

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, 1.5% add-on for secondary vocational technical, and for those ADM that qualify for Intensive needs they are given a multiple of 13. Correspondence is then added on at 90% of its original count. The resulting adjusted ADM is then multiplied by the base student allocation as laid out in state statute to derive the "basic need" for each district. The state may consider P.L. 81-874 Impact Aid revenues at 90% of aid eligible for adjustment. Municipalities with taxing powers are required to provide their school district with the local contributions to assure the equivalent of 2.65 mils of the total assessed full value or 45% of prior year basic need, whichever is less. Local contributions have been capped to assure state compliance with federal Impact Aid disparity test.

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. The Equalization Fund is used to standardize the amount of funding a school district receives to educate each student regardless of differences in property values among districts. It is made up of the following components:

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

The lesser of district's support level or Revenue control limit: this is the amount that is described as the general fund or the maintenance of operation fund, the budget expenditure limit for district is always the revenue control limit. This component is calculated using the weighted student count multiplied by the base level. The base level amount is set by state legislatures in the Arizona Revised Statutes equaling \$3,373.11 for FY 2014-15. . The weighted count is the

outcome of the student count multiplied by certain weights set by the state legislature in statute, those weights vary contingent upon student count.

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

Districts can increase their expenditure budget limit and state aid payment by budgeting for:

- Transportation by 1.8% (through FY 2014),
- Teacher's Compensation Index of 1.25% (through 2015) of the base level amount approved yearly by the State Board of Education,
- Teacher Experience Index of 2.25% (through 2015) calculated from teacher experience data submitted to ADE by the district,
- Career Ladder increase the base level amount by up to 5%
- 200 days calendars increases the base level amount by 5%

The following items affect district budget limit expenditures through local taxes, not state aid: Small Schools Adjustment, Desegregation (if they have an agreement with the Office of Civil Rights), Maintenance and Operations override as approved by the local district's governing board, K-3 Maintenance and Operations override as approved by the local district's governing board

District Additional Assistance

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

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

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

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

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

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

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

Arkansas

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

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

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

California

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

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

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

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

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

Additional information on California's school finance system is available on the internet at <http://edsources.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 (\$11,525) based on the ratio of the town's wealth when compared to the guaranteed wealth level—1.5 times the median town's wealth. Wealth is measured in terms of property per capita (90 percent of the weight) and median household income (10 percent). Students are weighted for poverty (free and reduced-price meals). **Regional Bonus** – Towns that are members of regional districts receive up to \$100 for each such student, depending on the number of regional grades.

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

Delaware

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

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

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

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

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

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

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

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

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/fefpdist.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 15 mills), the state will pay the difference needed in the per pupil amount for WFTE to bring the amount raised per pupil equal to the amount per pupil at the 75th percentile. The state has a minimum salary schedule for 10 months (190 days); the base salary was \$33,424 for the 2014-2015 school year. Most school systems provide a local supplement to the base salary.

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

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: full state funding. Property taxes do not fund public education; property tax revenues support city and county governmental services.

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

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

Weighted Student Formula

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

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

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

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 15 the foundation level is \$6,119. Districts that have available local resources per pupil equal to less than 93% of the foundation level are Foundation districts and receive the difference between the foundation level and their available local resources per pupil.

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

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

Indiana

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

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

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

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

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

Definitions and Formula Components:

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

Beginning in FY2014, the state tuition support formula used two membership counts to determine grant funding for basic tuition support, complexity and full day kindergarten. The first is called the fall membership count, which is taken in September, and provided funding for the

period of July through December. The second is the spring membership count, which is taken in February, and provides funding for the period of January through June. Because an updated membership count is not known for the July payment of the fiscal year, school corporations and charter schools provide an estimated membership count for which payments are based until actual counts become available.

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

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

PREVIOUS YEAR REVENUE

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

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

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

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

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

TRANSITION TO FOUNDATION REVENUE

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

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

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

The calculation considers:

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

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

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

VIRTUAL CHARTER SCHOOLS

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

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

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

SPECIAL EDUCATION GRANT

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

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

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

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

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

COMPLEXITY GRANT

The funding associated with the complexity index is computed as a separate Complexity Grant in FY2014 and FY2015. The free and reduced lunch percentage used in the FY2014 formula was updated to the 2012-2013 school year percentage of students eligible for free or reduced lunch.

Additionally, it was only used in the FY2014 formula. In the FY2015 complexity formula, it was replaced by the percentage of students receiving free textbooks during the 2013-2014 school year. The foundation grant increased from \$4,569 in FY2014 to \$4,587 for FY2015. The second tier calculation of the complexity index is increased from 1.33 in FY2014 to 1.35 in FY2015.

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

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

FULL DAY KINDERGARTEN (FDK) GRANT

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

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

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

STATE TUITION SUPPORT FISCAL YEAR CAP

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

Iowa

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

Kansas

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

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 (\$3,911 for 2014-2015, \$3,981 for 2015-2016). According to KRS 157.360, each school district's **base funding level** is adjusted by the following factors:

- a. The number of at-risk students identified as those approved for the free lunch program. The prior year average daily membership number of students approved for free lunch is multiplied by 15% of the base funding amount;
- b. The number and types of exceptional children as defined by KRS 157.200 based on the prior year December 1 child count. Specific weights for each category of exceptionality are used to calculate the add-on factor for exceptional children. Weights and corresponding categories of exceptionality are as follows:

Low Incident Disabilities, 2.35 weight - Functional Mental Disability, Hearing Impairment, Emotional-Behavioral Disability, Visual Impairment, Multiple Disabilities, Deaf-Blind, Autism, and Traumatic Brain Injury;

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

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

- c. *LEP* (Limited English Proficiency, 0.096 weight for 2014-15 and 2015-16).
- d. Transportation cost as calculated under the provisions of KRS 157.370;
- e. The number of home and hospital students in average daily attendance as calculated under the provisions of KRS 157.270. The number of home and hospital students in average daily attendance in the prior year is multiplied by the base funding amount less the capital outlay allotment.

