

Transitions steps as proposed in S.287

The weighting modeling was based on FY2020 data, as was the cost factor adjustment modeling. Education spending was kept constant at the FY2020 level so that the effects of changing the weights and weighting factors could be seen.

- a. Due to the new factors and revamped weights, there were significant changes in equalized pupil counts.
- b. This led to significant changes in education spending per equalized pupil and subsequent homestead tax rates.
- c. The change in tax rates required a change in the property yield so that the proper amount of money was raised for the Education Fund.
- d. This means that the “base” FY2020 tax rates are not what districts actually saw in FY2020.

A number of resulting tax rate changes were significant, with 65 districts modeled to have rate changes exceeding than +/- 10 cents (16 up, 49 down). A transition phase-in is proposed (Sec. 11) to smooth the changes to the modeled rates. The transition is based on averaging equalized pupil counts for given years over a 5-year period and will use prior year counts as follows. That means the phase-in will use counts from the current system and counts from the new, proposed weights and factors. The transition period begins in FY2024, with the equalized pupil counts from the new weights shown in [blue and underlined](#).

1. FY2024 – average of annual counts for FY2020, FY2021, FY2022, FY2023, and [FY2024](#)
2. FY2025 – average of annual counts for FY2021, FY2022, FY2023, [FY2024](#), and [FY2025](#)
3. FY2026 – average of annual counts for FY2022, FY2023, [FY2024](#), [FY2025](#), and [FY2026](#)
4. FY2027 – average of annual counts for [FY2024](#), [FY2025](#), [FY2026](#), and [FY2027](#)
5. FY2028 – average of annual counts for [FY2026](#), [FY2027](#), and [FY2028](#)

FY2028 represents full implementation and is how equalized pupils will be used for tax rates going forward – the current year annual count averaged with the prior 2 years of annual counts.

As averaged equalized pupil counts are used to smooth the transition, the tax rate changes are smoothed accordingly, as homestead tax rates are directly proportional to education spending per equalized pupil.

Incorporated into the above tax rates are additional “mini-grants” for districts with small numbers of ELL students. Districts with 1 to 5 ELL students receive an additional \$25,000 and those districts with 6 to 25 ELL students receive an additional \$50,000. These “mini-grants” are to help offset the cost of a full or part-time ELL instructor.

It should be noted that the modeling used only FY2020 data and 4 prior year equalized pupil counts. The results do not illustrate what will happen in future years as on an annual basis, student counts and demographics will change, spending decisions will be different, revenues to the Education Fund will change, the property and income yields and non-homestead rate will differ, etc. The results of the

modeling are simply to show what the effect would be if the proposal had been place in FY2020 versus the FY2020 starting point.