DESCRIPTION OF THE FORMULA

Alabama

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.

Alaska

The Foundation Formula for Alaska is based on enrollments following a 20-day count period ending the 4th Friday in October. State Foundation Program determines a "basic need" by adjusting the average daily membership [ADM] of each school, except correspondence, for school size. The total of all schools in the district is then multiplied by several steps: the area cost differential, 20% add-on for Special Education needs, and for those ADM that qualify for Intensive needs they are given a multiple of 13 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.

Arizona

**Education Equalization Formula:**

The State Equalization Formula is the main frame for determining state funding to school districts and Charters. The formula serves two purposes, the state aid payment calculation and budget expenditure limit for districts.

District equalization formula is made up of the following main components:

**The lesser of districts support level or Revenue control limit:** this is the amount that is described as the general fund or the maintenance of operation fund, the budget expenditure limit for district is always the revenue control limit. This component is calculated using the weighted student count multiplied by the base level. The base level amount is set by state legislatures in the Arizona Revised Statutes and it equals $3,267.72 per weighted student count for FY2011. The weighted count is the outcome of the student count multiplied by certain weights set by state legislatures in statute, those weights varies depending on the number of student count. Student count for districts is defined as, as the prior year’s 100th day Average Daily Membership and for charters, as the current year’s 100th day Average Daily Membership
Districts can increase their expenditure budget limit and state aid payment by budgeting for:

- Transportation,
- Teacher’s Compensation Index of 1.25% of the base level amount approved yearly by the State Board of Education,
- Teacher Experience Index calculated from teacher experience data submitted to ADE by the district,
- Career Ladder increase the base level amount by up to 5%
- 200 days calendars increases the base level amount by 5%

The following items affects districts budget limit to expend but not necessarily their state aid as they are all funded by local taxes

- 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

**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. Soft capital amount is $225 per student count, Unrestricted capital amount is $225.76 for K-8 students and $337.62 for 9-12 (9-12 unrestricted capital amount includes $69.68 per student count for textbooks).

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

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

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

Charter funding is different than district as they have no budget limit, additionally Charter formula does not include any of the ADD on components except for the 200 days calendars, and Charter formula does not include soft capital or unrestricted capitals.

In lieu of transportation, soft capital and unrestricted capital, Charters receive additional M&O monies calculated with an additional assistance amount of $1607.50/elementary student and $1873.52/high school student in FY 2011. 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 because charters cannot levy taxes.

**Classroom Site Fund**

This special fund was established in FY2002 to account for the portion of state sales taxes collection provided to school districts as an additional source of funding for teacher salary increases, teacher compensation expenditures, providing a pay for performance fund for teachers and for meeting additional school requirements such as dropout prevention, class size reduction
and teacher development. The dollar amount per attending weighted student count is set yearly
by the Joint Legislative Budget Committee. In FY 2011, the amount set was $220/weighted
attending student count. In FY 2011, is estimated $300 million to be 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
is paid out twice a year based on the student counts. In 2011, estimated amount of $40 million
will be paid from this fund to school districts and charter schools.

**Arkansas**

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 98% of the uniform rate of tax
multiplied by the property assessment of the school district plus miscellaneous funds of the
school district (the average of the five years prior to the prior year of the categories of
miscellaneous funds received in the most recent year used in the average, multiplied by the ratio
of the uniform rate of tax of 25 mills to the total mills for the district). (B) For the 2010-2011
school year, the foundation funding amount is equal to $6,023 multiplied by the ADM of the
previous school year.

(a)(4) By the end of each school fiscal year, for a school district whose local wealth per student
was less than $6,023 based on the foundation funding formula, if the district actual net revenues
are less than 98% of the uniform rate of tax multiplied by the property assessment, additional
funding is distributed to ensure the district receives $6,023 per student. For a district whose local
wealth per student was less than $6,023 based on the foundation funding formula, if the district
actual net revenues are more than 98% of the uniform rate of tax multiplied by the property
assessment, the district must repay to the ADE the amount received in excess of $6,023 per
student.

**California**

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](http://californiaschoolfinance.org), a site developed by the non-profit organization, EdSource.

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

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

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

**Connecticut**
Education Cost Sharing (ECS) Target Aid is still a foundation-type formula and is currently comprised of two components: **Base Aid and a Regional Bonus.** **Base Aid** - For each weighted student, towns receive a portion of the foundation ($9,687) based on the ratio of the town’s wealth when compared to the guaranteed wealth level—1.75 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 Income. Students are weighted for poverty and English language learners. **Regional Bonus** – Towns that are members of regional districts receive up to $100 for each such student, depending on the number of regional grades.

However, for 2009-10 and 2010-11, legislation directs that each town receive an ECS entitlement equal to the amount they were entitled to in 2008-09.
Delaware
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.

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

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

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

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

**Georgia**

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 WFTE to bring the amount raised per pupil equal to the amount per pupil at the 75th percentile. The state has a minimum salary schedule for 10 months (190 days); the base salary was $33,424 for the 2010-2011 school year. Most school systems provide a local supplement to the base salary.

Due to the declining economic picture, an austerity reduction of over 20% has been applied against the earnings of the education funding formula. With waivers of expenditure controls, school systems have the flexibility to implement these reductions as best fits their individual situation.

**Hawaii**

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; gifted and talented; 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 schools; and grade-level adjustments for elementary, middle, and high 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.

**Idaho**

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 $25,459 of discretionary funds per unit for 2009-2010 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 $65,520.

**Illinois**

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

We have 3 formulas: Foundation, Alternate Method and Flat Grant. In FY 11 the foundation level is $6,119. Districts that have available local resources per pupil equal to less than 93% of the foundation level are Foundation districts and receive the difference between the foundation level and their available local resources per pupil.

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

Flat Grant districts have 175% or more of the foundation level in available local resources per pupil and they receive $218 per pupil.
Indiana
The Indiana General Assembly revisits the school distribution formula in its budget making sessions, on odd years. The 2011 session will be a budget making session and the General Assembly will both enact legislation to enumerate the formula and its various components and provide appropriations for the 2011-2012 and 2012-2013 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 2009-2010 (CY 2010) and 2010-2011 (CY 2011) distribution formulae.

Total Tuition Support: The following summary includes the total tuition support for 2010 and 2011 calendar years is the addition of these components in for each school corporation, charter school, and virtual charter pilot school as they apply.

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

Tuition support is the total of several different calculations and includes tuition support, academic honors, special education, vocational education, prime time, restoration, and small schools grant. Each school corporation and charter school computes tuition support based on the variables described below. Accordingly, it is not possible to provide examples of these calculations applicable to school corporations, charter schools and the virtual pilot school. Further, input variables are subject to change due to modifications in student count variables, or reductions made by the Department of Education required by statute to preclude overspending either the fiscal year appropriation, calendar year cap, or a state ordered reduction. At the end of the Tuition Support section is a discussion pertaining to the year end cap and a state ordered reduction.

In its simplest form, the tuition support formula determines the gross amount of state revenue for each school corporation, charter school, and virtual pilot school.

PREVIOUS YEAR REVENUE
Selected state revenues establish a revenue base to determine the ensuing years funding. In 2010, the State Tuition Support worksheet page 3, Previous year Revenue, reflects the 2009 Basic Tuition Support (pulled from DOE SA539 Tuition Support, First Column) plus the 2010 PL874
adjustment, if applicable. In 2011, the State Tuition Support worksheet page 3, Previous Year Revenue, reflects the 2010 Basic Tuition Support (pulled from DOE SA540 Tuition Support, First Column) plus the 2010 PL874 adjustment, if applicable. Unless otherwise specified all calculations are round to two places.

