

(2009-10) EDITION

**SCHOOL DISTRICT FINANCE AND QUALITY
PERFORMANCE ACT AND
BOND AND INTEREST STATE AID PROGRAM**

(2009-10 School Year)

**SCHOOL DISTRICT FINANCE AND
QUALITY PERFORMANCE ACT—
FORMULA FOR COMPUTING GENERAL STATE AID**

STATE FINANCIAL AID	<u>minus</u>	LOCAL EFFORT	<u>equals</u>	GENERAL STATE AID
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PART A

STATE FINANCIAL AID

BASE STATE AID PER PUPIL (BSAPP)	<u>times</u>	ADJUSTED ENROLLMENT	<u>equals</u>	STATE FINANCIAL AID (SFA)
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The BSAPP is \$4,012. However, if the appropriation in a school year for general state aid is insufficient to pay school districts' computed entitlements, the State Board of Education will reduce BSAPP – and, therefore, SFA – as necessary to match school district entitlements with the amount of funding that is available. (*This is the BSAPP as of December 21, 2009, following the Governor's November 2009 allotment.)

STATE FINANCIAL AID: ENROLLMENT ADJUSTMENTS AND ENROLLMENT DECREASES

In addition to the regular full-time equivalent enrollment in a school district, enrollment adjustments are added in order 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).

Also, there is a “decreasing enrollment” feature which is designed to facilitate school district financial planning in the face of declining enrollments. This feature permits a school district with an enrollment decrease to base its SFA in the current school year on the greater of its enrollment in the preceding year or a three-year average (the current school year and the two immediately preceding school years). An adjustment adds on any preschool aged four-year-old at-risk pupils being served in the current school year.

ENROLLMENT ADJUSTMENTS

1. Low Enrollment Weighting

This weighting applies to school districts having unweighted full-time equivalent (FTE) enrollments of under 1,622. The weights were based on 1991-92 school district general fund budgets per pupil. In 2006 SB 549, the factor table was adjusted to reflect the higher base state aid per pupil. With a Base State Aid Per Pupil (BSAPP) of \$4,012 the low enrollment weight of districts having enrollments of 100 or fewer is \$4,069.50 per pupil. Each change of one pupil in this enrollment interval changes the low enrollment weight down or up inversely to the enrollment change.

EXAMPLES: LOW ENROLLMENT ADJUSTMENT COMPUTATIONS

EXAMPLE 1

Enrollment = 95				
<u>FTE Enrollment (Sept. 20)*</u>		<u>Factor</u>		<u>Low Enrollment Weight Adjustment</u>
95	<u>times</u>	1.014331	<u>equals</u>	96.4

EXAMPLE 2

FTE Enrollment (Sept. 20)*				
200	<u>times</u>	.749259	<u>equals</u>	149.9

* See Correlation Weighting explanation.

2. High Enrollment Weighting (Formerly called correlation weighting)

This weighting applies to districts having unweighted FTE enrollments of 1,622 and over. It is determined by multiplying the full-time equivalent enrollment by a factor of 0.03504. With BSAPP of \$4,012, the correlation weight is \$140.50 per pupil for all districts with enrollments of 1,622 and over.

EXAMPLE

FTE Enrollment (Sept. 20)*		Factor		Correlation Weight Adjustment
5,000	<u>times</u>	0.03504	<u>equals</u>	175.2

- * The 2007 Legislature passed HB 2159 amending the School District Finance and Quality Performance Act by establishing a second date for enrollment count for students of military families on February 20. The 2009 Legislature extended this provision through the 2012-2013 school year provided that an increase of a minimum of 25 students or one percent of the district's enrollment who are dependents of a full-time active duty member of the military service or military reserve who are engaged in mobilizing for war, international peacekeeping missions, national emergency, or homeland defense activities.

3. Transportation Weighting

This weighting helps compensate school districts for providing transportation to public school pupils who reside 2.5 miles or more by the usually traveled road from the school attended.

The preceding year's cost of providing transportation to public and nonpublic school pupils, adjusted to net out costs of transporting pupils who live less than 2.5 miles from school, is determined. The resulting amount is divided by the number of public school pupils enrolled in the district who resided 2.5 miles or more by the usually traveled road from the school attended and for whom transportation was made available by the district. The result (quotient) is the per pupil cost of transportation.

