prior to the BEP funding year. The four factors are: (1) students transported per ADM, (2) special education students transported per ADM, (3) miles driven per ADM, (4) whether the district is a county, city or special school district. The first three factors are based on three year averages. The model estimates the average, statewide effects (coefficients) of these factors on transportation expenditures and multiplies those estimated effects by each school district’s respective factors to calculate the estimated cost to the district of providing transportation services in past years. The BEP then adjusts these amounts by an inflation measure to calculate the actual dollar amount of transportation spending generated for each school district.

**Student-Based Components**

**Special Education**

Identified and served special education students received additional weighting in the Classroom Component of the BEP formula. The state is responsible for 75% of this allocation. The weights were based on caseload allocations and were:
### Compensatory Education

The funding is generated in the Classroom Component of the Basic Education Program. The state share of this funding is 75%.

K-12 At Risk Class Size Reduction – Based on 1:15 class size reduction for grades K-12, estimated at $509.46 per identified at-risk ADM. Funded at 100% at-risk.

### English Language Learner/Bilingual Education

The funding is generated in the Instructional Component of the Basic Education Program. The state share of this funding is 70%

ELL Instructors – 1 per 30 ELL identified and served students.
ELL Translators – 1 per 300 ELL identified and served students.

### Gifted and Talented Education

Juniors and seniors may apply for and attend on a selected basis, thematic summer residential programs. These programs known as “Governor’s Schools,” are held at various institutions of higher education across the state.

### 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

Ratios are: public utilities, 55%; industrial and commercial, 40%; and farm and residential, 25%.

### Measure of Local Ability to Support Schools

The formula uses a Fiscal Capacity Index to determine distribution of state funds to local school districts. The Index utilizes multiple regression to estimate the impacts of five
factors at the county level for their three year average per pupil own source revenue. The factors are (1) three year average per pupil sales tax base, (2) three year average per pupil property tax base, (3) three year average per capita personal income, (4) ratio of residential and farm property assessment to total assessment and (5) ratio of average daily student membership to total county population.

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

All 136 school districts are fiscally dependent. All districts share in county wide property and sales tax revenue. However, city school districts can receive an additional appropriation from city government. The fourteen Special School Districts are the only ones that can directly levy a property tax rate. This is done by special act of the state legislature which in effect sets an allowable amount that the districts can levy.

Voter approval is not required for budget or tax increases in county or city school districts. There are fourteen Special School Districts that must have a special act of the legislature to enable them to increase the tax rate on taxable property within their school district boundaries.

The major sources of local revenue are property and sales tax. The amounts of revenue derived from these taxes are dependent on the location of the school district.

**State Support for Nonpublic Schools**

Does not apply.

NOTE: The Tennessee legislature changed the distributional formula for funding schools in the spring of 2007. This revised formula known as BEP 2.0 will be in effect for the 2008 fiscal year. The preceding information was for 2006-07.

*Source: Peevley, Gary. Co-Director, Center of Excellence for Education Funding Analysis, Research Director, Center of Excellence: Learning Sciences, Tennessee State University*
Description of the Formula

Two-tiered program. Tier 1 is a foundation program based on a basic allotment that is indexed to the 88th percentile of wealth per student in weighted average daily attendance (WADA). In 2006-07, the basic allotment amount is $2,748 per student in average daily student (ADA). The basic allotment is adjusted by a cost of education index that reflects geographical variations in cost as they existed in 1990-91. The basic allotment is also adjusted for district size, in the case of small and mid-sized school districts. Tier 1 also includes allotments for compensatory education, special education, bilingual education, gifted and talented education, transportation, and an allotment that provides start-up funds for new campuses (New Instructional Facilities Allotment). Local districts contribute revenue from their tax collections generated by the first 86 cents of tax effort to meet the local share requirements, also known as the local fund assignment (LFA) for Tier 1. State aid for Tier I is the difference between the total cost of Tier I and the LFA for the district.

Tier 2 is a guaranteed yield program that provides enrichment for each cent of tax effort that exceeds 86 cents. Tier 2 currently provides three levels of enrichment. Like the basic allotment, the first level of Tier 2 provides a guaranteed yield based on the 88th percentile of wealth per WADA for the pennies of tax effort between 86 cents and the compressed tax rate (see below for explanation of compressed tax rate). In 2006-07, this yield is $31.95. The second level of Tier 2 provides school districts with a yield equivalent to the wealth per WADA for the Austin Independent School District (AISD rate) on the next four pennies of tax effort above the compressed tax rate, in FY 2007 and FY 2008, and six cents in FY 2009 and beyond. In 2006-07, this yield is $41.21. The third level of Tier 2 is generated by tax effort that exceeds the compressed tax rate plus four cents. In 2006-07, the yield is $31.95.

The foundation school program also includes provisions for “recapturing” local tax revenue in school districts where the wealth per WADA exceeds the equalized wealth level (EWL). Like Tier 2, there are different EWLS that apply to different levels of tax effort. The first EWL is based on the 88th percentile of wealth per WADA, allowing
school districts to retain revenue on a tax base equivalent to $319,500 per WADA. This EWL applies to the compressed tax rate. The second level of EWL exempts the next four pennies of tax effort above the compressed tax rate from any recapture provisions. Tax effort that exceeds the compressed rate plus four cents, in FY 2007 and FY 2008, or six cents in FY 2009 and beyond, would be subject to recapture based on an EWL of $319,500.