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

ADJUSTED ADM FOR 2009-2010 and 2010-2011
The calculation begins by re-calculating the 2008-2009 and 2009-2010 adjusted ADM for 2010 and in 2011, the 2009-2010 and 2010-2011 adjusted ADM. The adjusted ADM will provide for a declining enrollment adjustment. There will be an adjustment to the ADM of school corporations for decline in the student population. This adjustment will be calculated for both 2009-2010 and 2010-2011 ADM to reflect a 3-year average of the ADM. A charter school’s adjusted ADM for the purposes of this section is the charter school’s actual ADM.

Adjustment: For 2010, ADM counts for 2006-2007, 2007-2008, 2008-2009 are divided by 3 and summed. The result is compared to the actual ADM count for 2008-2009 with the greater of the two selected. The second part calculates the adjusted ADM using 2007-2008, 2008-2009, and 2009-2010 ADM figures each divided by 3. The results are added together and compared to the 2009-2010 ADM with the greater of the two numbers selected. The greater of the two numbers is the adjusted ADM for 2009-2010. This process is repeated for 2010-2011 using ADM counts for the current and prior two years.

For charter schools, the adjusted 2009-2010 ADM is the actual 2009-2010 ADM and for 2011, the adjusted ADM is the actual 2010-2011 ADM.

Transition to Foundation Revenue: A calculation is made to determine the transition to foundation revenue a school corporation or charter school will receive for a calendar year by calculating a complexity index, a Foundation Funding amount, and the transition to foundation per ADM. Transition to Foundation Revenue is defined as the per pupil Foundation Funding Amount as determined in the transition to foundation calculation section multiplied by the 2009-2010 Adjusted ADM to determine tuition support for 2010 and by the 2010-2011 adjusted ADM to determine tuition support for 2011.

The calculation considers:
  o The complexity index
  o Previous year revenue per adjusted ADM
The relationship between the previous year revenue per adjusted ADM and the State foundation amount multiplied by the complexity index.

Adjusted Complexity Index: The complexity index is determined according to the following criteria and is the sum of the following calculation plus 1:

For 2010, the percentage of the school corporations’ students eligible for free or reduced lunch in the 2008-2009 school year is multiplied by .4974 ($2,263/$4,550) and this result is rounded to four places and cannot be less than zero. For 2011, the 2008-2009 free or reduced lunch data is multiplied by .4974 ($2,241/$4,505). If the result of the addition is equal to or greater than 1.25, it is adjusted by subtracting 1.25 from the above result and adding back the difference.

Transition to Foundation Calculation: A school corporation, based on individual corporation data, will either be above, below, or at their foundation funding. Foundation Funding is defined as the complexity index of the school corporation or charter school multiplied by the foundation amount as determined in statute as passed by the General Assembly. Remember, the foundation amount reflects per adjusted pupil funding. For 2010, the foundation amount is $4,550. In 2011, the foundation amount is $4,505 per pupil. The school corporation or charter school moves towards the Foundation Funding amount if the school corporation or charter school is above or below the Foundation Funding amount.

The school formula determines if a school corporation or charter school is above, below, or at their Foundation Funding amount by subtracting the previous year revenue per adjusted ADM from the Foundation Funding. If a school corporation is receiving per pupil dollars that are below their foundation funding amount by more than a negative $150, the school formula pushes this amount down by 1/9th, or at least $150 in CY 2010 and CY2011 of the full incremental amount. If a school corporation is receiving per pupil dollars within a range of a negative $150 (-$150) and $50 the school corporation receives their Foundation Funding amount. If a school corporation is more than $50 above their Foundation Funding amount (as indicated by the $50 variance), the school formula drives the per pupil funding amount up by ½, or at least $50, in CY 2010 and CY 2011 of the difference.

A charter school that is in its first year of operation outside of Marion County in 2010 or 2011 uses the Transition to Foundation per ADM of the school corporation in which it is located to compute the Transition to Foundation Revenue. A charter school that is in its first year of operation in Marion County in 2010 or 2011 uses the sum of the weighted average of the Transition to Foundation per ADM determined for the school corporations in which the students have legal settlement to compute the Transition to Foundation Revenue.
Transition to Foundation Revenue: This section determines the transition to foundation amount revenue by taking the Transition to Foundation per adjusted ADM multiplied by the 2009-2010 (for 2010) or the 2010-2011 (for 2011) Adjusted ADM or actual ADM if the ADM is less than 100 for a school corporation or actual ADM for Charter Schools to determine the Transition to Foundation amount. If the school is a foundation funded school then the P.L. 874 amount is added to the Total Revenue determined in Part Two to determine the ensuing year’s Basic Tuition Support. If the school is not foundation funded, then the P.L. 874 is not added in and the Part Two calculation is the ensuing year’s Basic Tuition Support. The final calculated revenue of this section is referred to as Basic Tuition Support.

VIRTUAL CHARTER SCHOOLS
Virtual Charter Schools are funded at 80% of the average statewide tuition support multiplied by the Virtual Charter ADM for 2009-2010 as well as in 2010-2011.

ACADEMIC HONORS GRANT
Each school corporation and charter school is eligible to receive $900 for each student who received an academic honors diploma for the previous school year in 2008-2009 for 2010 and 2009-2010 for 2011.

SPECIAL EDUCATION GRANT
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, 2009 is used in the 2010 funding formula and the enrollment of December 1, 2010 is used in the 2011 funding formula.

The grant is the sum of multiplying the count of enrolled students by the following:
- $8,350 multiplied by the unduplicated count of students with severe disabilities; plus
- $2,265 multiplied by the unduplicated count of students with mild and moderate disabilities; plus
- $533 multiplied by the duplicated count of students with communication disorders; plus
- $533 multiplied by the duplicated count of pupils in homebound programs; plus
- $2,750 multiplied by the special preschool education program pupil count.

The same per pupil program dollar amounts are used for both 2010 and 2011. Additionally, beginning in 2010, the special education preschool program pupil count is included in this funding at $2,750 per pupil in both 2010 and 2011.
CAREER & TECHNICAL EDUCATION GRANT

School corporations and charter schools are eligible to receive a vocational education grant. The distribution of career & technical education monies is based on labor market demand and wage data calculated according to the following table. Students enrolled in these categories must be enrolled and attending the school corporation and be counted in the school corporation ADM. For 2010, the fall 2009 program enrollment data are used to calculate the grant. Beginning with the fall 2010 program enrollment data, information needed will be collected through the INTERS system at the Department of Workforce Development. The fall 2010 program enrollment data are used for 2011 funding. All calculations are rounded to the nearest dollar.

The calculation is the number of students enrolled in career and technical education programs that are addressing employment demand for individuals in labor market categories that are projected to need a:

1. More than Moderate Labor Market Need and High Wage/$450 per student credit hour multiplied by the number of hours (up to three hours); plus
2. More than Moderate Labor Market Need and Moderate Wage/$375 per student credit hour multiplied by the number of students in this category; plus
3. Moderate Labor Market Need and High Wage/$375 per student credit hour multiplied by the number of students in this category; plus
4. Moderate Labor Market Need and Moderate Wage/$300 per student credit hour multiplied by the number of students in this category; plus
5. Less than Moderate Labor Market Need and High Wage/$300 per student credit hour multiplied by the number of students in this category; plus
6. Less than Moderate Labor Market Need and Moderate Wage/$225 per student credit hour multiplied by the number of students in this category; plus
7. All Other Vocational Education Programs/$250 per student multiplied by the number of students in this category; plus
8. Area Participation/$150 per student multiplied by the number of students.

Area Participation funding is for students participating in a vocational education program in which students from multiple schools are served in the same classroom at a common location. This does not include students served in programs that meet for one class period a day.