The per pupil cost of transportation of each district is then plotted on a density-cost graph. A statistical technique is employed to construct a "curve of best fit" for all school districts. (This procedure recognizes the relatively higher costs of per pupil transportation in sparsely populated areas as contrasted with densely populated areas.)

Based on a district's density (number of pupils enrolled in the district who reside 2.5 miles or more by the usually traveled road from school divided by the number of square miles in the district), the point on the curve of best fit is identified for each district. This is the formula per pupil cost of transportation of the district.

The formula per pupil cost then is divided by the BSAPP and the quotient is multiplied by the number of residential public school pupils in the current school year who live more than 2.5 miles from the school and for whom transportation is being provided. The result is the district's transportation weight enrollment adjustment.

EXAMPLE

1. From Density-Cost Graph: Formula Per Pupil Cost of Transportation = \$646
2. Number of pupils transported 2.5 miles or more in current year = 500
3. BSAPP = \$4,012

THEN

$\frac{\$ 646}{\$4,012}$	<u>equals</u>	0.153	<u>and</u>	$\frac{500}{76.5}$	<u>so</u>	weight adjustment for transportation	<u>equals</u>	76.5
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4. Vocational Education Weighting

This weighting is determined by multiplying the FTE enrollment in vocational education programs approved by the State Board of Education by a factor of 0.5. Revenue generated by the weight must be spent for vocational education.

EXAMPLE

<u>FTE Equivalent Vocational Education Enrollment (Sept. 20)</u>		<u>Factor</u>		<u>Vocational Education Program Weight Adjustment</u>
60.0	<u>times</u>	0.5	<u>equals</u>	30.0

5. Bilingual Education Weighting

This weighting is determined by multiplying the FTE enrollment in bilingual education programs approved by the State Board of Education by a factor of 0.395. Revenue generated by this weight may be spent either for bilingual education or at-risk education.

EXAMPLE

<u>FTE Bilingual Program Enrollment (Sept. 20)</u>		<u>Factor</u>		<u>Bilingual Education Program Weight Adjustment</u>
40.0	<u>times</u>	0.395	<u>equals</u>	15.8

6. At-Risk Pupil Weighting

This weighting is determined by multiplying the number of pupils of a district who qualify for free meals under the National School Lunch Program by a factor of .456. A further condition is that in order for it to obtain this weight, a school district must maintain an at-risk pupil assistance plan approved by the State Board of Education. All revenue generated by this weight must be spent for at-risk pupil programs, bilingual programs, vocational programs, or pre-school at-risk programs.

Pupils who receive services under the plan are determined on the basis of at-risk factors determined by the school district board of education and not by virtue of eligibility for free meals under the National School Lunch Program.

EXAMPLE

<u>Number of Pupils Qualifying for Free Lunches (Sept. 20)</u>		<u>Factor</u>		<u>At-Risk Pupil Weight Adjustment</u>
500	times	0.456	equals	228.0

6a. High Density At-Risk Weighting

This weight is determined by multiplying the number of pupils of a district who qualify for free meals under the National School Lunch Program by the following factors:

- Those districts that have free meal student percentages of 50.0 percent or more would use 0.10 factor; or
- Those districts that have a density of 212.1 student per square mile and a free lunch percentage of at least 35.1 percent and above would use 0.10 factor.

Medium Density At-Risk Weighting

- Those districts that have an enrollment of at least 40 percent but less than 50 percent at-risk pupils are eligible for the medium density at-risk weighting. The medium density at-risk pupil weighting of each school district shall be determined by multiplying the number of at-risk pupils by .06. The product is the medium density at-risk pupil weighting of the district.
- If a school district becomes ineligible for medium density or high density at-risk pupil weighting because enrollment of at-risk pupils in the district falls below the requirement of subsection (6a), the weighting of the district shall be the greater of: (1) the weighting in the current school year; (2) the weighting in the prior school year; or (3) the average of the weighting in the current school year and the preceding two school years.