A guarantee of a minimum level of local support is generated by a required local effort of 30 cents per \$100 assessed property valuation (KRS 160.470(9)(a)).

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

- a. *Tier I* - allows school districts to levy an equivalent tax rate which will raise revenue up to 15% above the adjusted SEEK base. The local effort is equalized at 150% of the statewide average per pupil assessed property valuation. This levy is not subject to hearing or recall.
- b. *Tier II* - allows additional levies to produce up to 30% above the adjusted SEEK base plus Tier I. Tier II revenue is all local funds and is not equalized with state funds.

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

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

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

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 city, parish, or other public school systems or schools. Local Education Agencies (LEAs) are afforded the flexibility to spend these funds as they determine to be in the best interest of the LEA while satisfying all mandated program requirements. MFP funds are intended, in combination with other funds available to the LEAs, to provide the fiscal requirements of operating a school system or school.

Components of the FY2014-15 MFP Formula:

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

Calculate State and Local Cost Allocation

- Base per Pupil Amount for FY2014-15 is \$3,961 for each student included in the prior year February 1 enrollment, per SCR 55 - set annually by the Board of Elementary and Secondary Education (BESE) with approval of the Joint Legislative Committee on the Budget.
- Add-on weights - based on student characteristics (prior year data) recognizing the extra cost of instruction for certain categories of students or classes.
 - Low Income and English Language Learner (22%)
 - Career & Technical Education Units (6%)
 - Students with Disabilities (150%)
 - Gifted and Talented (60%)
 - Economy of Scale up to 20% (for districts with less than 7,500 students)
- Total Level 1 Cost equals the Total Weighted Student Membership count times \$3,961 per pupil.
 - Proportion Allocated to the State (65% on average)
 - Proportion Allocated to the Local School System (35% on average)
 - The targeted local contribution is based on the Local Deduction Method which establishes contribution rates for Sales and Property Taxes. In FY2014-15 the contribution rates are:
 - 16.60 millages ad valorem tax
 - .80 % sales tax

Level 2: Incentive for Local Effort

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

Level 3: Legislative Allocations

- Continuation of prior year Pay Raises (2001-02 Certificated Staff, 2002-03 Support Worker, 2006-07 Certificated Staff and Support Worker, 2007-08 Certificated Staff and Support Worker, and FY2008-09 Certificated Staff)

- Hold Harmless Funding (continuation of prior year funding for districts that would lose State aid under the revised formula)
- FY2014-15 \$100 Mandated Cost Adjustment (Support for increasing costs in health insurance, retirement and fuel)

Level 4: Supplementary Allocations

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

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 (50/50) with local school systems. However, the program is equalized on the basis of local wealth so that individual State/local percentages vary with the relative wealth of the jurisdiction. The minimum State share of the foundation amount that a local school system may receive is 15%. The program is funded based on the full-time equivalent enrollment as of September 30 of the prior fiscal year. The per pupil amount for Fiscal Year 2015 is \$6,860, which reflects a 0.46% inflationary adjustment from the prior year. The FY 2015 funding level for the Foundation Programs is \$3.0 billion.

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

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

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

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

Massachusetts

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

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 2014-15 is \$7,126. In most cases the state school aid per pupil is equal to the district's foundation allowance per pupil minus its local school operating tax

per pupil. School operating taxes in most cases are equal to 18 mills assessed to the district's non-homestead property.

Minnesota

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

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

Mississippi

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

1. $(\text{ADA for K-12 excluding self-contained special education}) \times \text{Base Student Cost} + \text{At-Risk Component} - \text{Local School District Contribution} + \text{\& 6\% Guarantee} = \text{MAEP Formula Allocation}$
2. The Base Student Cost Calculation utilizes data from schools that are considered to be successful and efficient. The State Board of Education uses current statistically relevant data to identify successful schools; criteria for efficient schools include (a) number of teachers per 1,000 students, (b) administrator/staff ratio, (c) maintenance staff per 100,000 square feet and operation and maintenance expenditures per 100,000 square feet, and (d) librarians and counselors per 1,000 students.
3. To provide stability in state and local appropriation and budgeting processes, the Base Student Cost is calculated every four years rather than each year, and an inflation component of 40% of the Base Student Cost times the current CPI shall be used.
4. MAEP formula includes a provision that ensures that a district receives a formula allocation of at least what the district received in 2002 plus & 6%.
5. Add-on program amounts are calculated separately and combined with the MAEP formula amount to arrive at a district's total funding allocation.

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.mo.gov/STATUTES/C163.HTM>

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, data for achievement ,and closing the American Indian student achievement gap; 100% of the state special education block grants for schools; and a subsidy payment to equalize tax base differences and support districts in funding an additional 35.3% of the basic entitlement and per-student entitlement and 40% of special education block grants.

In FY 2014-2015, the basic entitlements for elementary, middle school and high school districts were \$40,000, \$80,000 and \$290,000, respectively. For elementary districts with an Average Number Belong (ANB) greater than 250, an additional basic entitlement of \$2,000 is paid for each additional 25 ANB above 250. For middle school districts with an ANB greater than 450, an additional basic entitlement of \$4,000 is paid for each additional 45 ANB above 450. For high school districts with an ANB greater than 800, an additional basic entitlement of \$12,000 is paid for each additional 80 ANB above 800. The per-student entitlements were approximately \$5,226 for elementary students and \$6,691 for high school students or students

in accredited 7-8 grade programs. A \$0.20 reduction is applied for each additional elementary student, up to 1000 students. A \$0.50 reduction is applied to each additional high school student or 7-8 grade student, up to 800 students. Required local effort at the county level is 55 mills for K-12 programs.