The total career & technical education grant is the sum of the dollar amounts calculated under steps one through eight. The Indiana Department of Workforce Development defines the areas of job demand annually. If a school corporation feels the determined job demand categorization is not representative of their area, that school corporation may petition the Department of Workforce Development for re-categorization.
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 2010 Complexity Index is used for the calculation in 2010 and the 2011 Complexity Index is used for 2011. The Adjusted Complexity Index for a charter school in the 2010 and 2011 funding formula is based on the percentage of free or reduced lunch counts from the 2008-2009 school year for the charter. For a first year charter, the percentage of free or reduced lunch taken from the SE report in their 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.

For 2010, divide the 2009-2010 Grade K-3 ADM by the appropriate pupil/teacher ratio. Round to four places. For 2011, divide the 2010-2011 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.

For 2010, multiply the applicable 2010 tuition support amount by .75 and divide by the 2009-2010 ADM. For 2011, multiply the applicable 2011 tuition support by .75 and divide by the 2010-2011 ADM. Round to two (2) places.

This result is multiplied by the applicable year (2009-2010 for the 2010 calculation or the 2010-2011 for the 2011 calculation) Grade K-3 ADM.

Divide this result by $74,500, for 2010 and the same for 2011, rounded to two (2) places, and subtract the amount from the result of the division of the 2010-2011 Grade K-3 ADM by the appropriate pupil/teacher ratio. 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 $74,500, and rounded to two (2) places in both 2010 and 2011. 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 2009
(for 2010) or 2010 (for 2011) Prime Time Grant multiplied by 1.075% then rounded to two (2) places. The 2011 Prime Time Grant is the lesser of these two values.

Charter schools are calculated the same as all other school corporation; however, many do not qualify as the enrollment sizes in kindergarten through grade three are lower than traditional school corporations and the formula generates enough funding to meet the student teacher ratio required in the formula calculation. As charter schools did not exist in 1999, the comparison for funding looks at the dollar amount when charter schools first become eligible for Prime Time funding in the formula and are compensated accordingly.

RESTORATION GRANT
Restoration funding applies to school corporations and charter schools. The restoration grant compares the 2009 and 2010 tuition support funding and without consideration of other grants allowed in the formula. The restoration grant compares 2009 tuition support funding without grants (prime time, special education, career and technical education, small schools, academic honors) to 2010 and in 2011, the same comparison is made. The grant caps the 2009 tuition support funding level without grants except that it does not allow a school to receive more than an increase or decrease of $25 per ADM for 2010 from the 2009 regular programs funding per ADM and $75 for 2011. If there is more than a 3% decrease, there is an additional grant of $220 per ADM in 2010 and $350 per ADM in 2011 for schools that qualify.

The calculation divides the 2009 tuition support amount by the previous year 2008-2009 ADM and adds $25 to that amount in 2010 and $75 in 2011. Then the amount is multiplied by the 2009-2010 ADM in 2010 and 2010-2011 ADM in 2011 to arrive at a tuition support amount. This amount is compared to the 2009 tuition support amount the lesser number is selected. Twenty five dollars ($25) in 2010 and seventy five dollars ($75) in 2011 is subtracted from the 2008-2009 per ADM amount and then multiplied by the 2009-2010 ADM or 2010-2011 ADM count (for 2011) to determine an amount that is used to compare to the capped 2009 tuition support amount to determine which figure is higher. The formula then looks at the greater of zero or the prior line’s amount minus the 2010 tuition support amount in 2010 and the 2011 amount in 2011 to arrive at what will be added to the 2010 or 2011 basic tuition support amount.

In 2010, that result plus the 2010 tuition support is then divided by the 2009 tuition support amount to determine if it dropped more than three percent (3%). In 2011, that result plus the 2011 tuition support is then divided by the resulting line 10 amount in the 2010 tuition support formula to determine if it dropped more than three percent (3%). If the amount drops below 97%, an additional grant of $220 in 2010 and $350 in 2011, or that number, is multiplied by 9,500 in 2010 and 12,000 in 2011. This result is multiplied by the 2009-2010 ADM for 2010 and 2010-2011 ADM for 2011 and added to the previously calculated grant to determine whether or not a restoration grant is given.
For the 2011 restoration grant calculation, this section continues to compare revenues to the 2009 tuition support amount without grants to determine whether or not additional funds will be granted.

SMALL SCHOOLS GRANT
Small schools grant applies to school corporations and does not apply to charter schools. For schools with an ADM of less than 1,700, the formula allows a $192 per ADM for complexity index over 1.2 and $91 per ADM for complexity index above 1.1 and less than 1.2.

If a school corporation has an ADM of less than 1,700 and a complexity index greater than 1.1 and less than 1.2, the school receives the lesser of: 1,700 minus the 2009-2010 or 2010-2011 ADM or $91, multiplied by the 2009-2010 (for 2010) or the 2010-2011 ADM (for 2011). If a school corporation has an ADM of less than 1,700 and a complexity index of greater than 1.2, the school receives the lesser of: 1,700 minus the 2009-2010 ADM (for 2010) or 2010-2011 (for 2011) or $192 multiplied by the 2009-2010 (for 2010) or the 2010-2011 ADM for 2011.

STATE TUITION SUPPORT
The total State Tuition Support for the 2010 or 2011 calendar year is the addition of these components for each school corporation and charter school as they apply:

- Basic Tuition Support
- Academic Honors Diploma Grant
- Special Education Grant
- Career & Technical Education Grant
- Prime Time Grant
- Restoration Grant
- Small Schools Grant

Iowa
This is a foundation program based on FTE pupil units. The state guarantees 87.5% of the state cost per pupil, which is $5,148 per pupil from a combination of state aid and a uniform local property tax levy (2010-11). 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 ($5,883 in 2010-11). The rate of growth in the state per pupil cost is set as a percentage annually by the legislature. The calculated dollar growth in the state per pupil cost is added to each district’s per pupil cost.
Kansas
The general funding formula provides base state aid per pupil (BSAPP) of $3,937 in 2010-11. Regular enrollment is adjusted to reflect additional costs associated with serving certain pupil populations, transporting pupils, operating smaller and larger enrollment school districts, and adding and operating new school facilities (two provisions). There is also a “decreasing” enrollment factor. State aid is determined by taking the general fund and subtracting 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. Local option budgets are matched by the state up to 81.2% of assessed value per pupil with certain restrictions.

Kentucky
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. ($3,866 for 2009-2011, $3,903 for 2011-2012). According to KRS 157.360, each school district’s base funding level is adjusted by the following factors:

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

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


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

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

LEP (Limited English Proficient, .096 weight for 2009-2010, .096 weight for 2010-2011

16
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 160.470(9)(a)).

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

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

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

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

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

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

**Louisiana**

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 FY2010/11 MFP Formula:

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

- Base State and Local Costs
- Base per Pupil Amount
  - $3,855 per HCR 243 - set annually by the SBESE 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 (22%)
  - Career & Technical Education Units (6%)
  - 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 Deduction Method which
    establishes contribution rates for Sales and Property Taxes. In FY2010-11 the
    contribution rates are:
    - 17.68 millages ad valorem tax
    - .89% sales tax

Level 2: Incentive for Local Effort

- Eligible Local Revenue - amount over Level 1 target
- Level 2 rewards systems that contribute a greater portion towards the cost of education than
  the amount required in Level 1 (In FY2010-11, on average, the state contributed 37.4%
  for each dollar identified as revenue eligible for rewards in level 2)

Level 3: Unequalized Funding

- Continuation of prior year Pay Raises (2001-02 Certificated Staff, 2002-03 Support Worker,
  2006-07 Certificated Staff and Support Worker, 2007-08 Certificated Staff and Support
  Worker, and FY2008-09 Certificated Staff)
- Foreign Language Associate Funding
- Hold Harmless Funding (continuation of prior year funding for districts that would lose State aid under the revised formula)

FY 2010-11 $100 Mandated Cost Adjustment (Support for increasing costs in health insurance, retirement and fuel)

Maine

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

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

Maryland

Effective June 1, 2002, Senate Bill 856 - Bridge to Excellence in Public Schools Act created the Foundation Program designed to be a shared program with local school systems. However, the program is equalized on the basis of local wealth. The minimum State share of the foundation amount that a local school system may receive is 15%. The program is funded based on the full-time equivalent enrollment as of September 30 of the prior fiscal year. The per pupil amount for Fiscal Year 2011 is $6,694. The FY 2011 funding level for the Foundation Programs is $2.9 billion.