6b. Non Proficient At-Risk Weighting

This weighting is determined by multiplying the number of pupils of a district who score below proficient in reading or math on the state assessments and who are **not** eligible for the federal free meals program, by the factor of .0465.

EXAMPLE

Number of pupils taking the exam not eligible
for free meals and scoring below proficient: $200 \times .0465 = 9.3 \text{ FTE}$

7. School Facilities Weighting

This weighting is assigned for costs associated with beginning operation of new school facilities. The enrollment in the new school facility is multiplied by a factor of .25 to produce the weight adjustment.

In order to qualify for this weighting, the district must have utilized at least 25 percent of the state financial aid of the district authorized for the school year. This weight is available for two school years only—the year in which the facility operation is commenced and the following year.

EXAMPLE

<u>Enrollment of Pupils in New School Facility (Sept. 20)</u>		<u>Factor</u>		<u>School Facilities Weight Adjustment</u>
260	<u>times</u>	0.25	<u>equals</u>	65.0

8. Ancillary School Facilities

The law permits a school district to appeal to the State Court of Tax Appeals for permission to levy a property tax for up to two years to defray costs associated with commencing operation of a new facility beyond the costs otherwise financed under the law. To qualify for this tax-levying authority, the district must have begun operation of one or more new facilities in the preceding or current school year (or both), have adopted at least 25 percent of the state financial aid for the district, and have had extraordinary enrollment growth, as determined by the State Board of Education. This tax-levying authority may extend for an additional three years, in accordance with the following requirements. The school district's board of education must determine that the costs attributable to commencing operation of the new school facility (or facilities) are significantly greater than the costs of operating other school facilities in the district. The tax that then may be levied is computed by the State Board of Education by first determining the amount produced by the tax levied for operation of the facility (or facilities) by the district in the second year of the initial tax-levying authority and by adding the amount of general state aid attributable to the school facilities weight in that year. Of the amount so computed, 75 percent, 50 percent, and 25 percent, respectively, are the amounts that may be levied during the three-year period.

An amount equal to the levy approved by the State Court of Tax Appeals is converted to the ancillary school facilities weight. The weight is calculated each year by dividing the amount of the levy authority approved by the State Court of Tax Appeals by BSAPP.

EXAMPLE

<u>Amount of Authorized Tax Levy</u>		<u>BSAPP</u>		<u>Ancillary School Facilities Adjustment</u>
\$550,000	<u>divided by</u>	\$4,012	<u>equals</u>	137.1

NOTE: The school district levies the amount approved by the State Court of Tax Appeals. The proceeds are then credited to the State School District Finance Fund.

9. Special Education and Related Services

The amount of special education services state aid a school district receives, including “catastrophic” special education aid, is divided by BSAPP to produce this weighting. The state special education services aid a district receives is deposited in its general fund and then, in turn, is transferred to the district’s special education fund.

This procedure is aimed at increasing the size of a school district’s general fund budget for purposes of the local option budget calculation (LOB). As noted in Part B of this memorandum, the amount attributable to this weighting is defined as “local effort” and, therefore, as a deduction in computing the general state aid entitlement of the district.

In summary, this procedure does not increase the school district general fund state aid requirement; it only increases the computed size of this budget for the benefit of the LOB provision of the law (see Attachment 1 for an explanation of the LOB.)

<u>Amount of Special Education Services Aid to the District</u>		<u>BSAPP</u>		<u>Special Education and Related Services Weight Adjustment</u>
\$650,000	<u>divided by</u>	\$4,012	<u>equals</u>	162.0

10. Declining Enrollment Weighting

Any school district that is at its maximum local option budget authority and has declined from the prior year may seek approval from the State Board of Tax Appeals to make a levy for up to two years, capped at 5 percent of the district's general fund budget. The levy is equalized up to the 75th percentile. For school year 2007-08, the maximum LOB would be considered to be 31 percent, provided the increase is approved by the electors. An amount equal to the levy approved by the State Court of Tax Appeals is converted to the ancillary school facilities weight. The weight is calculated each year by dividing the amount of the levy authority approved by the State Court of Tax Appeals by BSAPP.