**District-Based Components**

**Density/Sparsity of Small Schools**
Basic allotment is increased by a percent proportional to the difference between a district’s ADA and 1,600 ADA. Percent increase is greater for districts having over 300 square miles. Districts having below 130 ADA use a minimum ADA depending on actual ADA, grades taught, and the distance to nearest school.

The state also provides a mid-sized school district adjustment that is applicable to school districts between 1,600 and 5,000 ADA. This adjustment is not applicable to districts that are subject to the recapture of local tax revenue.

**Grade Level Differences**
There are no weights for grade level differences. There is a new high school allotment that is equal to $275 per ADA in grades 9 – 12 that was first implemented during the 2006-07 school year.

**Declining Enrollment or Growth**
There are provisions for districts with declining enrollment. If a decline in enrollment in a current school year is due to the closing or reduction of personnel at a military base, the district is funded on the actual ADA of the preceding school year. If the decline in enrollment is not related to a closing or reduction of personnel at a military base, the district may be funded at up to 98 percent of the ADA of the preceding school year. This provision is subject to a requirement that funds available for this purpose be used to fund all districts on the basis of the same percentage of prior year ADA. In the 2005-06 school year, the percentage of prior year ADA funded at schools with declining enrollment is 96.8%

**Capital Outlay and/or Debt Service**
The state provides a bond guarantee program that provides school districts with the backing of the Permanent School Fund on the bond market, which provides a AAA rating for school district bonds that results in favorable market conditions for districts when they issue bonds.

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 the repayment annual debt service on bond issues and lease-
purchase agreements that are used by districts to fund instructional facilities. Districts submit applications for this program after they receive authorization from voters to issue the long-term debt, but prior to its 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 the repayment of debt service on bonds that the district had issued and paid on as of a date certain in statute. The Texas Legislature has rolled forward that eligibility date by two years during session since 1999. Currently, bonds that were issued and had at least one payment made on or before August 31, 2005 are eligible. The legislature is expected to roll that date forward to August 31, 2007, during its current session, which is scheduled to end on May 28, 2007. This program also provides tax equalization that provides the equivalent of $350,000 per ADA per penny of tax effort.

The primary difference between the IFA and EDA programs is related to 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 prior to receiving state assistance, depending upon 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 remain 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 2006-07, that rate is $1.08 per mile. Transportation for career and technology 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.

**Student-Based Components**

**Special Education**

For the portion of the day 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 who are served in a mainstream
instructional arrangement. Special education students who reside in care and treatment facilities and who receive their instruction on a local school district campus in a district other than the district in which the student’s parent or guardian resides are eligible for a funding weight of 4.0, if they do not reside in a state school. If similarly situated special education students reside in state schools, they are eligible for a funding weight of 2.8.

Pupil Weights for Special Education Programs

<table>
<thead>
<tr>
<th>Categories</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>

Compensatory Education
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 compensatory education services. School district and charter schools that do not participate in the NSLP may participate in an alternative reporting program to deliver compensatory education funding for income eligible students.

Pupil Weights for Compensatory Education

<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 lunch program (per ADA)</td>
<td>0.25</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 special language program.

Gifted and Talented Education
Gifted and talented students generate additional funding equivalent to the 12% of the adjusted basic allotment. Eligibility for this funding is limited to a maximum of 5% of students in ADA.
Other
In 2006, the Texas Legislature passed a major property tax bill that was designed to drive down local property tax rates. In 2006-07, 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 2006-07, local tax rates were reduced by 11% from the 2005-06 school year. In 2007-08, local tax rates will be further reduced, to produce a one-third reduction from the 2005-06 property tax rates.

Career and Technology
Full-time equivalent students in designated Career and Technology programs generate a funding weight of 1.35.

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 have become more restrictive with the passage of property tax relief in 2006. In 2007-08, school districts will be allowed to adopt tax rates to maintain their 2006-07 revenue per student in weighted average daily attendance (WADA) or $1.00, whichever is less. They may add $0.04 to this base rate without triggering an election. Districts that wish to add more than $0.04 to their base rate may conduct a rollback 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 in 2007-08 and beyond will be $1.17.

As part of the recent property tax relief bill, the Texas Legislature directed the state education agency to develop expenditure targets for school districts. However, there are no statutory penalties for failing to meet the targets.

Property Assessment Ratios Used/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.

Measure of Local Ability to Support Schools
The total taxable value of property for each school district is determined by the Property Tax Division at the Office of the Comptroller of Public Accounts (CPA). 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 1,026 districts with tax bases. There are an additional 199 active charter schools, and 23 special districts that do not have a property tax base. School districts must publish notices and hold hearings regarding their adoption of tax rates and budgets. The adoption of tax rates
is dictated by provisions in the recent property tax relief bill, which were described in the section above labeled, “State Mandates Restricting Revenue or Expenditure Increases.”

**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 Leeway and Board Leeway programs); for FY 2006-07 the state guarantees $2,417 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 2006-07 that rate is 0.001515. Statewide, the total amount of tax yield for FY 2006-07 is $232,483,090 of the total $1,633,307,086 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 2006-07 the guarantee is $20.62 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 up to 0.000400 tax rate for Board Leeway; it is restricted to class size reduction use only. Board Leeway has same state guarantee as Voted Leeway. The sum of Voted and Board Leeway tax rates must not exceed a ceiling of 0.002000. Please see Utah State Office of Education Minimum School Program web site.

District-Based Components

Density/Sparsity of Small Schools
Additional WPUs are provided for Necessarily Existent Small Schools—up to 7,649 Weighted Pupil Units ($18,487,622 in FY 2006-07). 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 Schools description and Administrative Rule R277-445 on the Utah State Office of Education website.
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: Shauna Ford. Documents: Application (Excel); Latest Estimated Allocation (Excel); Regression Table (Excel). Data Source: Year End Clearinghouse Aggregate Membership (July 15).