The Geographic Cost of Education, designed to recognize the differences in the cost of providing educational services in different geographical locations was added to State Aid to Education in 2009. Funding for the GCEI program is non-mandatory. Geographic Cost of Education funding in FY 2011 was $127 million.

A Supplemental Grant was added in 2009. This grant was designed to provide additional funds to jurisdictions who did not receive at least a 1% increase in State Aid to Education over the prior year. The supplemental grant funding in FY 2011 is $46 million.

A Guaranteed Tax Base Program distributes State funding to local jurisdictions that 1) have less than 80% of the statewide wealth per pupil, and 2) provide local education funding above the local share required under the Foundation Program. The amount provided to each local school system is equal to the additional funding that would have been provided by the local government if the same education tax effort were made and the jurisdiction had the wealth base that is "guaranteed." Irrespective of local education tax effort, local school systems will not receive more
per pupil than 20% of the base per pupil amount established in the Foundation Program. For 2011, the Guaranteed Tax Base Program provides $47 million in additional funding to local jurisdictions.

**A State Aid for Local Fringe benefits** program is designed such that 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.

**Massachusetts**
The “Chapter 70” state aid formula provides $4.1 billion in aid to school districts through a modified foundation program. A “foundation budget” averaging $9,507 per pupil is calculated for each school district, based upon specific inflation-adjusted rates in fourteen enrollment categories and 11 functional areas. A methodology called “aggregate wealth” defines the target local contribution for each city and town. The target is derived by taking .2956 percent of each municipality’s total 2008 property valuation, and adding 1.3682 percent of its residents’ total 2007 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. Federal Education Jobs Grants and State Fiscal Stabilization Funds are used in FY11 to ensure that every district receives at least a $25 per pupil increase in aid. On average, aid pays for 45.7 percent of foundation budgets, but the range varies from 13 percent to 100 percent.

**Michigan**
The State of Michigan no longer uses the “millage equalizing” formula based on school finance reform passed in 1994 and first implemented in 1995. Each district was assigned a per pupil foundation grant based on their combined 1994 state and local revenue per pupil. Districts with lower foundation grants received larger annual increases than those with higher initial foundations. The lowest foundation in 2011 is $7,316. In most cases the state school aid per pupil is equal to the district’s foundation allowance per pupil minus its local school operating tax per pupil. School operating taxes in most cases are equal to 18 mills assessed to the district’s non-homestead property.

**Minnesota**
General education foundation program based on weighted pupils in average daily membership (ADM). Kindergarten pupils are weighted at 0.612, 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 $5,124 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, equity, and alternative compensation revenues. If a district levies less than the maximum amount for these categories, the corresponding state aid is reduced proportionately.

**Mississippi**

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

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%.

**Missouri**

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/

Montana
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 2010-11, the basic entitlements for elementary, middle school and high school districts were $23,257, $65,863 and $258,487, respectively. The per-student entitlements were approximately $5,003 for elementary students and $6,405 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.

Nebraska
Needs – Resources = Equalization Aid ⇒ Formula Needs

1. The fall membership count of students is adjusted by the average ratio of average daily membership (ADM) to fall membership from three prior years for the certification of state and; and ADM for the final calculation of state aid.
2. Formula students include students educated by the district and students for which the district pays tuition. Kindergarten student that attend school less than 400 hours per year are counted as .5. Formula students also includes students in qualified early childhood programs multiplied by the ratio of planned instructional hours of the program divided by 1,032 hours then multiplied by .6.

3. Basic funding is determined based on a comparison group that is established for each district consisting of the ten larger districts that are closest in size to the district and the ten smaller districts that are closest in size to the district as measured by formula students.

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

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

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

   c. Elementary Class Size Allowance for school years through 2013-14 is based on the number of students in grades kindergarten through grade three who spend at least 50% of the school day in one or more classrooms with a minimum of ten students and a maximum of 20 students.
d. Focus School & Program Allowance for in schools in a learning community and the allowance is based on the number of students in the Focus School. (Currently there is only one learning community in Nebraska and it includes 11 school districts in the Omaha metropolitan area. Learning Communities were established by statute in 2006. The Nebraska statutory references are in sections 79-2101 to 79-2120).

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

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

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

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

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

j. Instructional Time Allowance is calculated if an individual school district provides more instruction time to students than the state-wide average. If a district qualifies the calculation is based on formula students.

k. Teacher Education Allowance is available to school districts that have a greater percentage of teachers with a master or doctorate degree compared to the statewide average of schools that have teachers with master or doctorate degrees. The calculation is based on formula students and the ratio of the individual district’s percentage of teachers with a masters or doctorate degree compared to the statewide average.
1. System Averaging Adjustment is available to school districts when their basic funding per formula student is less than the statewide average basic fund per formula student with a levy of at least $1.00 per $100 of valuation. The calculation is based on the number of formula students and the difference between the district’s basic funding per student and the statewide average and is funded at the 95% level.

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

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

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

p. Local Choice Adjustment is applied to school districts that have fewer than 390 formula students. This reduction is calculated based on 50% of the difference of basic funding per formula student for the district that is closest to 390 formula students minus the designate district’s basic funding per formula student. The result is then multiplied by the designated district’s formula students.

5. Needs Stabilization is calculated so that the needs of a school district will not be less than 95% of the needs as calculated for the previous year.

Formula Resources:

1. Yield from Local Effort Rate (adjusted valuation provided by the Property Tax Administrator divided by 100 multiplied by the Local Effort Rate of $1.0395).

2. Net Option Funding is calculated by taking the net enrollment option students (students opting into the district minus the students opting out of the district) and multiplying by the statewide average basic funding per formula student.
3. Allocated Income Tax Funds (a percent calculated annually of the net Nebraska income tax liability of each school district’s resident individuals).

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

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

6. Retirement Aid is a percentage of an individual school district’s total salaries reported by the school district divided by the total salary reported by all school districts. This percentage is then multiplied by $15,000,000.

**Nevada**

Foundation program based on weighted apportionment student count. This weights students for pre-K and K at 60%. State pays for Nevada resident students wherever educated, but not out-of-state students, hence funding adds in students being educated in adjoining states but deducts student counts of non-resident students. Basic aid in 2011 is $5,192. Funding ranges from $5,179 to $18,799 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.

**New Hampshire**

NH Department of Education, Office of the Commissioner, November 18, 2008

**Estimated FY10 Transition Adequate Education Aid**

In the 2008 legislative session, SB539 modified Adequate Education Aid and created the Fiscal Capacity Disparity Aid program. These changes take effect beginning with aid for the 09-10 (FY10) school year. A transitional provision for FY10 and FY11 moderates increases and decreases when compared to FY09. RSA 198:38 through 198:41, and RSA 198:46 specify how aid will be calculated and distributed.

**Cost of an Opportunity for an Adequate Education**

Students
The Cost of an Adequate Education has been calculated using FY07 (06-07 school year) data for students in grades kindergarten through grade 12 who were legal residents of New Hampshire and:

- Attended a school operated by their resident district
- Were tuitioned by the resident district to a district operated school in NH or another state, or
- Were tuitioned by the resident district to a nonpublic school, such as a special education program.
- Charter school students are not included.
- Home schooled students, even those taking a few courses at a public school, are not included.
- Preschool students are not included.