EXAMPLE

<u>Amount of Authorized Tax Levy</u>		<u>BSAPP</u>		<u>Declining Enrollment Adjustment</u>
\$425,700	divided by	\$4,012	equals	106.1

NOTE: The school district levies the amount approved by the State Court of Tax Appeals. The proceeds are then credited to the State School District Finance Fund.

NOTE: All pupil weight adjustments are based on current year features. An exception applies when the enrollment of a district in the current year has decreased from that of the preceding year. In those instances, the low enrollment weight or correlation weight for the preceding year, or the three-year average, whichever applies, is used.

11. Cost-of-Living Weighting

The law permits a local school board to levy a local tax for the purpose of financing the cost-of-living weighting in a district which has higher than the average statewide cost of living based on housing cost. The levy is an amount directly attributable to the cost-of-living weighting which is derived as described in the example below.

The State Board of Education is required to determine which districts are eligible to apply for this weighting. The district will be deemed eligible by the State Board if its average cost-of-living is at least 25 percent higher than the statewide average. In addition, the district must have adopted the maximum local option budget (LOB) to be eligible.

The local school board would be required to pass and publish a resolution authorizing the levy, and the resolution is subject to protest petition.

EXAMPLE

<u>Amount of Authorized Tax Levy</u>		<u>BSAPP</u>		<u>Cost-of-Living Weight</u>
\$ 550,000*	divided by	\$ 4,012	equals	137.1

* There is a cap on the amount that can be levied under this weighting. A district's state financial aid (SFA) times .05 is the maximum amount that can be levied.

DECREASING ENROLLMENT PROVISIONS

When a district's enrollment in the current school year has decreased from the preceding school year, the district may base its budget on the greater of unweighted full-time equivalent enrollment of the preceding year or the three-year average of unweighted full-time equivalent enrollment (current school year and two immediately preceding school years).

EXAMPLE

A.	September 20 Enrollment—Current Year <u>less</u> Preschool Aged At-Risk Program Enrollment	1,375
	September 20 Enrollment in Preceding School Year <u>less</u> Preschool Aged At-Risk Program Enrollment	1,390
	Alternative Enrollment to Be Used in Current School Year	1,390
B.	September 20 Enrollment <u>less</u> Preschool Aged At-Risk Program Enrollment:	
	Current School Year	1,375
	Preceding School Year	1,390
	Second Preceding School Year	<u>1,402</u>
	Average	1,389
	Alternative Enrollment to Be Used in Current School Year	1,389
	Enrollment for Current School Year (Greater of A or B)	1,390
	Plus Preschool Aged At-Risk Program Enrollment in Current Year @ 0.5	<u>10</u>
	Enrollment	1,400

Alternative

In a school district for which the State Board of Education has determined that the enrollment of the district in the preceding school year had decreased from the enrollment in the second preceding school year and that a disaster had contributed to the decrease, the enrollment of the district in the second school year following the disaster is determined on the basis of a four-year average of the current school year and the preceding three school years, adjusted for the enrollment of pre-school aged at-risk pupils in those years. However, if the enrollment decrease provisions of the general law (above) are more beneficial to the district than the four-year average, the general law will apply.

PART B

LOCAL EFFORT

A school district's local effort is, in essence, a credit against its general state aid entitlement. Local effort represents locally generated resources that are available to the school district general fund to help finance the district's educational program.

The following items are defined as local effort:

<u>Example</u>	
\$ 2,000,000	1. proceeds of the uniform school district general fund property tax—20 mills in 2009, including the \$20,000 residential exemption,
500,000	2. Special education services state aid,
3,000	3. unexpended and unencumbered balances remaining in the general fund,
1,800	4. unexpended and unencumbered balances,
5,000	5. industrial revenue bond and port authority bond in lieu of tax payments,
200	6. mineral production tax receipts,
None	7. 70 percent of federal Impact Aid, in accord with federal law and regulations,
None	8. tuition paid on behalf of nonresident pupils for enrollment in regular education services,
None	9. motor vehicle tax receipts, ⁽¹⁾
None	10. rental/lease vehicle excise tax receipts, ⁽¹⁾ and
None	11. remaining proceeds of the former general fund and transportation tax levies prior to their repeal (now obsolete as this taxing authority was repealed in 1992).
TOTAL LOCAL EFFORT	
\$2,510,000 ⁽²⁾	

NOTES:

- (1. This school district general fund revenue source was phased out over a five-year period. After FY 2000 there are no receipts from this source.
- (2. If the sum of a district's local effort exceeds its SFA entitlement, the district receives no general state aid and the "excess" amount is remitted to the State Treasurer and is credited to the State School District Finance Fund. Revenue in this fund is used for school district general state aid.