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 first 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 and then the costs of Social Security and Retirement, Pupil Transportation and state aid for Voted and Board Leeway. See 53A-17a-105 of the Utah Code.

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 $37,288,900 to school districts (for FY 2006-07 this was $27,288,900 ongoing and $10,000,000 one-time funds) 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) mileage, (2) time and (3) equipment (bus depreciation) and (4) administration. Currently, the average cost per mile is $0.86; the average cost per minute is $0.50; and the total annual pupil transportation cost is $92,555,200. The state funds about 68% or $62,601,800 at this time. The State Office of Education and Legislature is studying this formula distribution and level of local/state share of funding during the 2007 Legislative interim Session, April 2007 to November 2007.

- Eighty percent of the total pupil transportation costs are for to-and-from school; 20% is for field trips, athletic events and hazardous bus routes. USOE is recommending that the 2007 Utah Legislature consider funding 85% rather than 68% of transportation costs (an increase of $16,070,200). School districts may levy up to 0.000300 tax rate to fund the costs of new buses, field trips, athletic events and hazardous bus routes.

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. **Note:** This formula is new for FY 2004 and will be phased in through FY 2006 by applying a special hold harmless provision to districts whose foundation level is adjusted downward by it. **Law:** 53A-15-301, 302, 303, 303.5, 304, 305, 53A-17a-111; R277-750. **Contact:** Sandra Cox. **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 regression over school breaks is so severe that an inordinate amount of time is necessary to recoup previous learning. **Formula:** Per WPU, this is derived from aggregate hours of extended year educational service. **Law:** 53A-17a-112; R277-750, 751. **Contact:** Karl Wilson. **Data:** Special survey administered by Sandra Cox (September 1; revised survey for summer 2004 due October 15).

SPECIAL EDUCATION—PRESCHOOL
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:** Sandra Cox. **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:** Sandra Cox. **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 Compensatory Education
Does not apply.

English Language Learner/Bilingual Education
The state distributes block grant funds to school districts and charter schools in three categories:
• Quality Teaching Block Grant--$62,993,704
• Local Discretionary Block Grant--$21,820,748
• Interventions for Student Success Block Grant--$16,792,888

The Interventions for Student Success Block Grant is to improve academic performance of students who do not meet performance standards as determined by Utah Performance Assessment System for Students (U-PASS) test results. Interventions must be consistent with a district or charter plan approved by the local school board and the plan must specify intended results. For example: remedial classes, supplies, texts, personnel. Funds are distributed 71% proportional to the number of Basic Program WPUs; 6% distributed equally among all districts and charters; 23% proportional to the number of English Language Learners.

Gifted and Talented Education
A categorical appropriation is provided for gifted and talented students; for 2006-07 the amount is $2,084,873. 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 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. This may become a significant issue during the 2007 General Session as the Legislature establishes its budget and discusses what appropriations should or should not be exempt from this statutory limit.

63-38c-201, 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 63-38c-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 40 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 2007 the base per pupil spending amount is $7330 and the base homestead tax rate is 0.95% 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 125% 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 2007 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 25% 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**
The state pays 30% of approved construction costs. Debt service payments for the balance become part of a district’s spending per pupil amount.

**Transportation**
Transportation is reimbursed as a categorical grant and covers in 2007 about 44.6% 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.

**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%.

**Compensatory Education**
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 Compensatory Education
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.

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 0.86 This means that all of the weighted categories, elementary at 1.0, secondary at 1.25, poverty at 1.25, and English language learners at 1.20 are reduced by multiplying by the ratio (about 0.86).

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Districts that have spending per pupil exceeding 125% 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 125% 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 (280) 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 Foundation formula is based on pupil units in average daily membership (ADM) for the current year. Basic program cost is determined by multiplying total ADM by the foundation guarantee determined by individual school district (state average guarantee $5,401 per pupil in ADM for FY 2006-07) adjusted for diseconomies of scale. From the guarantee the district’s share of a 1% state sales and use tax (sales tax dollars are rebated to districts on the basis of school-age population). Remaining cost is shared by the state and local district according to a Composite Index of local ability to pay (see Measure of Local Ability to Support Schools). The required local effort as determined by the Index factor may not exceed 80% of remaining program cost (Basic Aid); thus, guaranteeing 20% state funding for all districts.

Since November 2004 an additional one-quarter percent state sales and use tax revenue has been rebated to school districts 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 rebated 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.

Textbooks, gifted education, special education, vocational education, English as a second language, 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 retirement, social security and group life insurance are also funded under the Standards of Quality. The SOQ programs require a local cash match for the purpose of meeting the school district’s required local effort. Remedial summer school is the only SOQ program that does not require a local match.

Additional funds are provided to school districts based on Incentive programs, most of which are distributed through the Composite Index, include alternative education, compensation supplements, at-risk, at-risk four-year-olds, early reading intervention, algebra readiness, enrollment loss, academic year governor’s school, K-3 primary class size reduction, regional tuition for special education programs (if applicable), and
technology through the Virginia Public School Authority. Categorical programs are also funded to include foster care, school nutrition, career and technical education; and special education programs.

**District-Based Components**

**Density/Sparsity of Small Schools**
Although a density/sparsity factor has not been specifically applied to the state Basic Aid program, the system used to determine required instructional personnel does increase the program costs for small schools, thus supporting an economy of scale factor.