Average daily membership (ADM) has been used to count the students. A student who is enrolled in school for the entire year has an ADM of 1.00. Students who transfer between schools are counted as a fractional ADM at each school. Half-day kindergarten students are counted as 0.50 and full-day kindergarten students are counted as 1.00.

Adequacy Cost

Cost is computed per ADM. The base per pupil cost is $3,450, but certain school and individual factors increase that cost.

The percentage of students eligible for free/reduced priced school lunch (F/R) is the only school factor. This allocation, specified as differentiated aid, is allocated only when the F/R rate is 12% or more. The F/R rate is calculated using students in grades 1-12 identified as eligible in October. All students in kindergarten through grade 12, not just those eligible for F/R, are allocated differentiated aid based on the following differentiated rates:

- F/R rate of 12.00% to 23.99%, $863
- F/R rate of 24.00% to 35.99%, $1,725
- F/R rate of 36.00% to 47.99%, $2,588
- F/R rate of 48.00% or more, $3,450

Cost of Adequacy student factors and rates are:

- $1,856 for a special education student
- $675 for an English Language Learner receiving English Language instruction
- $431 for a kindergarten through grade 12 student eligible for free/reduced priced school lunch attending a school where the F/R was less 12%
Cost of Adequacy by Municipality

The Department of Education calculates the Cost of Adequacy for students in each district-operated public school in NH and for students that attend other schools, such as privately operated special education programs or public schools in bordering states. The Department then sorts those students and their cost allocations by municipality of residence.

Fiscal Capacity Disparity Aid

Fiscal Capacity Disparity Aid, which is separate from Adequacy, is allocated to municipalities with the lowest capacity to raise property tax revenue as long as the municipality's Median Family Income (from the most recent U.S. Bureau of the Census) is less than the state average.

Each municipality's equalized valuation per pupil is computed by dividing the FY07 local tax base (4/1/06 equalized valuation including the utility properties) by the FY07 Average Daily Membership of resident students (ADM-R). The ADM-R used for Fiscal Capacity Disparity includes grades kindergarten -12 but counts only the first ½ day of full-day kindergarten students. It also includes charter school students. Provided the municipality's median family is below the state average, aid for the 29 municipalities with the lowest equalized valuation per pupil is $2,000 per student, and aid for the 30 next lowest municipalities is $1,250 per student.

Statewide Education Property Tax Assessment

Each December, the Department of Revenue Administration notifies each municipality of the amount it must raise through the Statewide Education Property Tax (SWEPT) for the following school year. The Department does this by first determining the rate needed to raise approximately $363 million statewide. When applied to 4/1/07 equalized valuations without utilities, the rate is $2.135 per thousand. Each municipality must raise its proportional share of the total. This process is described in RSA 76:3 and RSA 76:8.

Municipalities send the revenue raised by the Statewide Education Property Tax directly to school districts. Within cooperative districts the amount raised is credited to the individual towns. If the Statewide Education Property Tax to be raised by a municipality for FY10 exceeds the amount needed to fund the FY10 school budget after all other revenues have been applied, then the municipality must return the excess to the State. The amount of excess is determined by the Department of Revenue Administration when tax rates are set in the fall, and the excess must be returned to the State by March 15th.

Determination of Transition Grants

Each municipality's preliminary grant is determined by adding the Cost of Adequacy and Fiscal Capacity Disparity Aid, then subtracting the Statewide Property Tax assessment. This amount is capped at 115% of the FY09 grant.
The second step is to calculate Total State Aid by adding the Statewide Property Tax assessment and the preliminary grant. If this amount is less than the FY09 SWEPT assessment plus grant, then the municipality is allocated a hold harmless grant equal to the difference.

The FY10 Transition Grant is equal to the adjusted preliminary grant plus the hold harmless grant. The grant payment schedule is 20% by September 1, 20% by November 1, 30% by January 1, and 30% by April 1.

State Aid

State Aid is the sum of the Transition Grant payment and the Statewide Education Property Tax revenue received from the municipality.

FY11 Transition Grant

For FY11 the Cost of Adequacy and Fiscal Capacity Disparity Aid will not change. Since the Statewide Property Tax assessment will be slightly different, transition grants will be slightly different.

New Jersey

The current school funding formula was established with the passage of the School Funding Reform Act of 2008 (SFRA) and was first used for funding districts in the 2008-2009 school year. It is a foundation formula based on projected weighted enrollment.

Equalization Aid provides wealth-equalized foundation aid to school districts with the intent of ensuring that districts have sufficient resources to provide a “thorough and efficient” education. The State sets an annual uniform per pupil foundation amount, which is multiplied by the weighted resident enrollment for each district to determine their “adequacy budget.” Districts that cannot fund their adequacy budget on their own receive equalization aid in proportion to their ability to pay. The latter is determined based on districts’ per pupil equalized property value and per pupil income.

In fiscal year 2011, the per pupil foundation amount (for all students) was $9,971. The following grade level adjustments are made: half-day kindergarten = 0.50; full-day K through grade 5 = 1; grades 6 through 8 = 1.04; grades 9 through 12 = 1.17. In addition, the new formula applies a higher weight for county vocational students (1.31), for students eligible for free and reduced priced lunches through the federal school lunch program, and for students with limited English proficiency. (The at-risk and LEP weights will be described in more detail below.)

The SFRA was fully funded in FY 2009. However, due to recent budgetary constraints, increases in aid for FY 2010 and FY 2011 were limited. In addition, the aid allocations for FY 2011 were reduced for all districts (subsequent to running the formula) by the same proportion of their respective budgets (4.994%).
New Mexico
Foundation program based on weighted pupil units is MEM. The guarantee per weighted pupil is $3,712.45 for 2010-2011. State foundation aid is equal to the sum of weighted pupil units times $3,712.45 minus 75% of designated local revenues (PL874, forest reserve, and local property tax revenue).

New York
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 who typically require extra time and help and is measured by students receiving subsidized meals, English Language Learners and students from geographically sparse areas of the state. The regional cost index measures 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 the choice of the better of a state sharing ratio (percent equalizing formula) which most districts choose or a standard tax rate per $1,000 of Full Value adjusted by the income per pupil relative to the State average. For 2010-11 and 2009-10, Foundation Aid is held to the 2008-09 Foundation Aid amount (about $15 billion). This legislation also continued separate funding for regional shared services (i.e. BOCES and special services aids), school construction, pupil transportation, the education of high cost students with disabilities, instructional materials, high tax, charter school transition and universal prekindergarten.

For 2010-11, a separate $2 billion gap elimination adjustment is calculated for all major school districts based on the lesser of a percentage and formula reduction or a tax effort formula using residential levy as a percent of income. Free and reduced-price lunch, fiscal capacity and enrollment are factored into the reduction formula. The impact of the reduction was tempered by $726 million in remaining federal ARRA funding.

North Carolina
Flat grant program based on instructional units. The state provides between $30,430 and $67,280 per instructional unit 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 Average Daily Membership (ADM). The State Salary Schedule is located on the following link:
http://www.ncpublicschools.org/fbs/finance/salary/65+

North Dakota
North Dakota redesigned its funding formula in 2007-2008. 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. Districts with local property wealth exceeding 150% of the state average receive a reduced state aid amount.