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

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

Nebraska

Needs – Resources = Equalization Aid \Rightarrow 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 aid; and ADM for the final calculation of state aid.
2. Formula students include students educated by the district and students for which the district pays tuition. Kindergarten student that attend school less than 400 hours per year are counted as .5. Formula students also includes four year old students in qualified early childhood programs multiplied by the ratio of planned instructional hours of the program divided by 1,032 hours then multiplied by .6.
3. Basic funding is determined based on a comparison group that is established for each district consisting of the ten larger districts that are closest in size to the district and the ten smaller districts that are closest in size to the district as measured by formula students. The highest two spending districts and lowest two spending districts are eliminated with the remaining 17 districts spending being averaged to determine basic funding.
4. Basic funding is adjusted by adding Allowances and Adjustments. Allowances are district specific and will increase needs for that district but allowances do reduce the basic funding for all school districts in the comparison group (as Basic Funding is an average). Adjustments are added- on or subtracted from the individual districts' needs.

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

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

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

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

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

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

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

i. Distance Education & Telecommunication Allowance is calculated by taking the difference of 85% of a school district's telecommunication cost, the cost for accessing

data transmission networks and the cost of transmitting data minus receipts from the Federal Universal Services Fund (e-Rate).

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

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

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

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

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

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

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

⇒Formula Resources:

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

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

3. Allocated Income Tax Funds (a percent calculated annually of the net Nebraska income tax liability of each school district's resident individuals).
4. Minimum Levy Adjustment (applied to any system that has a general fund common levy that is less than \$0.95 [ten cents below the \$1.05 maximum levy]).
5. Other Actual Receipts from the most recently available complete data year which include general fund state, county and local receipts.

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; in 2015 it is \$5,676. Funding ranges from \$5,179 to \$18,799 in 2011; for 2015, the range is \$5,527 to \$15,590. Differences are based on relative costs (licensed staffing costs, classified staffing, operating and equipment expenses on per student basis), relative transportation costs, and relative wealth adjustment for local tax receipts. The state guaranteed consists of state portion and two local taxes, the 1/3 public schools operating property tax (PSOPT) or 0.25/\$100 AV) and the 2.25%, (2.60% for 2015, but may sunset back to the 2.25% in 2016) of sales taxes referred to as the local school support tax (LSST). The state portion makes up for any shortfalls in the two local taxes. Wealth adjustment is based on "outside" revenues of 2/3 PSOPT (0.50/\$100 AV), governmental services tax, franchise fees, and unrestricted federal revenues.

New Hampshire

NH Department of Education, Office of the Commissioner, November 15, 2013

In the 2012 legislative session, SB401FN amended the formula for the calculation and distribution of Adequate Education Aid. Included in the Senate Bill was the definition of "determination year" for the purpose of calculating Adequate Education grants. It also authorizes the Commissioner of the Department of Education (**see RSA 198:42 I - Distribution Schedule of Adequate Education Grants**) to make adjustments in Adequate Education grants based on variation in the average daily membership data. These changes took effect with 2013-2014 school year. As such, please know these are strictly estimates. The Adequate Education Aid will be calculated at least four times.

1. These estimates are being calculated using the 2012-13 ADM data and include the change in Fall Enrollment between 2012-13 and 2013-14. This estimate will be used to pay the first two payments in 2014-15.
2. The Adequate Education Aid will be recalculated prior to the third payment in January 2015. At this time aid will be calculated using the 2013-14 ADM.
3. Prior to the fourth payment in April 2015, any corrections made to 2013-14 ADM reporting will be used and Adequate Education Aid will be recalculated a third time.
4. Finally, any changes made to ADM reporting after the April payment but before the end of the school year, June 30, 2015, will be used for a final calculation of Adequate Education Aid. Any changes identified as part of this final calculation will be used to adjust the first payment in 2015-16.

RSA 198:38 through 198:41 and RSA 198:46 as amended, specify how aid will be calculated and distributed.

Cost of an Opportunity for an Adequate Education

Students:

These Estimated Cost of an Adequate Education has been calculated using FY2013 (**2012-13 school year as compiled on October 18, 2013**) data for students in grades kindergarten through grade 12 who were legal residents of New Hampshire. Additionally, the base ADM was adjusted in proportion to the change in enrollment from Oct 1, 2012 to Oct 1, 2013. Student ADM was included based upon the following parameters:

- Attended a school operated by their resident district
- Were tuitioned by the resident district to a district operated school in NH or another state, or
- Were tuitioned by the resident district to a non-public school, such as a special education program.
- Were home schooled. Even those taking a few courses at a public school are not included.
- Preschool students are not included.
- The cost for students attending charter schools is addressed in RSA 194-B:11.

Average daily membership (ADM) has been used to count the students. A full time equivalent student who is enrolled in school for the entire year has an ADM of 1.00 and a student who transfers between schools is counted as a fractional ADM at each school. Kindergarten students are counted as no more than .50.

As described above, with the passage of SB401, the 2013-14 ADM will be used to determine the final Adequacy payments for the 2014-2015 school year. Since the ADM will not be known until after the 2014-15 school year begins, adjustments to these estimates will be made during the 2014-15 school year.

Additionally, SB372 has established an education tax credit that can be used to pay for non-faith based private school and home school scholarships. Seventy percent of these scholarships during the 2014-15 school year must reduce the adequacy grants to towns. Therefore, further adjustments to these estimates will be made, as necessary, during the 2014-15 school year to reflect scholarship grants.

Cost of Adequacy by Municipality:

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

The base per pupil cost is \$3,498.30 per ADM-R, but certain individual factors (differentiated aid) increase that cost per student. These factors and rates are as follows:

- \$1,749.15 for a free and reduced-price meal eligible student
Free and reduced-price students are identified as any student enrolled in the Oct 1 Fall collection and identified in the related i4see:F&R collection.
- \$1,881.98 for a special education student
Special Education students are identified in the i4see:Sped Public submission.
- \$684.45 for an English Language Learner receiving English Language instruction
ELL students are identified in the ESOL Fall data collection.

- o \$684.45 for each 3rd grade pupil who has not tested at proficient level or above in the reading component of the state assessment and who is not eligible to receive additional aid as a special education, English as a second language, or free or reduced-price meal eligible student. Grade 3 students who do not take NH assessment test are also excluded.