PART C

GENERAL STATE AID

A district's general state aid entitlement is determined by subtracting the district's local effort from its SFA.

EXAMPLE

	\$	8,319,283	SFA*
<u>minus</u>		<u>2,510,000</u>	Local Effort**
<u>equals</u>	\$	5,809,283	GENERAL STATE AID

This example is based on a district that receives low enrollment weight. Thus, the correlation weight example is not applicable in this instance.

* \$4,012 BSAPP times 2,073.6 (adjusted enrollment—includes pupil weights). However, if the appropriation for general state aid is insufficient to fund all school district entitlements, the \$4,012 BSAPP is reduced to the level at which entitlements may be funded.

** Sum of local effort items.

Note: SB 84 (2009 Legislative Session) provides an alternative formula for the calculation of the local option budget of a school district. The bill authorizes a school district to calculate its local option budget using a base state aid per pupil (BSAPP) of \$4,433 (the amount of BSAPP for the current school year) in any school year in which the BSAPP is less than that amount. The bill also authorizes a school district to calculate its local option budget using an amount equal to the amount appropriated for state aid for special education and related services in school year 2008-2009. (A school district may enact a local option budget up to a maximum of 31 percent of the district's state financial aid, which includes the BSAPP multiplied by a district's adjusted enrollment, and state aid for special education.) This provision expires on June 30, 2012.

ATTACHMENT I

THE LOCAL OPTION BUDGET (LOB)

The law provides that in addition to State Financial Aid (SFA) funding, a school district board may approve LOB spending in any amount up to 31.0 percent of its SFA for school year 2007-2008. The LOB limitation is called the "state prescribed percentage." Certain limitations and constraints apply to use of LOB authority:

- Below average spending districts (general fund budget and LOB combined) gain LOB authority in accord with a formula applicable to them.
- Above average spending districts that had an LOB in 1996-97 are entitled to a specified percentage of the LOB authority the district was authorized to adopt in 1996-97.
- Additional LOB authority can be gained by a school board through adoption of a resolution. The resolution is subject to a 5.0 percent protest petition and election procedure (or, in one instance, a board initiated election).
- A district may operate under LOB authority adopted prior to the 1997-98 school year until the LOB authority specified in that resolution expires.

(These components of the law are discussed in the following pages.)

LOB Authority for Below Average Spending Districts

The board of education of a “below average spending” school district on its own motion may adopt an LOB. In this respect, the State Board of Education (SBOE) makes the following determinations:

- The average budget per full-time equivalent (FTE) pupil (unweighted) for the preceding school year is computed for each of four school district enrollment groupings—under 100, 100-299.9; 300-1,799.9; and 1,800 and over. This computation uses the combined school district general fund budget and LOB.
- The FTE budget per pupil (unweighted) of each school district for the preceding school year is determined (combined general fund budget and LOB).
- The district’s FTE budget per pupil for the preceding year is subtracted from the preceding year’s average budget per pupil for the district’s enrollment grouping.
- If the district’s budget per pupil is below the average budget per pupil for the district’s enrollment grouping, the budget per pupil difference is multiplied by the district’s FTE pupil enrollment in the preceding year.
- The product above is divided by the amount of the district’s general fund budget in the preceding year.

The result is the LOB percentage increment that is available to the district in the next school year.