**Ohio**  
Foundation program based on pupil ADM and district demographic characteristics. The evidence-based model (EBM) funding system identifies school-based programs and educational strategies and funds, by formula, resources for teachers, administrators, student services, etc. Local charge-off (or share of the state’s funding model) is 22 mills in FY 10-11, and state aid is subject to overall caps and floors related to previous years’ aid amounts. The current version of the FY2012-2013 budget bill eliminates the EBM and provides continuation funding for school districts. A replacement formula is expected to be proposed in 2012 and implemented in FY 2013.

**Oklahoma**  
Three-tiered State Aid formula: (1) Foundation Aid, (2) Salary Incentive Aid, and (3) Transportation. Under Foundation Aid, Oklahoma currently pays $1,542 (with ARRA this is $16,001) 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 $71.74 (with ARRA $75.62) 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.

**Oregon**  
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 formula distributes both state revenue and the bulk of local revenue. 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 roughly 93% of the formula revenue. (This percentage can vary from year to year based on the total funding available and the amounts devoted to the other three types of grants. There are no constraints on how General Purpose Grant money can be spent.)

- Weighted Student Counts are the sum of the General Education Average Daily Membership (ADM) count plus the additional student weights based on special needs. The value of a weighted student is then calculated based on available revenues. Each student in grades 1-12 is assigned a General Education ADM of 1.0, with kindergarten students counted at 0.50. Additional weights are then added to the General Education ADM based on special needs, resulting in a measure known as Weighted Average Daily Membership, or ADMw. A teacher experience factor of $25 is added to, or subtracted from, the General Purpose Grant per ADMw depending on whether the district’s average teacher experience exceeds, or falls below, the state average.

- The initial base value of the General Purpose Grant per ADMw was set in statute in 1991 at $4,500. After considering the available revenues, number of weighted students, the teacher experience adjustment, transportation grants, high cost disability grants, and facility grants, the amount of the General Purpose Grant per ADMw was actually $5,837 for the 2009-10 school year. Because the initial base value of $4,500 per ADMw set in statute is not adjusted for inflation, current amounts per ADMw are considerably higher than the base value of $4,500.

The weights used in the calculations for the equalization formula are listed in the following table.

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

Note: Maximum additional weighting assigned to any student, beyond the General Education ADM, cannot exceed 2.00, but not all weights are coupled.

**Transportation Grants**

The transportation grant uses actual expenditures as the factor to adjust for different costs per student. The transportation grant reimbursement rate is either 70%, 80% or 90% of approved transportation expenditures. Approved expenditures include transporting students to and from school (if over 1 mile from elementary school or 1.5 miles from high school), between schools,
on field trips and for other reasons in special cases. This categorical grant is only available to reimburse for actual transportation expenditures. The highest cost districts tend to be in rural districts with a low density of students where most students ride a bus over considerable distances.

High Cost Disability Grant
This grant is awarded based on approved actual costs above $30,000 for an individual student to help compensate for the uneven distribution of high cost disability students. High cost disability students tend to be concentrated in urban areas where medical and therapeutic services are available. The cost for their education can be dramatically higher than the revenue generated from the double weighting of these students in the school equalization formula.

Oregon’s legislature establishes the amount of the High Cost Disabilities Grant to be deducted from the State School Fund prior to the calculation of the General Purpose Grant. The effect of including a high cost disability grant in the formula reduces the total for the General Purpose Grant by $18 million per year. If the total approved costs exceed available funding in any fiscal year, the department prorates the amount of money available for distribution. All districts share in the cost and those districts with students who have high cost disabilities benefit 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 payment is not to exceed 8% of the total construction costs of new school building costs excluding land. New buildings include additions and portable classrooms, but exclude buildings not used for some classes such as a central administration. Initially, grants to districts could not exceed $17.5 million per biennium and were prorated if eligible costs exceeded $17.5 million. The 2005 Oregon Legislature increased the amount to $25 million per biennium beginning in 2007-09 and this amount was carried forward for 2009-11.

Pennsylvania
In 2006, the General Assembly directed the State Board of Education to conduct or provide for a comprehensive statewide costing-out study to arrive at a determination of the basic cost per pupil to provide an education that will permit a student to meet the state’s academic standards and assessments.

The 2008-2009 fiscal year was the first year that the formula distribution for Basic Education Funding was based on the results of the costing-out study.

For the 2010-2011 fiscal year, each school district will receive the Basic Education Funding allocation it received in 2007-2008 plus the minimum increase provided in 2008-2009 plus a state share phase in allocation plus a minimum increase as needed.
The state funding target will be calculated for each school district as follows:

Calculate an adequacy target for each school district by summing the following:

**base cost:** (a) the base cost per student ($8,950) multiplied by (b) its 2010-2011 modified average daily membership.

**poverty supplement:** (a) the base cost per student multiplied by (b) its number of students eligible for free or reduced price meals under the national school lunch program on October 31, 2008, multiplied by (c) 0.43.

**district size supplement:** the greater of zero or (a) the base cost per student multiplied by (b) its 2008-2009 adjusted average daily membership multiplied by (c) the sum of 0.483 and the natural logarithm of its 2008-2009 adjusted average daily membership multiplied by -0.05.

**English language learner supplement:** (a) the base cost per student multiplied by (b) its number of students identified as limited English proficient in the 2008-2009 school year multiplied by (c) the sum of 3.753 and the natural logarithm of its 2008-2009 adjusted average daily membership multiplied by -0.23, provided that such amount shall be no less than 1.48 and no greater than 2.43.

**adjustment for geographic price differences:** (a) the greater of 1 or its location cost metric multiplied by (b) the sum of the base cost, poverty supplement, district size supplement, and English language learner supplement minus (c) the sum of the base cost, poverty supplement, district size supplement and English language learner supplement.

The adequacy shortfall is calculated as the greater of zero or its adequacy target minus its actual spending for 2008-2009.

The state funding target equals the adequacy shortfall multiplied by (a) its 2010-2011 market value/personal income aid ratio multiplied by (b) the lesser of 1.00 or its 2008-2009 equalized millage divided by 21.1 (the equalized millage at the 75th percentile).

Each school district will receive a state share phase-in allocation equal to 32.06 percent of its state funding target.

A minimum increase will be provided to each school district, if necessary, so that its total increase including its state share phase-in allocation shall equal a minimum 2.0 percent increase over its 2009-2010 Basic Education Funding allocation.
Rhode Island
The following responses are applicable to FY 2011. Beginning July 1, 2011, the state will implement a new education financing formula. All current categories of aid will be suspended. The new formula will distribute aid on a per pupil basis and provide a core instructional amount for the basic education program, a student success factor to support student needs beyond the core amount, and categorical funding for high cost special education students, career and technical education, early childhood programs, and non-public and regional transportation.

The state’s current method of distributing aid uses a base appropriation equal to fiscal year (FY) 1998 aid. Funding increases and decreases are applied to this base, distributed through ten categorical distributions, and since FY 2000 have been adjusted to reflect minimum and maximum aid increases and decreases 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.

South Carolina
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.

South Dakota
South Dakota has a foundation formula that provides a guaranteed funding level per student. A combination of local and state funds provided $4,804.60 per student in 2010-2011. 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.

Tennessee
Funding for Tennessee elementary and secondary public schools is calculated via the Basic Education Program 2.0 (BEP 2.0). BEP 2.0 is the funding formula utilized to ensure the
adequate and equitable distribution of educational dollars sufficient to provide the basic level of education required for student success.

This legislatively mandated mechanism revises the original BEP. Public Chapter Number 369 enacted in 2007, to be phased into full implementation, amends Tennessee Code Annotated Title 49 Chapter 3.