Statewide Education Property Tax Assessment:

In December, the Department of Revenue Administration notifies each municipality of the amount it must raise through the Statewide Education Property Tax (SWEPT) for the following school year. The Department first determines the rate needed to raise approximately \$363 million statewide. When applied to April 1, 2012 equalized valuations without utilities, the rate is \$2.48 per thousand. Each municipality must raise its proportional share of the total. The process is described in RSA 76:3 and RSA 76:8. Municipalities send the revenue raised by the Statewide Education Property Tax directly to school districts. Within cooperative districts the amount raised is credited to the individual towns.

Determination Preliminary Grants:

Each municipality's grant is determined by adding the base cost and any relevant factors to determine the Cost of Adequacy Aid, then subtracting the Statewide Education Property Tax assessment.

Determination of Estimated Adequate Education Grants for FY2015:

Beginning July 1, 2013, the Department of Education will distribute a total education grant to each municipality in an amount equal to the total preliminary grant for the fiscal year plus the amount of the fiscal year 2012 stabilization grant, if any, distributed to the municipality. Please note, the 2012 Stabilization grant was recalculated base upon corrections to account for changes in reporting ADM and inclusion of all ELL students in grades K-12. This did not have any impact on the 2012-13 payments, but does impact the 2013-2014 and future Adequacy Education Payments.

Beginning July 1, 2013, the Department of Education will not distribute a total Adequate Education grant on behalf of all pupils who reside in a municipality that exceeds 108% of the total education grant distributed to such municipality in the previous fiscal year, FY2014(as of 11-07-13.) Because the FY2014 data has not yet been finalized the impact of the 108% will be recalculated prior to the January 2015 payment.

Districts will receive 70% of the estimated grant using the estimated 2013-14 ADM. Once the 2013-14 ADM has been finalized, Adequate Education Aid will be recomputed using the prior year ADM (13-14). The Commissioner will adjust the January and April payments to reflect the actual 13-14 ADM as well as changes due to the Education Tax Credit scholarships.

The Commissioner of DOE shall adjust the April Adequate Education grant disbursement to the extent necessary to ensure that the total education grant for each school district is within 5 percent of the school district's estimated total education grant amount release on November 15, 2013.

Grant Payment Schedule:

Grant payment schedule is 20% by September 1, 20% by November 1, 30% by January 1, and 30% by April 1.

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 the “adequacy budget.” Districts that cannot fund the adequacy budget through their local levy receive equalization aid in proportion to their ability to pay. The latter is determined based on districts’ per pupil equalized property value and per pupil income.

In fiscal year 2015, funding for most state aid categories was held constant from FY 2014 when the per pupil foundation amount was \$11,009. The foundation amount is adjusted for grade level differences as follows: half-day Kindergarten = 0.50; full-day K through grade 5 = 1; grades 6 through 8 = 1.04; grades 9 through 12 = 1.16. In addition, the formula applies a higher weight for county vocational students (1.26), for low-income students (using the income thresholds for free and reduced-price lunches), and for students with limited English proficiency. The low-income (at-risk) and LEP weights are described in more detail below.

The SFRA was fully funded in FY 2009. Since then, the state’s ability to implement the new formula has been impaired by fiscal constraints. While the state has continued to use the formula, aid allocations have been appropriated according to available revenues.

The SFRA was fully funded in FY 2009. Since then, the state’s ability to implement the new formula has been impaired by fiscal constraints. While the state has continued to use the formula, aid allocations have been appropriated according to available revenues.

New Mexico

Foundation program based on weighted pupil units is MEM. The guarantee per weighted pupil is \$4,005.75 for 2014-2015. State foundation aid is equal to the sum of weighted pupil units times \$4,005.75 minus 75% of designated local revenues (PL874, forest reserve, and local property tax revenue).

New York

Chapter 57 of the Laws of 2007 changed the school funding system in New York by establishing a new school district foundation aid formula. The formula has four parts. First, a foundation amount is calculated based on the cost of education in successful school districts. The “foundation amount” is then multiplied by a pupil need index factor and a regional cost index factor. The foundation aid per pupil is then calculated by subtracting the anticipated local contribution from the district’s adjusted “foundation amount.” The resulting per-pupil figure is multiplied by the district’s pupil count for Foundation Aid, adjusted for enrollment growth and to provide additional weightings for certain students, including students with disabilities, recently declassified students with disabilities and summer school students.

The pupil need index reflects the added cost for students who typically require extra time and help and uses weighted factors to account for the extra costs. The weighted costs include measures of poverty, English language proficiency and geographic sparsity. The regional cost index is used to make adjustments based on regional variations in the relative cost of doing business in various labor force regions of the state as measured by the salaries of non-school professionals. The expected local contribution represents each district's fair share of education funding based on the capacity to raise revenues locally compared to the state average. Districts are given the choice of the better of a state sharing ratio (percent equalizing formula) which most districts choose or a standard tax rate per \$1,000 of Full Value adjusted by the income per pupil relative to the State average. The 2014-15 State budget includes \$15.4 billion for Foundation Aid.

The 2007 legislation also continued separate funding for regional shared services (BOCES Aid), career and technical education, school construction, pupil transportation, the education of high cost students with disabilities, instructional materials, high tax aid, charter school transition and universal prekindergarten.

North Carolina

The State funds schools with three basic types of allotments.

Position Allotments: The State allots positions to a local school system for a specific purpose. The local school system pays whatever is required to hire certified teachers and other educators, based on the State Salary Schedule, without being limited to a specific dollar amount. The State funds between \$33,000 and \$68,050 plus benefits for each position. Each local school system will have a different salary costs dependent on the certified personnel's experience and education. Examples of position allotments are: Teachers, School Building Administration, Instructional Support following link:

<http://www.ncpublicschools.org/docs/fbs/finance/salary/schedules/2014-15schedules.pdf>

Dollar Allotments: Generally, allocated at a dollar amount per average daily membership. Local school systems can hire employees or purchase goods for a specific purpose, but the local school system must operate within the allotted dollar amount. Examples of dollar allotments are: Teacher Assistants, Textbooks, Central Office Administration, Classroom, Materials/Supplies/Equip.