**Grade Level Differences**
Does not apply.

**Declining Enrollment or Growth**
In 2006-07, the state provided an additional payment, equal to the state share per pupil of Basic Aid for each district. The number of students lost was weighted at a value (.85, .70, .45 or .30) in an inverse relationship to the fiscal capacity of the school district. The weighted number of students lost was then multiplied by the state share of Basic Aid per pupil for each district to equal the state’s share for declining enrollment.

**Capital Outlay and/or Debt Service**
- *Literary Fund Loans* are available from the state with a ceiling of $5 million per project and with interest rates determined by a school district’s Composite Index (fiscal equalization mechanism).

- *Virginia Public School Authority (VPSA)* may guarantee loans under certain conditions. The VPSA also enables districts to sell their bonds often without voter approval at a lower interest rate.

- *Lottery Funds* are provided to school districts to support the state share of the lottery per adjusted pupil in average daily membership amount which is determined by the school district’s Composite Index of local ability to pay. 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.

- *School Construction Grants Program* is a relatively small amount of state funds which are distributed to local school districts based on the district’s Composite Index. A floor of $100,000 is guaranteed all school districts regardless of their size or fiscal capacity.
Transportation
State determines a per pupil cost for regular, special arrangement, and exclusive schedule pupil transportation programs. Per pupil costs are based on a six cell matrix through use of two variables, geographical density, and district size, i.e., number of pupils. These costs are divided between the Basic Aid account and a separate Pupil Transportation account and are shared between state and local school districts according to a school district’s Composite Index of local ability to pay. Also, the state contributes to the bus replacement costs based on a twelve-year replacement cycle.

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 legislature identifies 14 categories of disability; each with a maximum allowable student to teacher ratio. The number of students in each district who fall into each of the 14 categories determines the number of teachers 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 teachers needed is determined, then it is multiplied by the state-specified salary to determine the total cost, calculated on a per pupil basis. The additional per pupil special education costs are added to the district’s Basic Aid per pupil amount and is shared between the state and local school districts according to a school district’s Composite Index of local ability to pay.

Compensatory Education
State provides additional incentive funding to districts to support additional professional instructional positions ranging from a pupil-teacher ratio of 10:1 to 18:1 based on the district-level failure rate on the Standards of Learning English and Mathematics tests for all students at-risk of educational failure (the three year average of free lunch eligibility data is used as a proxy for at-risk students). These costs are shared between the state and local school districts according to a school district’s Composite Index of local ability to pay.

English Language Learner/Bilingual Education
Does not apply.

Gifted and Talented Education
State provides additional payment through the Standards of Quality (SOQ) Program for Gifted Education to support the cost of one instructional position per 1,000 students. This cost is shared between the state and local school districts according to a district’s Composite Index of local ability to pay. Because gifted and talented funding is an SOQ account, its local match is used to qualify the district’s local required effort.
Other
Programs Offered Statewide:

Prevention, Intervention & Remediation
This new SOQ program is designed to assist students who need additional instruction by providing one hour of additional instruction per day for identified students. Funding is calculated using the percent of students eligible for the federal Free Lunch program as a proxy for the number of eligible students. A pupil-teacher ratio is then applied to the pool of identified students using a range between 18:1 through 10:1, depending upon a school district’s combined failure rate on the English and Mathematics Standards of Learning tests. Higher combined failure rates are assigned lower pupil-teacher ratios. A local match based on the district’s Composite Index of local ability to pay is required and is used to qualify the local required effort.

Career and Technical Education (Vocational Education)
State SOQ funds are used to support Career and Technical Education courses for students in grades 6-12. The funding supports the salary cost of instructional positions based on class size maximums established by the Board of Education. This cost is shared between the state and local school districts according to a district’s Composite Index of local ability to pay. The local match is used to in the qualification of the local required effort. A small amount of the funding for career and Technical Education is categorical and is expended for regional vocational, special, alternative education programs, and academic year Governor’s schools.

English as a Second Language (ESL)
State SOQ funds are provided to support school districts providing the necessary educational services to children not having English as their primary language. The funding supports the salary and benefits cost of instructional positions at a standard of 17 positions per 1,000 ESL students. This cost is shared between the state and local school districts according to a district’s Composite Index of local ability to pay and is used to qualify the local required effort.

Remedial Summer School
Remedial Summer School programs provide additional education opportunities for at-risk students. These SOQ funds are available to school districts for the operation of programs designed to remediate students who are required to attend such programs during a summer session. The state share of per pupil funding is provided to support a thirty day summer program. No local match is required.

At-Risk Four-Year-Old Program
The state provides incentive funds to provide quality preschool programs for at-risk four-year-olds who are not already served by Head Start program funding. The funds may be applied to quality preschool education, health services, social services, parental involvement and transportation. Grants are distributed based on an allocation formula providing the state share of a state guarantee ($5,700 in FY 2007 per at-risk four-year-old) for 100 percent funding of at-risk four-year-olds in each district for a full day
program for a school year or 180 days. (The at-risk four-year-old count is estimated by multiplying the FY 2003 district free lunch percentage with the FY 2007 projected number of four-year-olds.) Programs operating for half-day receive state funds based on fractional basis determined by the pro-rata portion of the full-day, school year program. A local match based on the district’s Composite Index of local ability to pay is required.

K-3 Primary Class Size Reduction
The state provides incentive funding for K-3 class size reduction based on a schedule of qualifying school percentage of students approved eligible for free lunch and two conditions that a school district must meet to qualify for funding: (1) a required grades K-3 school-wide student to teacher ratio and (2) a required maximum individual class size.