Revisions include:

- 75% state funding for instructional positions within the classroom component
- $38,000 dollar value of BEP instructional positions to be adjusted in subsequent years
- eliminate the cost differential factor from BEP formula
- formula provides 100% funding for at-risk students (those receiving free or reduced lunch)
- provides for a 1:20 teacher/student and a 1:200 translator/student ratio for English language learner students
- recognizes local government’s ability to generate supporting educational revenue by local sales and property taxes, with a yearly adjustment not to exceed 40%
- Local Education Agency’s (LEA’s) to receive at least a 25% state contribution for the non-classroom components
- provide 50% funding for medical insurance for instructional positions.

The Average Daily membership (ADM) of the LEA is the primary determinant of the BEP 2.0 funding amount. This amount is based on the previous academic year’s ADM, the present academic year’s full-time student enrollment, and the number of students qualified for Special Education Services.

The BEP 2.0 consists of three categories: instructional, classroom, and non-classroom. The state’s average categorical yearly contribution, distributed to each school system, is 70%, 75%, and 50% respectively. Consequently, local government provides 30%, 25%, and 50% respectively. Although state revenue for LEAs is generated categorically by formula, school districts have the option of using these funds in other categories of expenditure.

The following table reflects components funded within each category:

<table>
<thead>
<tr>
<th>Instructional</th>
<th>Classroom</th>
<th>Non-Classroom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Education</td>
<td>K-12 At-Risk Class Size Reduction</td>
<td>Superintendent</td>
</tr>
<tr>
<td>Vocational Education</td>
<td>Duty-free Lunch</td>
<td>System Secretarial Support</td>
</tr>
<tr>
<td>Special Education</td>
<td>Textbooks</td>
<td>Technology Coordinators</td>
</tr>
<tr>
<td>Elementary Guidance</td>
<td>Classroom Materials and Supplies</td>
<td>School Secretaries</td>
</tr>
<tr>
<td>Secondary Guidance</td>
<td>Instructional Equipment</td>
<td>Maintenance and Operations</td>
</tr>
<tr>
<td>Elementary Art</td>
<td>Classroom Related Travel</td>
<td>Custodians</td>
</tr>
</tbody>
</table>
The Fiscal Capacity Index is the formulaic representation of a county’s ability to generate revenue. It is used to determine state and local funding contributions to support local education. In BEP 2.0 fiscal capacity is calculated by multiplying a county’s local sales and property tax base times the average tax rate for each base across the state.

As BEP 2.0 is fully implemented, the cost of living adjustment calculated by the cost differential factor is being phased out. The cost differential factor adjusts the salary components of BEP funding in systems where the cost of living exceeds the state’s average.

Texas
Texas has a two-tiered program. Tier I is a foundation program based on a basic allotment of $4,765 that is indexed to the statewide property value per student in weighted average daily attendance (WADA). 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 I also includes allotments for compensatory education, special education, bilingual education, gifted and talented education, career and technical education, and transportation, as well as an allotment for high school students and an allotment that provides start-up funds for new campuses (New Instructional Facility Allotment). Local districts contribute revenue from their tax collections at their compressed tax rate to meet the local share requirements, also known as the local fund assignment (LFA), for Tier I. The compressed tax rate for each district is set at two-thirds of the district’s 2005–06 adopted tax rate (see below for further explanation of the compressed tax rate). State aid for Tier I is the difference between the total cost of Tier I and the LFA for the district.

Finally, additional state aid may be delivered to make sure districts reach a hold harmless level based on the total state and local revenue per WADA that districts received before tax rate
reduction. Seven hundred eighty districts and charter schools receive aid under this provision, known as additional state aid for tax reduction.

Tier II is a guaranteed yield program that provides enrichment for each cent of tax effort that exceeds a district’s compressed tax rate. Tier II currently provides two levels of enrichment. The first level of Tier II provides a guaranteed yield based on the yield per WADA of the Austin Independent School District ($59.97 for 2010–11) for each of the first 6 pennies of tax effort above the compressed tax rate. The second level of Tier II is generated by tax effort that exceeds the compressed tax rate plus six cents. For 2010–11, the yield for the second level of Tier II is $31.95 per penny. A maximum of 11 pennies can be levied in this tier. The total maximum enrichment tax rate is 17 cents.

The state school finance system also includes provisions for “recapturing” local tax revenue in school districts where the wealth per WADA exceeds the equalized wealth level (EWL). Different EWLs apply to different levels of tax effort. The first EWL is based on the basic allotment, allowing school districts to retain revenue on a tax base equivalent to $476,500 per WADA. This EWL applies to the compressed tax rate. The second level of EWL exempts the next six pennies of tax effort above the compressed tax rate from any recapture provisions. Tax effort that exceeds the compressed rate plus six cents is subject to recapture based on an EWL of $319,500.

Utah
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 2010-11 the state guarantees $2,577 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 2010-11 that rate is 0.001495. Statewide, the total amount of tax yield for FY 2010-11 is $273,950,764 of the total $1,920,122,700 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 2010-11 the guarantee is $25.25 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.

Vermont
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 2011 the base per pupil spending amount is $8544 and the base homestead tax rate is 0.86% 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 2011 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.

**Virginia**

The foundation formula is based on pupils in average daily membership (ADM) for the current year. Basic program funding is determined by multiplying total ADM by a per pupil amount generated by the foundation formula to determine funding for school divisions (state average $5,552 per pupil in ADM for FY 2009-10) and adjusted by the Composite Index of local ability to pay (see Measure of Local Ability to Support Schools). The division’s share of a 1% state sales and use tax is distributed to divisions on the basis of school-age population. Remaining cost is shared by the state and local division according to a Composite Index of local ability to pay. The required local effort as determined by the Composite Index factor may not exceed 80% of remaining program cost (Basic Aid); thus, ensuring 20% state funding for all divisions.

Since November 2004 an additional one-quarter percent state sales and use tax revenue has been allocated to school divisions through the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund. Half of this amount (one eighth of a percent) is distributed on school age population and allocated as part of Basic Aid. The remaining half (one-eighth of a percent) is appropriated to support specific SOQ Basic Aid program goals in the area of increasing elementary resource teachers, reducing class size in middle and high school, and increasing instructional technology positions.

Basic Aid, textbooks, gifted education, special education, vocational education, English as a second language, Remedial summer school, and Prevention, Intervention, and Remediation are funded as part of the Virginia Standards of Quality (SOQ) program. School personnel costs for fringe benefits such as retirement, social security and group life insurance are also funded under the SOQ. The SOQ programs require a local cash match for the purpose of meeting the school
division’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 divisions based on Incentive programs, most which are distributed using the Composite Index, include clinical faculty, summer Governor’s school, Career Switcher mentoring grants, certain special education programs (if applicable), and technology through the Virginia Public School Authority. Categorical programs are also funded to include adult education and literacy, school nutrition, Virtual Virginia, American Indian Treaty Commitment and special education programs.

Profits from the State Lottery Proceeds Fund are provided to school divisions, and many are allocated based on the local Composite Index. These profits are used to fund foster care and at-risk students, Enrollment Loss, the Virginia Preschool Initiative, early reading intervention, the Mentor Teacher program, K-3 primary class size reduction, school breakfast, Standards of Learning algebra readiness, regional alternative and special education programs, Individual Student Alternative Education Plan, categorical career and technical education, Education for a Lifetime, Project Graduation, supplemental Basic Aid, and Academic Year Governor’s Schools.

**Washington**

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.

**West Virginia**

The Public School Support Program (PSSP) is a plan of financial support for the public schools in the State of West Virginia, which specifies statutorily the responsibilities of both the State and the fifty-five county school districts. The State’s responsibility for the basic program allowance is the total of the allowances calculated under Steps 1 through 7, less the aggregate amount calculated as the school district’s local share.

The PSSP is a basic foundation allowance program that provides funding to the local school districts for personnel salaries (Steps 1, 2, and 5), employee benefit costs (Step 3), transportation operating costs (Step 4), general operating costs, substitute costs and allowances for faculty senates (Step 6), and improvement of instructional programs, increase in technology funding, and advanced placement programs (Step 7). Additional allowances are provided for alternative education programs, increased enrollment, and other programs.