Categorical Allotments:

Funding for supplemental programs and allocated based on the characteristics of the student population or the local education agency. Local school systems may use this funding to purchase all services necessary to address the needs of a specific population or service. The local school system must operate within the allotted funds. These funds may be used to hire personnel such as teachers, teacher assistants, and instructional support personnel or to provide a service such as transportation, staff development, or to purchase supplies and materials. Examples of categorical funding are: At Risk Student Services, Children with Disabilities, low wealth supplemental funding, small county supplemental funding.

North Dakota

North Dakota adopted a new K-12 funding formula in 2013-14 designed to provide each school district with a base amount of funding to ensure an adequate education regardless of taxable valuation available in the district. The base per student rates were established at \$8,810 (2013-14) and \$9,092 (for 2014-15). A uniform local contribution from local tax sources is required with state taxes funding the remainder. Weighting factors are used to reflect additional costs of educating students based on factors such as school size, special education and limited English proficiency.

Ohio

Passage of Am. Sub. H. B. 59 of the 130th Ohio General Assembly in July 2013, authorized the state foundation program for fiscal years 2014 and 2015, based on pupil ADM and district demographic characteristics. State aid is provided to 612 public school districts, 49 joint vocational school districts, and approximately 370 public community schools. In FY 2014, Ohio General Revenue Fund and Lottery Profit spending on primary and secondary education is approximately \$7.5 billion. In FY 2015, spending will increase to \$8.3 billion.

Oklahoma

Three-tiered State Aid formula: (1) Foundation Aid, (2) Salary Incentive Aid, and (3) Transportation. Under Foundation Aid, Oklahoma currently pays \$1,614 per pupil from state and local revenues. State Aid (or money paid by the State of Oklahoma) is the difference between the Foundation Aid program cost and the local contribution. The power-equalizing program provides an additional \$73.37 per mill per pupil for 20 mills levied (Salary Incentive portion) above 15 mills (Foundation Aid portion). The State Aid formula calculates the cost to educate students based on weighted pupil units.

Oregon

In 1991, the Oregon Legislature created a new measure of financial equity for school districts. Equity for Oregon is defined as those students who have additional costs will receive additional resources so all students have the opportunity to achieve the same outcomes. Contrast this with equality, which is the same funding for every student regardless of the costs of the student. The basic level of school support, the State School Fund Formula (Formula), is divided into four grants: General Purpose Grants, Transportation Grants, High Cost Disability Grants, and Facility Grants. The Formula distributes all state revenue. Local revenue is counted in the formula but remains with the district where it is collected. The following principles guided the development of the new formula:

1. Share all school funding sources statewide.
2. Let school districts decide how to spend their allocation.
3. Create funding differences only for uncontrollable cost differences.
4. Avoid incentives for school districts to unnecessarily increase their allocation.

General Purpose Grants

These grants are based on a district's weighted student count multiplied by the funding per weight received by the district; they account for roughly 93% of the formula revenue. (This percentage can vary from year to year based on the total funding available and the amounts

devoted to the other three types of grants.) There are no constraints on how General Purpose Grant money can be spent.

- Weighted Student Counts are the sum of the General Education Average Daily Membership (ADM) count plus the additional student weights based on student and district characteristics. Each student in grades 1-12 is assigned a General Education ADM of 1.0, with kindergarten students counted at 0.50. Additional weights are then added to the General Education ADM based on student and district characteristics, resulting in a measure known as Weighted Average Daily Membership, or ADMw. A teacher experience factor of \$25 is added to, or subtracted from, the General Purpose Grant per ADMw depending on whether the district’s average teacher experience exceeds, or falls below, the state average.
- The initial base value of the General Purpose Grant per ADMw was set in statute in 1991 at \$4,500. However that number is modified to ensure all funding is distributed to the school districts of the state. To get the actual amount of funding per weight, all of the weights in the state are combined and the total amount of funding available (both state and local) is divided by the total number of statewide weights. In 2012-13, the statewide average funding per weight was \$6,075.45. Each district received their weighted funding modified by their teacher experience adjustment as described above. Because the initial base value of \$4,500 per ADMw set in statute is not adjusted for inflation, current amounts per ADMw are considerably higher than the base value of \$4,500.

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

Weights used in the Equalization Formula

Group	Weight	
Special Education and At-Risk		
General Education ADM	1.00	
Special Education	1.00	
English as a Second Language	0.50	
Pregnant and Parenting	1.00	
Students in poverty	0.25	
Neglected and Delinquent	0.25	
Students in foster home	0.25	
Grade and School		
Kindergarten	- 0.50	
Elementary district students	- 0.10	
Union high school district students	0.20	
Small school	Varies	

Note: Maximum additional weighting assigned to any student, beyond the General Education ADM, cannot exceed 2.00 for Special Education and English as Second Language students.

Transportation Grants

The transportation grant uses actual expenditures as the factor to adjust for different costs per student. The transportation grant reimbursement rate is 70%, 80% or 90% of approved transportation expenditures. Approved expenditures include transporting students to and from school (if over 1 mile from elementary school or 1.5 miles from high school), between schools,

on education-related field trips and for other reasons in special cases. This categorical grant is only available to reimburse for actual transportation expenditures. The highest cost districts tend to be in rural districts with a low density of students where most students ride a bus over considerable distances.

High Cost Disability Grant

This grant is awarded to districts that have students who have exceptional high costs for the provision of special education student. If an individual student has more than \$30,000 in eligible costs per year, then all of that student's costs over \$30,000 are eligible for reimbursement through this grant. High cost disability students tend to be concentrated in urban areas where medical and therapeutic services are available. The cost for their education can be dramatically higher than the revenue generated from the double weighting of these students in the school equalization formula.