Technology (Virginia Public School Authority)
The state provides incentive funding through the Virginia Public School Authority of $26,000 per school and $50,000 per district. Localities and regional centers 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.

Standards of Learning (SOL) Algebra Readiness
This program is an incentive program which provides additional funding to identify students who are at-risk of failing the Algebra I Standards of Learning test. The state provides incentive funding based on test score data and average daily membership. The number of students in grades seven and eight multiplied by the percent of students in each district who failed the eighth grade mathematics Standards of Learning test.

Early Reading Intervention
This program is designed to reduce the number of students needing remedial reading services by providing kindergarten through third grade students with two and one half extra hours of reading per week. The initiative funds a statewide assessment tool (PALS), a website for teachers, and other support. The state provides incentive funding in two cycles (fall and spring) for the Early Reading Intervention which is based upon the number of students in need of services based on student to teacher ratio of five to one. Once the number of eligible students is determined based upon the test score data from the Phonological Awareness Literacy Screening (PALS) diagnostic instrument, funding is provided for 100 percent of eligible kindergarten students, 50 percent of eligible 1st and 2nd grade students, and 25 percent of eligible 3rd grade students. Students may be retested in the spring to determine eligibility for the second funding cycle.

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 Composite
Index, referred to as true valuation of property, is state-equalized through the application of biennial sales-ratio studies conducted by the Virginia Department of Taxation.

**Measure of Local Ability to Support Schools**
Composite Index which includes real and public service corporation property valuation, Virginia adjusted gross income, and taxable retail sales receipts calculated on both a per pupil and per capita basis.

**School District Budget and Tax Rate Procedures/Sources of Local Revenue**
The 136 districts are fiscally dependent. County Boards of Supervisors or City Councils approve the school budget and set tax rates for all 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.

References: These definitions have been compiled using appropriated language from relevant Reports and State Superintendent Memos accessed from the Virginia Department of Education website during June 2007: http://www.pen.k12.va.us/

*Source: Driscoll, Lisa G., Assistant Professor & Salmon, Richard G., Professor, Virginia Polytechnic Institute 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 non-employee related expenses. 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 of 7.2 are provided per 1,000 (K-4) students in the basic education formula for those districts that can demonstrate that they have hired additional teachers in these grades.

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 electing to provide student transportation to and from school is entitled to state pupil transportation funding at the rate provided by the state. The
allocation basis is “ridership,” which means allocations to districts are based on the number of students eligible to ride who actually do ride buses during the fall count week.

The allocation formula uses the following factors:

• Number of pupils transported.
• Distance weighting factors determined by distance from pickup location to schools location (measured along a straight line between the two locations).
• A minimum load factor for certain school districts, which cannot achieve cost-effective bus operation.
• Variable load factor ratios for bus routes that serve the special programs. I.E. Special Education, Bilingual, Gifted etc.
• A standard allocation rate. The 2006-07 rate for each weighted student unit is set at $44.28 ($46.14 for 2007-08).

**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 2.1 of the state average prior year APPE.

**Compensatory Education**
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. Districts with a percentage over 40% receive an additional amount based upon their percentage over 40%. The funding rate is $197.70 per FRPL student ($228.23 in 2007-08).

In addition, Promoting Student Success is a program that provides additional funding for students that have not met standards on the Washington Assessment of Student Learning (WASL) in their 10th grade year in reading, writing or mathematics.

**English Language Learner/Bilingual Education**
A transitional bilingual program provides funds to school districts to implement bilingual education programs. Allocations are based upon the headcount of pupils served in the program. The funding rate for the 2006-07 school year is $805.67 per pupil ($845.66 for 2007-08).

**Gifted and Talented Education**
A program for highly capable students is funded in an amount equal to 2% of the school district enrollment multiplied by $369.58 ($384.81 in 2007-08).
Other
A student achievement program (initiative 728) provides funds to school districts to implement education reform and improved student learning. The funding rate for 2006-07 is $375 per student FTE ($450 in 2007-08).

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Local levies generally may not exceed 24% of the previous year’s levy base. The levy base consists of most state and federal funding for K-12 education. Districts previously above 24% may continue to have levies above 24%, but this percent must be reduced by levy reduction funds provided by the state.

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 12% 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 296 public school districts are fiscally independent. Local levies generally may not exceed 24% of the previous year’s full funding. For calendar 2006, 271 had maintenance and operation levies with an average tax rate of $2.13 per thousand. Local levies account for approximately 16% of all maintenance and operation revenue. (In 2007, 275 had M & O levies with an average tax rate of $1.94 per thousand).

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

The Public School Support Program (PSSP) is a basic foundation allowance program that provides funding to local school districts for personnel salaries, employee benefit costs, transportation operating costs, administrative costs, general operating costs, substitute costs and allowances for faculty senate, and improvement of instructional programs. Additional allowances are provided for alternative education programs, increased enrollment, a 34 to 1,000 student waiver provision, and other programs. The state’s responsibility is the total of the allowances less the school district’s local share.

The number of personnel allowed for funding for each school district is determined by the district’s net and adjusted enrollments. Beginning with 2005-06 school year, separate net enrollments were created for professional educators (PEs) based on student population density; and the limits are being phased-in over a 12-year period. For the 2007-08 school year, the number of PEs for the school districts whose student population to square mileage is greater than the state average will be 74.30 PEs and 74.60 for those whose ratio is less than the state average. In addition, each school district must maintain a minimum ratio of 50 PEs per 1,000 students in adjusted enrollment or suffer a pro rata reduction in the allowance.