The number of personnel allowed for funding for each district is determined by the district’s net enrollment. Each district’s state aid allowance is determined by the salary degree classifications (pay grade for service personnel) and years of experience of the personnel actually employed by the district. The allowance for student transportation is determined by the actual transportation
expenditures incurred by each district, within limits, and funding for technology and improvements to instructional programs (Step 7a and 7b) is based on the previous year’s appropriation plus 15% of the increase in local share for each purpose, respectively.

Districts are divided into the following four groups based on student net enrollment per square mile:

<table>
<thead>
<tr>
<th>Category</th>
<th>Less than 5 students per sq. mile</th>
<th>5 to less than 10 students per sq. mile</th>
<th>10 to less than 20 students per sq. mile, and</th>
<th>20 or more students per sq. mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sparse</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Low</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medium</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>High</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

For the 2010-11 year, the funding limits for professional educators (PE) and service personnel (SP) are as follows, plus the minimum limits that districts must maintain in professional instructional personnel (PI) are:

<table>
<thead>
<tr>
<th>Category</th>
<th>PE</th>
<th>PI</th>
<th>SP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sparse</td>
<td>72.65</td>
<td>66.15</td>
<td>45.78</td>
</tr>
<tr>
<td>Low</td>
<td>72.50</td>
<td>66.10</td>
<td>45.20</td>
</tr>
<tr>
<td>Medium</td>
<td>72.35</td>
<td>66.00</td>
<td>44.63</td>
</tr>
<tr>
<td>High</td>
<td>72.20</td>
<td>65.90</td>
<td>44.07</td>
</tr>
</tbody>
</table>

The above ratios increase by 0.5% per year through the year 2012-13.

The formula identifies school counselors and school nurses as professional student support personnel; funds the number of these personnel employed during the 2007-08 year at the same percentages as the number of professional educators employed that are State Aid eligible as to funded, and; increases the allowance by 0.5% per year through the year 2012-13.

For the districts with student net enrollments of less than 1,400, increases each district’s net enrollment by an amount determined by the following formula: Determine the enrollment difference between the district’s actual enrollment and 1,400; multiply the difference by the percent derived by dividing the district’s student population density into the student population density of the district with the lowest density, and; restrict the total net enrollment for each eligible district so that it does not exceed 1,400.

The same four groups created for steps 1 and 2 are used to determine the allowance for student transportation operating costs and bases the allowances on the following percentages of actual expenditures:
An additional allowance of 10% is provided for the districts that use alternative fuels or transport students to and from multi-county vocational centers and exclude the allowance for additional buses from the allowance limit of 1/3 above the state average on a per mile basis. 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.

**Wisconsin**

*Equalization Aid*

Equalization Aid comprises approximately 97% of total general school aid in Wisconsin and is the only type of general aid for most districts. The equalization formula uses a three-tier, guaranteed-tax-base configuration to share in the local costs of elementary and secondary (K-12) education. The total Equalization Aid eligibility for 10-11 is $4,548,061,640.

District-based factors used in the calculation of equalization aid include the equalized property value of a district, membership, and shared cost. Equalized property value is the full market value of taxable property in the district as determined by the Department of Revenue as of January 1 of each year. Shared cost is defined as costs funded by either local property tax or general state aid; costs funded by federal and state grants, donations, and other miscellaneous local revenue are not used in the formula. Membership is the number of full-time-equivalent resident pupils.

The primary tier provides aid for district shared costs up to $1,000 per member (primary cost ceiling), which is calculated using a statutory primary guaranteed valuation of $1,930,000 per member. The percentage of the $1,000 per-member cost required to be paid for by the district's tax base is the same percentage the district's per-member value is of the state per-member primary guarantee. The remainder is primary-tier Equalization Aid.

The secondary tier provides aid for district per-member shared costs that exceed $1,000 but are less than the secondary cost ceiling ($9,298 in for aids computed in 2010-11). The secondary cost ceiling is set at 90% of the prior year statewide total shared cost per member. In 2010-11, the secondary guaranteed valuation was $1,243,890. The percentage of the secondary per-
member cost required to be paid for by the district’s tax base is the same percentage the district’s per-member value is of the state per-member secondary guarantee. The remainder is secondary-tier Equalization Aid.

The tertiary tier provides aid for shared costs per member that exceed $9,298. The tertiary guaranteed valuation is the state average value per member and was $581,087 in 10-11. The percentage of the tertiary per-member cost required to be paid for by the district’s tax base is the same percentage the district’s per-member value is of the state per-member tertiary guarantee. The remainder is tertiary-tier Equalization Aid.

A district’s total Equalization Aid is the sum of aid generated at all three tiers. There are two important additional concepts in the formula allocation of Equalization Aid:
1.) If a district's value per member exceeds the state guarantee at the secondary or tertiary tiers, negative aid is generated. Negative aid at any tier can reduce, or in some cases, eliminate a district's positive aid from another tier. A hold-harmless provision in state statutes entitles a district to receive at least the positive aid generated at its primary tier, regardless if the sum of all three tiers is a negative number. Districts not generating positive aid at the primary tier do not get any Equalization Aid from the state.
2.) The Equalization Aid formula accommodates the differing grade configurations found in Wisconsin districts. For elementary school districts (grades K-8), the guaranteed valuation is adjusted to one-and-a-half (1.5) times the K-12 guaranteed valuation, and for high school districts (grades 9-12), the guaranteed valuation is adjusted to three (3) times the K-12 guaranteed valuation.

Other General Aids

There are 3 other general aid programs in Wisconsin:
1.) **Special Adjustment Aid** - provides general aid to school districts generating less than 85% of the state aid generated in the previous year. Otherwise known as "parachute" aid, it is meant to mitigate severe declines in aid from year to year.
2.) **Inter and Intra-District Aid** – provides general aid to school districts for pupil transfers resulting from a plan to reduce racial imbalance. (Intra applies to within-district transfers, and Inter applies to between-district transfers.)

<table>
<thead>
<tr>
<th>Other General Aid Programs</th>
<th>Participation Rates</th>
<th>Eligibility (2010-11)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration Aid (inter and intra)</td>
<td>Beloit, Madison, Racine, Milwaukee, and Wausau receive intra-district aid for 29,096 transfers; Milwaukee and 23 suburban districts receive inter-district aid for</td>
<td>$78.8 million for both programs</td>
</tr>
<tr>
<td><strong>Special Adjustment Aid</strong></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>$25.5 million</td>
</tr>
</tbody>
</table>

**Wyoming**

The Wyoming School Foundation Program provides a guaranteed level of funding to every Wyoming public school district which is computed via the Wyoming Funding Model. The funding model calculates this "guarantee," which is essentially a block grant and is based on a number of factors – the most important of which is the number of students enrolled in the district in the prior year.

Other components having a significant impact on a district's guarantee include special education and pupil transportation costs incurred in the prior year, the number of full-time vocational education students and teachers, the amount of square footage each district building has, the experience and education of the district staff, and the size and location of certain statutory defined “small schools” operated by the district. Very small school districts meeting certain enrollment criteria may qualify for additional funding.

Once a district's guarantee is established, that funding level is compared to the district's available local revenue sources. If a district's local revenues turn out to be less than its guarantee, the state of Wyoming makes up the difference through a series of entitlement payments distributed to the district throughout the school year.

A few school districts, on the other hand, have access to local revenues in excess of their guarantees. These districts must rebate the excess to the state of Wyoming – a process known as recapture. All recaptured monies flow into a School Foundation Program fund and are eventually redistributed to those districts receiving entitlement payments from the state.