EXAMPLE

In 2005-06, District A has an enrollment of 600 unweighted FTE students and a GF/LOB BPP of \$8,666.66 (total GF/LOB Budget = \$5,200,000). Under the formula, District A qualifies for LOB authority in 2005-06, as follows:

	\$	9,257.00	(GF/LOB BPP computed from above table)						
minus		<u>8,666.66</u>	(District's GF/LOB BPP—Preceding School Year)						
equals	\$	590.34	times 600 FTE		equals	\$	354,204	(Potential LOB Authority)	
		(Difference)	(Unweighted Enrollment)						
then	\$	<u>354,204</u>	equals 6.81%						
	\$	5,200,000							
2007-08									
<u>GFB</u> is									
\$5,200,000	so	\$5,200,000	times 6.81%		equals		\$354,120	(Additional 2008-09 LOB Amount)	

LOB Authority for Average or Above Average Spending Districts That Had LOBs in 1996-97

The board of education of any “average” or “above average spending” school district that had an LOB in 1996-97 may adopt on its own motion an LOB equal to the following percentage of the district’s general fund budget based upon the LOB percentage the district was authorized to adopt in 1996-97:

- **80.0 percent in 2001-02, and thereafter.**

EXAMPLE

District B had 20.0 percent LOB authority in 1996-97. The LOB authority this district could adopt on its own motion in subsequent years would be:

2001-02 and thereafter	16.0
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NOTE: In the event that in any year the LOB authority of the district is greater if computed under the formula applicable to “below average spending” districts than under this provision, the LOB authority under that formula applies.

Alternative Procedure

As an alternative to the procedures described above, a school district board may adopt a resolution for a specified LOB percentage and number of years—which is subject to a 5.0 percent protest petition election procedure.

“Additional” LOB Authority—Subject to Protest Petition or Direct Election

In addition to the LOB authority available under the foregoing provisions, beginning in 1997-98, a school district is authorized to adopt a resolution to increase its LOB authority under one of two alternative procedures:

- The board may seek authority for continuous and permanent LOB authority, in which case, if the proposition is successful, the board in any school year may increase its LOB to any level it chooses, subject to the 31.0 percent aggregate cap for FY 2008.
- The board may seek temporary authority to increase the LOB by a specified percentage for a specified number of years.

If the board seeks continuous and permanent LOB authority, it has the option of either submitting the question directly to the electors or adopting a resolution that is subject to a 5.0 percent protest petition election. If the board seeks temporary LOB authority, only the protest petition election procedure is applicable.

If the district chooses a resolution that specifies an LOB percentage increase and a number of years to which the resolution applies, the district is authorized to adopt subsequent resolutions to increase its LOB authority, subject to the 31.0 percent aggregate cap. A subsequent resolution must expire at the same time as the initial resolution. (The protest petition and election provisions described apply in these instances.)

Transitional Provision

A district operating under LOB authority obtained prior to passage of 1997 legislation, with authority that extends to the 1997-98 school year or beyond, may continue to operate under the resolution until the resolution's expiration or abandon the resolution and operate under the new provisions of the bill.

Districts Which Acquired LOB Authority in 1997-98 Under the "Below Average Spending" Formula and Whose LOB Authority Exceeds the Average for the Enrollment Grouping After the 1997-98 School Year

If, after the 1997-98 school year, a school district has gained LOB authority under the "below average spending" formula and has obtained increased LOB authority by adoption of a resolution such that the district no longer qualifies for LOB authority under the formula applicable to "below average spending" districts, the LOB authority is:

- if the district is operating under an LOB with a fixed LOB percentage increase and a specified number of years to which it applies, the sum of the LOB percentage authority of the district for the preceding year and the additional LOB authority in the district's resolution; or
- if the district is operating under a resolution authorizing continuous and permanent LOB authority, the LOB percentage adopted by the board.

If the district's resolution for additional LOB authority is not perpetual and after some specified number of years this authority is lost, the district's LOB authority is the percentage authorization for the current school year computed under the formula as if the additional LOB authority resulting from the expired LOB resolution had not been in effect in the preceding school year.

State Average Provision

As of July 1, 2007 and thereafter, a school districts' LOB authority is equal to the average percent used of all districts. Any LOB authority above the state average would require a separate resolution.

**FORMULA FOR COMPUTING SUPPLEMENTAL
GENERAL STATE AID FOR THE LOCAL OPTION BUDGET**

District Assessed Valuation Per Pupil (Prior Year)	subtracted		1.0	times	District's Local Option Budget	equals	Supplemental General State Aid
81.2nd Percentile Assessed Valuation Per Pupil (Prior Year)	from						

Supplemental General State Aid is based on an equalization principle which is designed to treat each school district as if its assessed valuation per pupil (AVPP) were equal to that of the district at the 81.2nd percentile of AVPP. Under this formula, districts having AVPP above the 81.2nd percentile receive no supplemental general state aid.