A similar schedule has been implemented for service personnel (SP). For the 2006-07 school year, the number of SP allowed for funding is limited to 34.00 to 1,000 students in ADJUSTED enrollment, 43.55 or 44.89 SP in NET enrollment based on population density, or as discussed above, the number of SP actually employed, whichever is lowest.

The amount of funding is determined by the salary degree classifications (pay grade for service personnel) and years of experience of the actual employees employed by each school district. Funding for transportation is determined by the actual transportation expenditures incurred by each school district, within certain limits, and funding is established by the legislature.
Funding calculations for pupil transportation consists of a series of cost elements that are weighted at percentages ranging from 85% to 95%. Each district’s allowance is limited to 1/3 above the computed state average allowance per mile multiplied by the total mileage for the district. Also, one-half of 1.0% of each district’s total transportation allowance must be reserved for expenditures for trips related to academic classroom curriculum.

**District-Based Components**

**Density/Sparsity of Small Schools**
Counties with a population less than the state average receive a higher number of service personnel, and a higher percentage of transportation funding.

**Grade Level Differences**
Does not apply.

**Declining Enrollment or Growth**
Increased enrollment is addressed through statute; additional funds are provided for counties experiencing enrollment growth. 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 above, the state’s share of transportation costs is funded as a component in the Public School Support Program.

**Student-Based Components**

**Special Education**
Special education students are weighted two times in adjusted enrollment subject to certain limitations.

**Compensatory Education**
No specific funds are provided for compensatory education.

**English Language Learner/Bilingual Education**
No specific state funds are provided for bilingual education.

**Gifted and Talented Education**
Gifted students are recognized and funded through special education, but talented is not recognized or funded.
Revenue and Expenditure Information

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
The County Assessor certifies the taxable assessed valuation of all property in the district at 98% of the regular levy and then deducts 5% as an allowance for discounts, exonerations, delinquencies, and payments to the Assessor’s Valuation Fund.

Measure of Local Ability to Support Schools
Certified assessed value of taxable property.

School District Budget and Tax Rate Procedures/Sources of Local Revenue
All 55 school districts are fiscally independent. Total local levy taxes vary by property class; the rate for Class II is two times the rate for Class I (tangible personal property) and one-fourth that of Class III (real and personal property outside municipalities of Class I and Class II) and Class IV (real and personal property inside municipalities exclusive of I and II).

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

The cost of elementary and secondary (K-12) education is supported by the state through a three tiered Guaranteed Tax Base Formula. The first level is for shared costs up to the primary cost ceiling of $1,000 per member, which is calculated using a statutory guaranteed valuation of $1,930,000 per member. State aid is the difference between a school district’s equalized valuation per member and the primary guaranteed valuation. This cannot be reduced by negative aids generated at the secondary or tertiary aid levels. The second level is for shared costs per member that exceed $1,000 but are less than the secondary cost ceiling ($8,252 in 2006-07). The secondary cost ceiling is set equal to 90% of the prior year statewide shared cost per member. In 2006-07 the secondary guaranteed valuation is $1,291,886. The state’s share of costs above the secondary cost ceiling, referred to as tertiary shared costs, is calculated using the tertiary guaranteed valuation per member. It is set at an amount lower than the secondary guarantee so that the state’s share will be lower on costs above the secondary cost ceiling. If a school district’s tertiary aid is a negative number, it is deducted from the secondary aid amount but not the primary aid amount. The tertiary guaranteed valuation is $483,017 in 2006-07. See Informational Paper 27, State Aid to School Districts, Wisconsin Legislative Fiscal Bureau (January 2007). http://www.legis.state.wi.us/lfb/

The state has 369 K-12 districts, 46 elementary (K-8) districts, and 10 union high school (9-12) districts, for a total of 425 school districts in 2006-07. 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. In 2006-07, four counties operated county children with disabilities education boards (CCDEBs), of which one (Marathon) is fiscally dependent and three (Brown, Calumet, and Walworth) are fiscally independent. School districts are classified as common (368), 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**

District factors in the calculation of equalization aid include the equalized property value of a district, membership, and shared cost. Shared cost refers to a district’s expenditures that are aidable through the state equalization aid formula, and are determined by the state. Equalized 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. Membership is the number of pupils which, by statute, can be counted for equalization aid.

**Density/Sparsity of Small Schools**

Does not apply. The funding formula uses different student costs for pre-kindergarten, kindergarten, elementary and secondary pupils.

**Grade Level Differences**

Does not apply.

**Declining Enrollment or Growth**

Funding formula uses prior year student count with current year adjustment.

**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. Debt is limited to 10% of equalized valuation in K-12 districts, 5% in other districts, and 2% in Milwaukee.

**Transportation**

State pupil transportation aids are 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 Then 2 Miles (hazardous area)</td>
<td>$12/pupil</td>
<td>--</td>
</tr>
<tr>
<td>2-5 miles</td>
<td>$30/pupil</td>
<td>$4/pupil</td>
</tr>
<tr>
<td>Over 5 up to 8</td>
<td>$45/pupil</td>
<td>$6/pupil</td>
</tr>
<tr>
<td>Over 8 up to 12</td>
<td>$82/pupil</td>
<td>$6/pupil</td>
</tr>
<tr>
<td>Over 12</td>
<td>$150/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 in 2005-2006 was based on the number of children transported during the 2004-2005 school year. The aid for the 2005-2006 school year was calculated on a
total of 582,340 children reported as eligible for aid reimbursement. Pupil transportation aid in 2005-2006 was calculated at 97.59 percent of eligibility because aid eligibility exceeded the aid appropriation. Pupil transportation aid is based on student ridership in the previous year.

