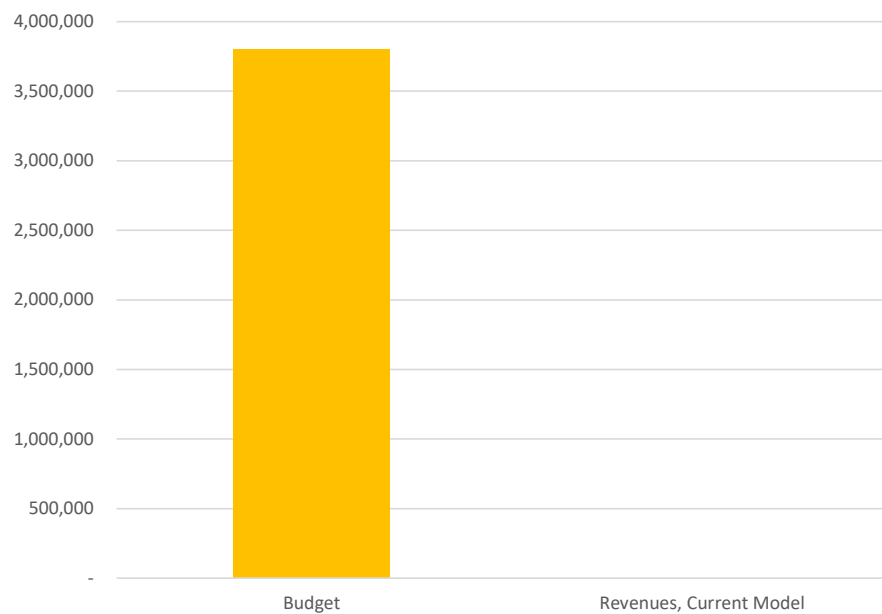


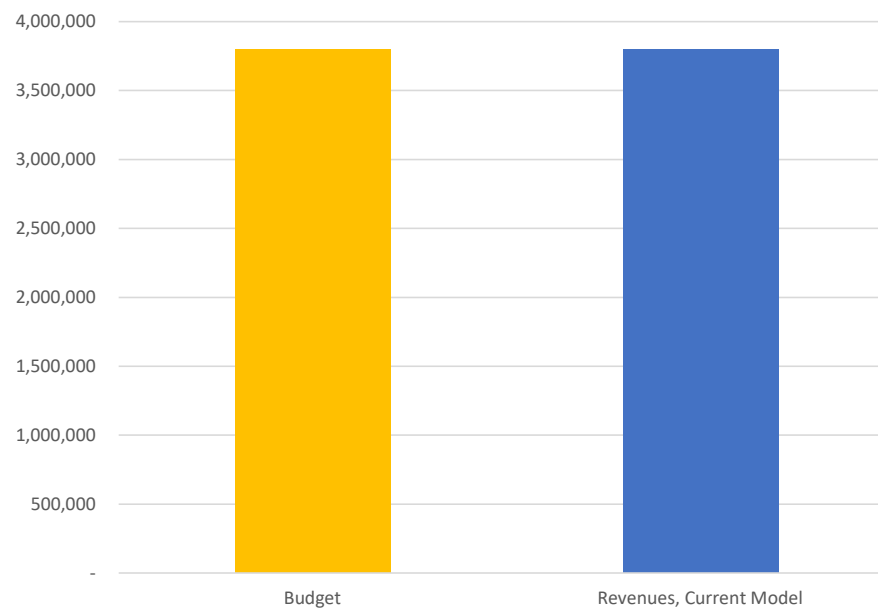
A school board develops a budget that includes every dollar the district will spend, regardless of source. Voters approve the district expenditure budget of 3,800,000.