EXAMPLES

DISTRICT 1		DISTRICT 2	
Prior Year District AVPP	\$50,500	Prior Year District AVPP	\$86,520
Prior Year 81.2nd Percentile AVPP	\$83,625	Prior Year 81.2nd Percentile AVPP	\$83,625
so		so	
<u>\$50,500</u>		<u>\$86,520</u>	
\$83,625	equals 0.6039	\$83,625	equals 1.0346
	then		
	1.0000		
minus	<u>0.6039</u>		
equals	0.3961 State Aid Ratio		
	then		
	\$500,000 LOB		
times	<u>0.3961</u> State Aid Ratio		
equals	\$198,050 Supplemental General State Aid		
			If the result equals or exceeds 1.0, the district receives no supplemental general state aid. 1.1582 exceeds 1.0, therefore the district receives no supplemental general state aid.

ATTACHMENT II

FORMULA FOR COMPUTING SCHOOL DISTRICT BOND PRINCIPAL AND INTEREST OBLIGATION STATE AID PAYMENTS

Bond and interest state aid is based on an equalization principle which is designed to provide state aid inversely to school district assessed valuation per pupil. One matching rate is applicable for the duration of bond and interest payments associated with bonds issued prior to July 1, 1992. A different matching rate applies during the life of bonds issued on or after July 1, 1992.

For the school district having the median assessed valuation per pupil, the state aid ratio is 5 percent for contractual bond and interest obligations incurred prior to July 1, 1992, and 25 percent for contractual bond and interest obligations incurred on July 1, 1992, and thereafter.

This factor increases (decreases) by 1 percentage point for each \$1,000 of assessed valuation per pupil of a district below (above) the median.

FORMULA

DISTRICT BOND AND INTEREST PAYMENT OBLIGATION FOR SCHOOL YEAR	<u>times</u>	STATE AID PERCENTAGE FACTOR	<u>equals</u>	CAPITAL IMPROVEMENTS STATE AID
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EXAMPLES

DISTRICT 1				DISTRICT 2			
B&I Payment Obligations				B&I Payment Obligation			
Before 7-1-92		\$ 100,000		Before 7-1-92		\$ 100,000	
After 7-1-92		\$ 80,000		After 7-1-92		\$ 80,000	
District AVPP		\$ 47,510		District AVPP		\$ 58,510	
<u>so</u>				<u>so</u>			
Before 7-1-92	\$ 100,000	After 7-1-92	\$ 80,000	Before 7-1-92	\$ 100,000	After 7-1-92	\$ 80,000
Percentage Factor (From Table)	x 10%	Percentage Factor (From Table)	x 30%	Percentage Factor (From Table)	x NA	Percentage Factor (From Table)	x 17%
B&I State Aid	\$ 10,000		\$ 24,000	B&I State Aid	NA		\$ 13,600
Total B&I Payment Due for Fiscal Year		\$ 180,000		Total B&I Payment Due for Fiscal Year		\$ 180,000	
Amount from State Aid		\$ 34,000		Amount from State Aid		\$ 13,600	

PARTIAL TABLE TO ILLUSTRATE BOND AND INTEREST STATE AID PROGRAM PRINCIPLE

	Bond and Interest State Aid Percentages			State Aid Percentage Factor
	AVPP	Bond and Interest Obligations Prior to July 1, 1992	Bond and Interest Obligations On and After July 1, 1992	
	41,510	15	35	
	42,510	14	34	
	43,510	13	33	
	44,510	12	32	
	45,510	11	31	
	46,510	10	30	
	47,510	9	29	
	48,510	8	28	
	49,510	7	27	
	50,510	6	26	
Median AVPP	51,010	5%	25%	
	51,510	4	24	
	52,510	3	23	
	53,510	2	22	
	54,510	1	21	
	55,510	0	20	
	56,510		19	
	57,510		18	
	58,510		17	
	59,510		16	
	60,510		15	