**Student-Based Components**

Equalization aid comprises 97% of total general school aid and is the only type of general aid for most districts; however, there are other programs such as the following:

<table>
<thead>
<tr>
<th>General Aid Programs</th>
<th>Participation Rates</th>
<th>Funding (2006-07)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration Aid</td>
<td>Beloit, Madison, Racine, Milwaukee, and Wausau receive intra-district aid for 33,576 transfers; Milwaukee and 23 suburban districts receive funds for 3,457 transfers</td>
<td>$50.5 million</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 previous year. Per State St. 121.105, a district cannot have a state aid reduction of more than 15%.</td>
<td>$13.2 million</td>
</tr>
<tr>
<td>Milwaukee Parental Choice Program</td>
<td>5,000 students</td>
<td>$39.9 million</td>
</tr>
</tbody>
</table>

*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 Student Achievement Guarantee in Education (SAGE) program makes 5-year grants to school districts with at least 50% low income pupils. Special schools are provided for special education pupils through Cooperate Educational Service Agencies (CESAs and County Children with Disabilities Boards (CCDEBs). The 2006-07 programs with participation rates are listed below.
<table>
<thead>
<tr>
<th>Categorical Aid Programs</th>
<th>Participation Rates</th>
<th>Funding (2006-07)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Education</td>
<td>411 school districts, 12 charter schools, 12 CESAs and 4 CCDEBs</td>
<td>$332.8 million</td>
</tr>
<tr>
<td>High Cost Special Education</td>
<td>N/A</td>
<td>$3.5 million</td>
</tr>
<tr>
<td>CCDEBs</td>
<td>3 CCDEBs</td>
<td>$4.2 million</td>
</tr>
<tr>
<td>SAGE</td>
<td>480 schools in 220 districts (2006)</td>
<td>$98.6 million</td>
</tr>
<tr>
<td>SAGE debt service aid</td>
<td>11 school districts</td>
<td>$150,000</td>
</tr>
<tr>
<td>Telecommunications Access Program</td>
<td>343 school districts</td>
<td>$11.3 million</td>
</tr>
<tr>
<td>Technology Infrastructure</td>
<td>193 school districts</td>
<td>$6.6 million</td>
</tr>
<tr>
<td>School Library Aid</td>
<td>All 426 districts</td>
<td>$29 million</td>
</tr>
<tr>
<td>Pupil Transportation</td>
<td>421 districts with 519,377 public and 42,184 private pupils</td>
<td>$27 million</td>
</tr>
<tr>
<td>Open Enrollment Tuition Payments</td>
<td>21,028 transfers in 2005-06</td>
<td>$9.5 million</td>
</tr>
<tr>
<td>Bilingual Bicultural Education</td>
<td>48 school districts</td>
<td>$9.8 million</td>
</tr>
<tr>
<td>Head Start Supplement</td>
<td>35 grantees including Green Bay, Kenosha, Merrill, Milwaukee, and West Bend</td>
<td>$7.2 million</td>
</tr>
<tr>
<td>Preschool to Grade 5 Grants</td>
<td>38 elementary schools within Beloit, Kenosha, Milwaukee, and Racine</td>
<td>$7.4 million</td>
</tr>
<tr>
<td>Alcohol and Other Drug Abuse</td>
<td>93 school districts and one CESA</td>
<td>$6.0 million</td>
</tr>
<tr>
<td>Alternative Education Grants</td>
<td>72 grants to 93 districts &amp; 1 CESA</td>
<td>$5.0 million</td>
</tr>
<tr>
<td>Nutrition Programs</td>
<td>980 public, charter &amp; private schools</td>
<td>$6.1 million</td>
</tr>
<tr>
<td>Children-at-Risk Programs</td>
<td>Milwaukee Educare Centers</td>
<td>$3.5 million</td>
</tr>
<tr>
<td>Initial Educator Mentoring Grants</td>
<td>N/A</td>
<td>$1.35 million</td>
</tr>
<tr>
<td>Peer Review and Mentoring</td>
<td>19 school districts and 12</td>
<td>$500,000</td>
</tr>
<tr>
<td></td>
<td>CESAs</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>--------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Open Enrollment Transportation</td>
<td>942 pupils in 2006</td>
<td></td>
</tr>
<tr>
<td>Environmental Education</td>
<td>72 grants with 32 to school districts</td>
<td></td>
</tr>
<tr>
<td>CESA Administration</td>
<td>Administrative Grants to each CESA</td>
<td></td>
</tr>
<tr>
<td>Gifted and Talented</td>
<td>12 CESAs and Milwaukee</td>
<td></td>
</tr>
<tr>
<td>Supplemental Aid</td>
<td>Leona School District</td>
<td></td>
</tr>
<tr>
<td>English as a Second Language</td>
<td>Ages 3-5 Southeast Asian children</td>
<td></td>
</tr>
<tr>
<td>Advanced Placement Courses</td>
<td>10 school districts</td>
<td></td>
</tr>
<tr>
<td>Youth Options Transportation Aid</td>
<td>40 grade 11-12 pupils in college</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$500,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$480,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$300,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$182,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$125,000</td>
<td></td>
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<tr>
<td></td>
<td>$100,000</td>
<td></td>
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<tr>
<td></td>
<td>$100,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$29,000</td>
<td></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. For costs in 2004-2005, with aid paid in 2005-2006, it was estimated that $320,771,600 was available for distribution. 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

Compensatory Education
Does not apply.