The Oregon Legislature establishes the amount of the High Cost Disability Grant to be deducted from the State School Fund prior to the calculation of the General Purpose Grant. The current amount of the High Cost Disability Grant is \$18 million per year. This has the effect of reducing the Formula by \$18 million per year as well. If the total approved costs exceed available funding in any fiscal year, the department prorates the amount of money available for distribution. All districts share in the cost and those districts with students who have high cost disabilities benefit because the amount they receive through the grant offsets the loss of Formula revenue to their district.

Facility Grant

This grant was established to help districts equip new classroom space that they build. The facility grant payment is not to exceed 8% of the total construction costs of new school building costs excluding land. New buildings include additions and portable classrooms, but exclude buildings not used for some classes such as a central administration. Initially, grants to districts could not exceed \$17.5 million per biennium and were prorated if eligible costs exceeded \$17.5 million. The 2005 Oregon Legislature increased the amount to \$25 million per biennium beginning in 2007-09. In 2013, the Legislature reduced the amount in the grant to \$20 million per biennium, beginning with 2013-15.

Pennsylvania

The 2014-15 state Education budget, approved by the General Assembly and signed into law by Governor Corbett via the General Appropriation Bill and Fiscal Code, provided for approximately \$12 billion for early, basic and postsecondary education systems.

Basic Education Funding

For the 2014-15 fiscal year, each school district will receive the Basic Education Funding allocation it received in 2013-14, totaling approximately \$5.5 billion.

Rhode Island

The following responses are applicable to FY 2015. On July 1, 2011, the state implemented a new education financing formula. All previous categories of aid were suspended. The formula distributes aid on a per pupil basis and provides a core instructional amount for the basic

education program (FY 2015 = \$8,966). The formula includes one weight, called the student success factor, which is linked to poverty density and provides additional funding (40% of the core amount) to support student needs beyond the core amount. The formula distribution is shared between the state and local using a ratio that considers the municipality's ability to pay and student need. The formula also includes categorical funding for high cost special education students, career and technical education, early childhood programs, and non-public and regional transportation.

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. The base student cost (BSC) for 2014-15 is \$2,120 un-weighted.

South Dakota

South Dakota has a foundation formula that provides a guaranteed funding level per student. A combination of local and state funds provided \$4,781.14 per student in 2014-15. State-local share is determined by local property valuation, meaning districts with higher property values receive less state funds and rely more on local dollars.

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. As of July 1, 2014 BEP 2.0 remains partially implemented due to funding constraints.

Revisions (when fully implemented) include:

- 75% state funding for instructional positions within the classroom component
- \$38,000 dollar value of BEP instructional positions to be adjusted in subsequent years
- Eliminates the cost differential factor from BEP formula
- Formula provides 100% funding for at-risk students (those receiving free or reduced lunch)

- provides for a 1:20 teacher/student and a 1:200 translator/student ratio for English language learner students
- Recognizes local government’s ability to generate supporting educational revenue by local sales and property taxes, with a yearly adjustment not to exceed 40%
- Local Education Agencies (LEAs) to receive at least a 25% state contribution for the non-classroom components
- Provide 50% funding for medical insurance for instructional positions.

The Average Daily membership (ADM) of the LEA is the primary determinant of the BEP 2.0 funding amount. This amount is based on the previous academic year’s ADM, the number of students qualified for Special Education Services and the number of students enrolled in Career and Technical Education (CTE) courses.

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

The following table reflects components funded within each category:

Instructional	Classroom	Non-Classroom
Regular Education	K-12 At-Risk Class Size Reduction	Superintendent
CTE Education	Duty-free Lunch	System Secretarial Support
Special Education	Textbooks	Technology Coordinators
Elementary Guidance	Classroom Materials and Supplies	School Secretaries
Secondary Guidance	Instructional Equipment	Maintenance and Operations
Elementary Art	Classroom Related Travel	Custodians
Elementary Music	CTE Center Transportation	Non-Instructional Equipment
Elementary Physical Education	Technology	Pupil Transportation
Elementary Librarians (K-8)	Nurses	Staff Benefits and Insurance
Secondary Librarians (9-12)	Instructional Assistants	Capital Outlay
ELL Instructors	Library Assistants	
ELL Translators	Staff Benefits and Insurance	
Principals	Substitute Teachers	
Assistant Principals Elementary	Alternative Schools	
Assistant Principals Secondary	Exit Exams	
System-Wide Instructional Supervisors		
Special Education Supervisors		
CTE Education Supervisors		
Special Education Assessment Personnel		
Social Workers		
Psychologists		
Staff Benefits and Insurance		

The Fiscal Capacity Index is the formulaic representation of a county’s ability to generate local revenue. It is used to determine state and local funding contributions to support local education. In BEP 2.0 fiscal capacity is calculated by multiplying a county’s local sales and property tax base times the average tax rate for each base across the state. Pending full implementation of BEP 2.0 an average of the former and new fiscal capacity indices is used in the formula.

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

Texas

Texas has a two-tiered program. Tier I is a foundation program based on a basic allotment of at least \$4,765 or a greater amount as established in the appropriations process. For the 2014–2015 school year, the basic allotment is \$5,040. The basic allotment is adjusted by a cost-of-education index that reflects geographical variations in cost as they existed in 1990–1991. The basic allotment is also adjusted for district size in the case of small and mid-sized school districts. Tier I also includes allotments for low-income and at-risk, special education, bilingual education, gifted and talented education, career and technical education, and transportation. Additionally, Tier I provides a high school students allotment and the New Instructional Facilities Allotment (NIFA) that provides start-up funds for new campuses. The NIFA has not been funded since the 2010–2011 school year. Local districts contribute revenue from their tax collections at their compressed tax rate to meet the Tier I local share requirements, also known as the local fund assignment (LFA). The compressed tax rate for each district is set at two-thirds of the district's 2005–2006 adopted tax rate (see below for further explanation of the compressed tax rate). State aid for Tier I is the difference between the total cost of Tier I and the district's LFA.