Current Law



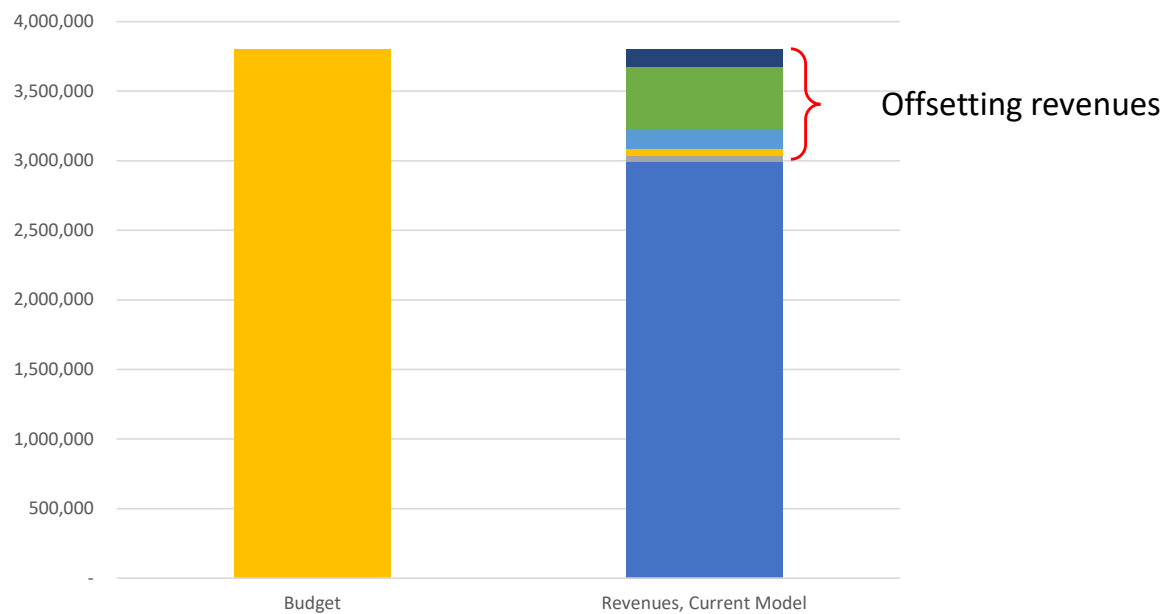
The board develops a revenue budget to fund the expenditure budget. Revenues come from a variety of sources and total 3,800,000.

Current Law



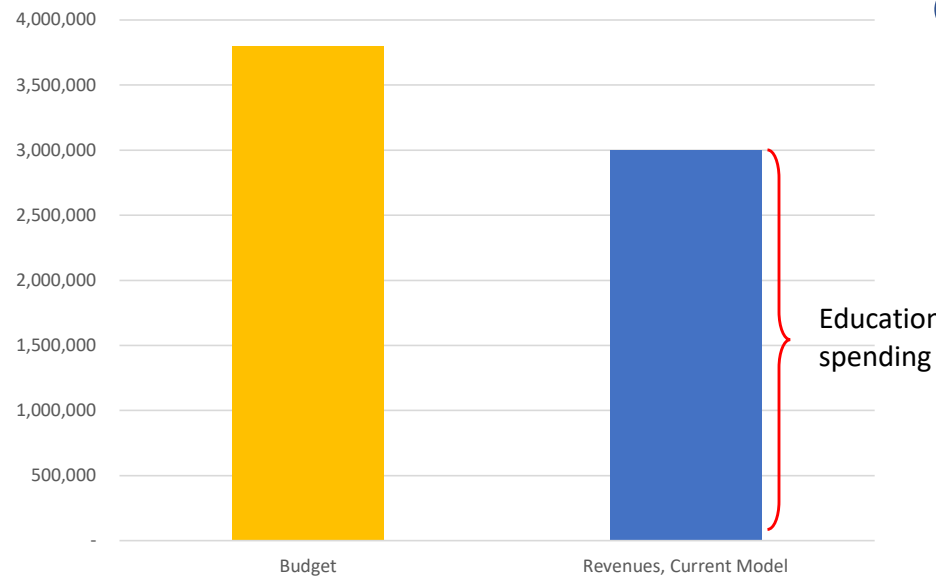
A portion of the revenues come from sources other than education property taxes – federal Titles, special education aid, state categorical grants (transportation aid, small school and merger support grants), tuitions, surplus, etc. These are generically called offsetting revenues.

Current Law



Offsetting revenues are subtracted from the total expenditures to determine Education Spending. In this case, Education Spending is 3,000,000.

Current Law



- Federal dollars = 110,000
- Special Education = 450,000
- Transportation Aid = 150,000
- SSG/MSG = 40,000
- Tuition, surplus, etc. = 50,000

Offsetting revenues: $110,000 + 450,000 + 150,000 + 40,000 + 50,000 = 800,000$

Education Spending: $3,800,000 - 800,000 = 3,000,000$

Student Weights

What do weights do?

1. Account for additional costs associated with specific categories of students.
2. Homestead property tax rates based on education spending per pupil.
3. A district with high percentage of high-cost students has high spending per pupil, increasing its homestead tax rate.
4. The pupil counts used for per pupil spending are equalized pupils, which are weighted pupils.
5. Equalized pupils account for those higher costs by increasing the pupil count, thereby decreasing the cost per pupil.
6. This means per pupil spending between districts is equalized in terms of those specific student categories.

Student Weights

How are equalized pupils calculated?

1. Long-term average daily membership (LT ADM) is the base.
 - a. LT ADM is a two-year ADM average, plus state-placed student counts from the prior year.
 - b. LT ADM is the count the State has in a given year.
2. Weights for each category are applied to the LT ADM for each district.
3. The State now has a higher count than the LT ADM.