English Language Learner/Bilingual Education
Bilingual/Bicultural Education Aid is funded as a categorical aid; brief information is contained in the Categorical Aid chart. For additional information, see Informational Paper 27, Wisconsin Legislative Fiscal Bureau, Madison, WI, January, 2007.

Gifted and Talented Education
Gifted and Talented Education is funded as a categorical aid; brief information is contained in the Categorical Aid chart. For additional information, see Informational Paper 27, Wisconsin Legislative Fiscal Bureau, Madison, WI, January, 2007.

Other
Funds are provided to districts based on the number of pupils meeting a specific criterion and/or for costs devoted to a specific function. Districts also receive funds via a grant application.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
Wisconsin Act 16 implemented revenue limits beginning with the 1993-94 school year. 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. A district's revenue limit is the maximum amount of revenue it may raise through state general aid and property tax for the General, Non-Referendum Debt (authorized after August 12, 1993), and Capital Expansion Funds, also referred to as Funds 10, 38, and 41 respectively. (Prior to 01-02, the Community Service Fund levy was included in the revenue limit.) The Debt Service Fund is not included in the revenue limit.

The maximum limit is based upon enrollment changes, the Consumer Price Index, and each district's prior year controlled revenue. Upon application and approval by the Department of Public Instruction, a district may increase its maximum limit by the amount of specific exemptions. A district then determines the maximum allowable levy for Funds 10, 38 and 41 by subtracting the October 15 general aid certification provided by the department from the revenue limit.

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. In 2004-05, school districts received the majority of their revenue through state aid and the property tax (87.3%).

Under current law, there is a limit on the annual amount of revenue per pupil that each school district can raise through the combination of general school aids, computer aid, and property taxes. 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. In general, the maximum allowable increase per pupil is $256.93 for 2006-07 and is adjusted annually for inflation in future years. The gross school property tax levy is the total school district levy without being offset by the school levy tax credit. For all years prior to 1999-00, the total school cost measure is the sum of the following: (a) school district's gross cost of the general, special project, debt service, and food service funds, plus the net cost of the capital projects fund; (b) the cost incurred for the operation of the cooperative educational service agencies; and (c) the cost incurred by county children with disabilities education boards. The total school cost measure for 1999-00 and subsequent years includes the above, plus transportation, facility acquisition, and community service costs, less the cost incurred for CESAs and CCDEBs.

State Support for Nonpublic Schools
Nonpublic schools in the Milwaukee Parental Choice Program and those designated as 2r Charter Schools receive public funding.
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, and the experience and education of the district staff.

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 three 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 know 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:
For all schools with 49 or fewer ADM, resource with 1 assistant principal position plus 1 FTE teacher position for every 7 students for all staff;

Minimum of 6 teachers in elementary schools greater than 49 ADM;
Minimum of 9 core and specialist teachers in secondary schools with more than 49 ADM;
For a K-5 or K-6 school, resource as elementary school;
For a K-7, K-8 or K-9 school, resource K-5 as elementary school and remainder as middle school;

For K-12 school, resource K-5 as elementary, 6-12 as secondary school for all teachers and pupil support staff, and by elementary, middle and high school for other resources;

For 6/7-12 school, resource as secondary school for all teachers and pupil support staff, and as middle or high school for other resources.

**Grade Level Differences**
There are a lot of grade level differences. To list a few;

- Elementary schools are resourced core teachers at 1:16 (teachers to students), middle school and high school 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, middle and high schools are resourced 33% of their core 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. The state no longer uses a 60-day recalculation of a district’s ADM.

**Capital Outlay and/or Debt Service**
School Facilities Commission (SFC), a separate state agency, now handles the construction of new schools and also a portion for 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.

**Student-Based Compensation**

**Special Education**
The state reimburses 100% of a school district’s approved special education costs.
Compensatory Education
Compensatory Education now falls under other programs such as extended day, tutorial system for Saturday school and a Summer School program which are grant programs outside of the funding model.

English Language Learner/Bilingual Education
The funding model provides a full-time teacher for every 100 ELL students.

Gifted and Talented Education
The funding model provides $26 per ADM for gifted and talented.

Other
The state’s funding model was recalibrated during the 2006 legislative session. To view the final recalibration report and final legislation, please use the following web address: http://legisweb.state.wy.us/2006/interim/schoolfinance/schoolfinance.htm.

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases
School districts can only keep 15% in their general fund of their “guarantee” amount. The additional mills that could be levied are no longer in existence. Districts were allowed with voter approval to levy 2 extra for operation and 2 extra for maintenance. There is not specifics to restricting the revenue or expenditure increases other than districts are limited to amount retained as cash balance in the 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 insure 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
Their local revenues, mainly 6 and 25 mill local property taxes. The federal report prepared shows MOE or “maintenance of effort” 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
Forty-four districts are fiscally dependent and five are independent. The maximum local levy without voter approval is 26 mills. No voter approval is necessary for a budget increase. Voter approval is required for assessing three mills beyond the 26 mills and for capital construction projects. A simple majority is required for approval. Ninety percent
of local revenues for schools comes from property taxes and school land income payments.

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

Increased Assessed Valuation in Wyoming has changed the financial condition of some districts that were previously dependent have now become independent. Currently there are 38 dependent and 9 independent districts. Districts levy 25 mills for operation. Budget increases are handled through local district boards; no voter approval necessary. Districts still need voter approval for bond issues to be used for constructions projects if going beyond SFC process of updating/replacing buildings.

**State Support for Nonpublic Schools**

Does not apply.