

Secs. 11–12. Declining Enrollment; 3.5% Hold Harmless Provision

Under current law, the 3.5 % hold harmless provision is applied to the prior year’s *inflated* equalized pupil count. Sec. 11 removes the “tail” by applying the 3.5% provision to the district’s *actual* equalized pupil count from the prior year, so the difference is never more than 3.5%.

For example, assume a district’s equalized pupils declined as follows:

Year	Actual Equalized Pupil Count	Current Law (3.5% w/ “tail”)	Sec. 11 (3.5% w/out “tail”)
1	100		
2	95	96.5	96.5
3	90	93.1225	91.675
<i>explanation of calculation</i> – in any year, the district’s equalized pupil count is considered not to be lower than the ...		prior year’s inflated count x 0.965	prior year’s actual count x 0.965

Effective Date: July 1, 2016 (so it applies beginning in FY17)

Sec. 12 transitions districts that currently have inflated equalized pupils to the new system over a three year period. In FY17, a district’s count would not be considered to be less than 90 percent of the inflated count in FY16. In FY18, a district’s count would not be considered to be less than 80 percent of the inflated count in FY17. The provisions of Sec. 11 would apply in FY19.

For example, assume that in FY16 – the district’s *actual* equalized pupil count is 60 but the district is *considered to have* 79.5 equalized pupils (because the enrollment has been declining for several years):

FY	Actual Equalized Pupil Count	Current Law (3.5% w/ “tail”)	Sec. 11 (3.5% w/out “tail”)	Sec. 12 (transition)
16	60	79.5	79.5	79.5
17	55	76.7	57.9	71.6
18	51	74.0	53.1	57.2
19	50	71.4	50	50
<i>explanation of calculation</i> – in any year, the district’s equalized pupil count is considered not to be lower than the...		prior year’s inflated count x 0.965	prior year’s actual count x 0.965	FY17: prior year’s inflated count x 0.90 FY18: prior year’s inflated count x 0.80 FY19: prior year’s actual count x 0.965