Student Weights

How are equalized pupils calculated?

4. The weighted LT ADM for each district is multiplied by an equalization ratio.
 - a. The equalization ratio is the total LT ADM divided by the total weighted ADM.
 - b. The total equalized pupil count for the State is equal to the LT ADM.
 - c. Each district's count has been adjusted by its ratio of the various student category weights as compared to the State as a whole – i.e., the equalization ratio.
 - d. If a district had a higher percentage of students in the categories than the State, its equalized pupil count is higher than its LT ADM.
5. Weights work in concert with one another and can mask what is happening.

How weights can affect one another

Isolating the effect of a single weight.

Scenario 1 - only secondary grade weight

Eq Ratio: $60 \div 66.00 = 0.909$

	K-6	7-12	ADM tot	K-6	7-12	Sparsity	Wght	Wghtd ADM	District Ratio	Eq Ratio	EqPup
				0.0	0.2	Eligible	0.0				
District 1	5	15	20	-	3.0	no	-	23.0	0.870	0.909	20.9
District 2	10	10	20	-	2.0	yes	-	22.0	0.909	0.909	20.0
District 3	15	5	20	-	1.0	yes	-	21.0	0.952	0.909	19.1
State			60					66.0	0.909		60.0

How weights can affect one another

Impact of a second weight on results from a single weight.

Scenario 2 - secondary weight plus a sparsity weight

$$\text{Eq Ratio: } 60 \div 70.00 = 0.857$$

	K-6	7-12	ADM tot	Sparsity Wght		Wghtd ADM	District Ratio	Eq Ratio	EqPup		
				K-6	7-12					Eligible	0.1
District 1	5	15	20	-	3.0	no	-	23.0	0.870	0.857	19.7
District 2	10	10	20	-	2.0	yes	2.0	24.0	0.833	0.857	20.6
District 3	15	5	20	-	1.0	yes	2.0	23.0	0.870	0.857	19.7
State			60					70.0	0.857		60.0

Interaction of Weights, comparison

Impact of a second weight on results from a single weight.

	ADM tot	One weighting factor EqPup	Two weighting factors EqPup
District 1	20	20.9	19.7
District 2	20	20.0	20.6
District 3	20	19.1	19.7
State	60	60.0	60.0

LT ADM versus Equalized Pupils, examples

		LT ADM	EqPup	District Ratio	EqPup vs LT ADM
Z999	Statewide Totals	86,878	86,869	0.951	(8)
T079	Georgia	913	865	1.005	(49)
U061	Mt. Abraham USD	1,491	1,463	0.969	(28)
U049	Barstow USD	301	297	0.961	(3)
U084	Mettawee School District	312	316	0.938	4
U057	Maple Run USD	2,530	2,542	0.947	11
U026	Hazen UHSD	279	319	0.833	40

Tax rate calculation

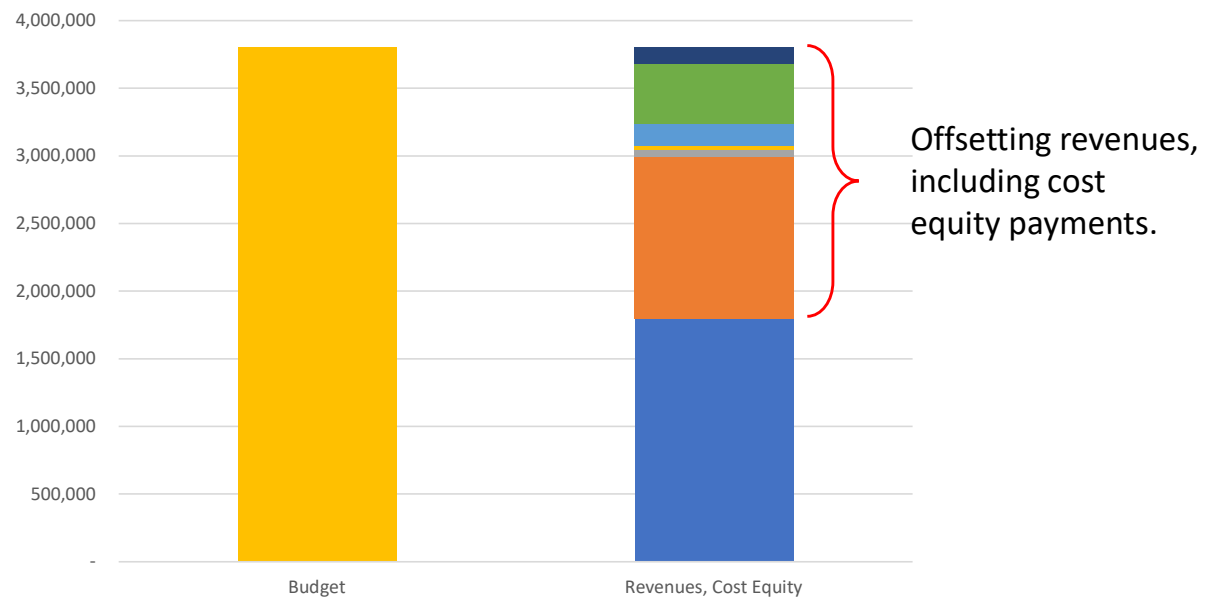
		Current	
1. Expenditures		3,800,000	
2. <u>Offsetting Revenues</u>	-	<u>800,000</u>	
3. Education Spending		3,000,000	
4. <u>Equalized Pupils (LT ADM for CE)</u>	÷	<u>200.00</u>	
5. Ed Spend / EqPup (LT ADM for CE)		15,000	
6. <u>Property yield per \$1.00 rate</u>	÷	<u>12,000</u>	←
7. Equalized Homestead Rate		1.250	
8. <u>CLA</u>	÷	<u>93.00%</u>	
9. Actual Homestead Rate		1.344	