Finally, additional state aid may be delivered to make sure that districts reach a hold-harmless level based on the total state and local revenue per weighted average daily attendance (WADA) that districts received before tax rate reduction. An estimated 283 districts and charter schools are projected to receive aid under this provision, known as additional state aid for tax reduction, in the 2014–2015 school year.

Tier II is a guaranteed yield program that provides enrichment for each cent of tax effort that exceeds a district's compressed tax rate. Tier II currently provides two levels of enrichment:

- The first level of Tier II provides a guaranteed yield based on the yield per WADA of the Austin Independent School District (\$61.86 for 2014–2015) for each of the first 6 pennies of tax effort above the compressed tax rate.
- The second level of Tier II is generated by the tax effort that exceeds the compressed tax rate plus six cents. For 2014–2015, the yield for the second level of Tier II is \$31.95 per 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 which allows school districts to retain revenue on a tax-base equivalent to \$504,000 per WADA. This EWL applies to the compressed tax rate. The second level of EWL exempts the next six pennies of tax effort above the compressed tax rate from any recapture provisions. Tax

effort that exceeds the compressed tax rate plus six cents is subject to recapture based on an EWL of \$319,500.

Utah

Utah's foundation program is based on Weighted Pupil Units (WPU) plus a guaranteed yield program (called Voted Local Levy and Board Local Levy programs); for FY 2014-15 the state guarantees \$2,972 per WPU except Special Education Add-on and Career and Technical Education at \$2,726 per WPU. Each school district participates in the Basic School Program (all line items of the Minimum School Program funded through Weighted Pupil Units) at the local level by levying a tax rate (called the Basic Tax Rate). For FY 2014-15 that rate is 0.00141. Statewide, the total amount of tax yield for FY 2014-15 is \$296,709,700 of the total \$2,404,364 appropriated to the Basic School Program. Pupil count is Average Daily Membership (ADM); after ten consecutive days of unknown absence, pupils are removed from membership.

Districts may vote an additional levy (Voted Leeway) of up to 0.002000 tax rate for any General Fund use; state guarantees up to 0.001600 of that tax rate yield; and for FY 2014-15 the guarantee is \$27.92 per 0.0001 of tax rate, per WPU. Those districts that yield above the guarantee formula keep the funds—there is no recapture. District Boards of Education may also levy Board Local Leeway. A school district can levy up to either 0.001800 or 0.002500, but the state only guarantees up to 0.000400. These funds can be used to fund the school districts' General Fund. The sum of the Voted and Board Local Levy tax rates for the state guarantee, must not exceed a ceiling of 0.002000. Please see Utah State Office of Education [Minimum School Program 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 2015 the base per pupil spending amount is \$9285 and the base homestead tax rate is 0.98% of fair market property value. The tax rate increases in direct proportion to the amount the per pupil spending is over the base. Districts choose per pupil spending amounts via a local vote. Districts with per pupil spending that exceeds 123% of the prior year average have an additional tax rate to serve as a restraint on higher spending. All nonresidential property is taxed at one rate across the state.

Most homestead tax payers (about 60%) are eligible for an income adjustment to their homestead property tax. This works very similar to the homestead property tax rate. The base percentage of

income a person is liable for in FY 2015 is 1.8% of household income. This rate goes up in direct proportion to the per pupil spending chosen by the district. Eligible tax payers have the taxes reduced by the difference between the property tax and the income tax.

Virginia

The Commonwealth of Virginia employs a Foundation Program formula that is based upon students in average daily membership (ADM) for the current year as established by the ADM count on March 31st. Basic Program funding is determined by multiplying the ADM for each school division by a per student amount calculated through use of a complex procedure known as the Joint Legislative Audit and Review Commission (JLARC) methodology. Pursuant to the JLARC methodology, the foundation program per student costs are calculated separately for each of the 136 school divisions by determining the *minimum* instructional and support staff required to fulfill the Standards of Quality (SOQ) and state accreditation requirements by individual school within each school division of the Commonwealth.

The state and local fiscal responsibilities are determined and equalized by application of the Local Composite Index (LCI). (See: *Measure of Local Ability to Support Schools*). The school divisions' shares of a 1.125% state sales and use tax are distributed by calculation of their *pro rata* shares of the total school-age population for the Commonwealth and are deducted from the total foundation program cost prior to application of the equalizing LCI.

The majority of all remaining costs are categorical and are shared by the state and local school divisions through use of the local composite index (LCI). Ninety-one percent of total state aid is distributed through use of the LCI which usually generates local required expenditures. Although most of the categorical grants are not calculated through use of the LCI, fiscal responsibilities for the state and local school divisions for the larger programs (grants) are so determined. However, local required expenditures, as determined by the LCI, are truncated and may not exceed 80% for any program cost, including *Basic Aid*; thus, all school divisions receive, as a minimum, 20% state funding for all state-calculated program costs.

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 an allocation for materials, supplies, and operating costs. Local school districts may supplement the basic program with local levies.

West Virginia

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

The PSSP provides allowances for personnel salaries (Steps 1, 2, and 5), employee benefit costs (Step 3), transportation operating costs (Step 4), general operating costs, substitute costs and allowances for faculty senates (Step 6), and improvement of instructional programs, increase in technology funding, and advanced placement programs (Step 7). Additional allowances are provided for alternative education, increased enrollment over the previous year, and other programs.

The PSSP divides the school districts into the following four categories based on student population density and provides funding for a specified number of professional educators and service personnel to each district based on the district’s student enrollment, with the districts with lower student population densities being funded at higher personnel ratios:

Sparse	-	Less than 5 students per sq. mile
Low	-	5 to less than 10 students per sq. mile
Medium	-	10 to less than 20 students per sq. mile, and
High	-	20 or more students per sq. mile

For the districts with student net enrollments of less than 1,400, their net enrollments are increased for funding purposes by an amount determined by taking the difference between the district’s actual enrollment and 1,400, and further adjusting the difference by the relationship the district’s student population density is to the district with the lowest student population density. For the 2014-15 year, the enrollments of nine school districts were adjusted in such a manner.