This is not the actual yield. This value is used for illustrative purposes.

Under the cost equity model, a board still develops expenditure and revenue budgets, which again equal 3,800,000.

But under the cost equity model, there are more offsetting revenues, the cost equity payments.

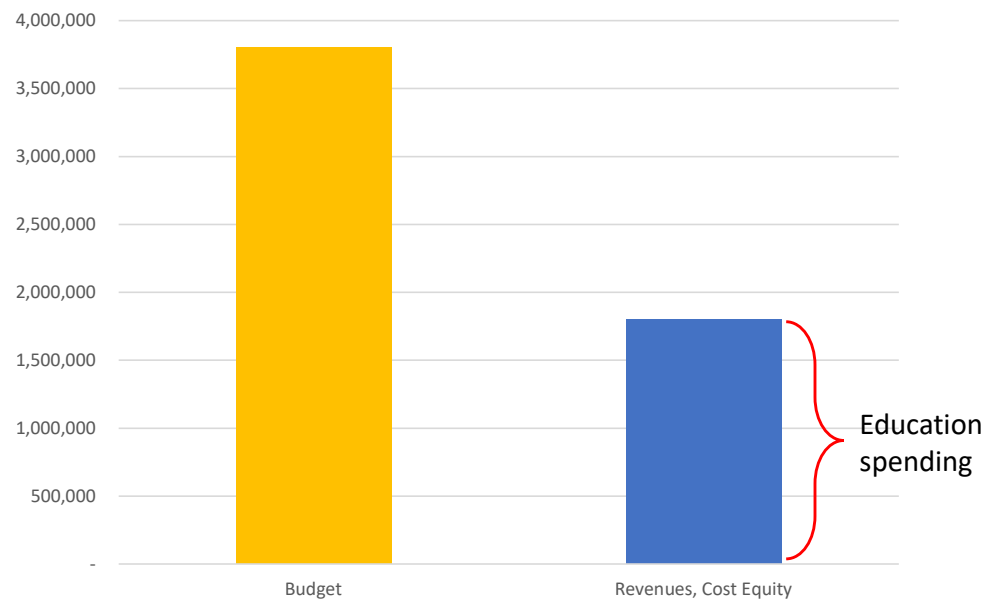
Cost Equity Model



Cost Equity Model

With the additional offsetting revenues from the cost equity payments, education spending is lower.

Education spending is now 1,800,000.



- Federal dollars = 110,000
- Special Education = 450,000
- Transportation Aid = 150,000
- SSG/MSG = 40,000
- Tuition, surplus, etc. = 50,000
- Cost equity payments = 1,200,000

$$\text{Offsetting revenues: } 110,000 + 450,000 + 150,000 + 40,000 + 50,000 + 1,200,000 = 2,000,000$$

$$\text{Education Spending: } 3,800,000 - 2,000,000 = 1,800,000$$

Tax rate calculation

		Current	Cost Equity
1. Expenditures		3,800,000	3,800,000
2. <u>Offsetting Revenues</u>	-	<u>800,000</u>	<u>2,000,000</u>
3. Education Spending		3,000,000	1,800,000
4. <u>Equalized Pupils (LT ADM for CE)</u>	÷	<u>200.00</u>	<u>200.00</u>
5. Ed Spend / EqPup (LT ADM for CE)		15,000	9,000
6. <u>Property yield per \$1.00 rate</u>	÷	<u>12,000</u>	<u>7,000</u>
7. Equalized Homestead Rate		1.250	1.286
8. <u>CLA</u>	÷	<u>93.00%</u>	<u>93.00%</u>
9. Actual Homestead Rate		1.344	1.383

← Illustrative purposes.