For the 2014-15 year, the funding ratios for professional educators (PE) and service personnel (SP) were as follows for each 1,000 students in net enrollment:

Category	PE	PI	SP
Sparse	72.75	66.26	45.88
Low	72.60	66.20	45.30
Medium	72.45	66.10	44.73
High	72.30	66.00	44.17

The local districts are required to maintain the minimum limits of professional instructional personnel (PI) indicated in the preceding chart, or be penalized. The category of PI personnel is comprised of classroom teachers, librarians, attendance directors and school psychologists. The penalty is computed by multiplying the number of such personnel employed short of the required limits by the average state funded salary.

The formula identifies school counselors and school nurses as professional student support personnel but there are no funding ratios established for this group of personnel; the state aid allowance is fixed at the total state aid allowance provided for the 2012-13 year.

The allowances for salaries for all personnel are based on the state basic salary schedules and supplemental equity funding included in statutes. Equity funding was started in 1984 to ensure salary equity among the various school districts throughout the state and is determined by computing the difference between each district’s salary supplement schedules that were in place in 1984 and the state required equity schedules.

Funding for student transportation operating costs is also based on the preceding four student population density categories, with the districts with the lower student population densities receiving a higher allowance. Funding is based on the following percentage of actual expenditures for the latest year for which the data is available, which for the 2014-15 year, was actual expenditures incurred during the 2012-13 fiscal year.

Sparse	-	95%
Low	-	92.50%
Medium	-	90%, and;
High	-	87.50%

The allowance rate is increased by 10% for that portion of the districts’ bus fleets that use alternative fuels or transport students to and from multi-county vocational centers, and additional allowances are provided for the replacement of buses over a 12 year replacement cycle, for the purchase of additional buses for the districts with increasing enrollments, and for the payments paid in lieu of being provided transportation.

Each district’s allowance is limited to not more than 1/3 above the state average allowance on a per mile basis, exclusive of the allowance for additional buses. Beginning with the 2014-15 year, the definition of alternative fuel is restricted to compressed natural gas. For the districts that used bio-diesel as alternative fuel in prior years, the additional allowance is being reduced by 2.5% per year over a four-year period, until it is eliminated.

Step 6 provides an allowance for operating and maintenance costs and for substitute costs. An allowance of \$200 per professional instructional personnel is also provided for the faculty senates at each school. Step 7 provides allowances for: the improvement of instructional programs; the improvement of technology; and advanced placement programs. Ten percent (10%) of the growth in local share each year is dedicated to increasing the allowance for the improvement of instructional programs and twenty percent (20%) is dedicated to increasing the allowance for the improvement of technology.

Each school district’s total program allowance is reduced by its local share to arrive at the state aid that the district is entitled to receive. Local share is each district's projected regular levy property tax collections for the year. Local share is computed by multiplying the taxable assessed valuation of all property in the district for the current fiscal year as certified by the county assessor by 90% of the regular levy rates for the year as set by the Legislature and then

deducting four percent (4%) as an allowance for discounts, exonerations, delinquencies, with other allowances also deducted.

As a result of this equalization process, West Virginia is consistently ranked near the top regarding the equability of its state aid funding formula.

Wisconsin

Equalization Aid

Equalization Aid comprises approximately 98% of total general school aid in Wisconsin and is the only type of general aid for most districts. The equalization formula uses a three-tier, guaranteed-tax-base configuration to share in the local costs of elementary and secondary (K-12) education. The total Equalization Aid eligibility for 2014-15 is \$4,492,790,500.

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

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

The secondary tier provides aid for district per-member shared costs that exceed \$1,000 but are less than the secondary cost ceiling (\$9,225 in for aids computed in 2014-15). The secondary cost ceiling is set at 90% of the prior year statewide total shared cost per member. In 2014-15, the secondary guaranteed valuation was \$1,096,593. The percentage of the secondary per-member cost required to be paid for by the district's tax base is the same percentage the district's per-member value is of the state per-member secondary guarantee. The remainder is secondary-tier Equalization Aid.

The tertiary tier provides aid for shared costs per member that exceed \$9,225. The tertiary guaranteed valuation is the state average value per member and was \$531,883 in 14-15. The percentage of the tertiary per-member cost required to be paid for by the district's tax base is the same percentage the district's per-member value is of the state per-member tertiary guarantee. The remainder is tertiary-tier Equalization Aid.

A district's total Equalization Aid is the sum of aid generated at all three tiers. There are two important additional concepts in the formula allocation of Equalization Aid:

1.) If a district's value per member exceeds the state guarantee at the secondary or tertiary tiers, negative aid is generated. Negative aid at any tier can reduce, or in some cases, eliminate a district's positive aid from another tier. A hold-harmless provision in state statutes entitles a district to receive at least the positive aid generated at its primary tier, regardless if the sum of all three tiers is a negative number. Districts not generating positive aid at the primary tier do not get any Equalization Aid from the state.

2.) The Equalization Aid formula accommodates the differing grade configurations found in Wisconsin districts. For elementary school districts (grades K-8), the guaranteed valuation is adjusted to one-and-a-half (1.5) times the K-12 guaranteed valuation, and for high school districts (grades 9-12), the guaranteed valuation is adjusted to three (3) times the K-12 guaranteed valuation.

Other General Aids

There are 3 other general aid programs in Wisconsin:

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

Other General Aid Programs	Participation Rates	Eligibility (2010-11)
Integration Aid (inter and intra)	Beloit, Madison, Racine, Milwaukee, and Wausau receive intra-district aid for 26,940 transfers; Milwaukee and 22 suburban districts receive inter-district aid for 1,881 transfers	\$65.3 million for both programs
Special Adjustment Aid	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%.	\$14.2 million

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.