
K-12 Formula Funding Overview

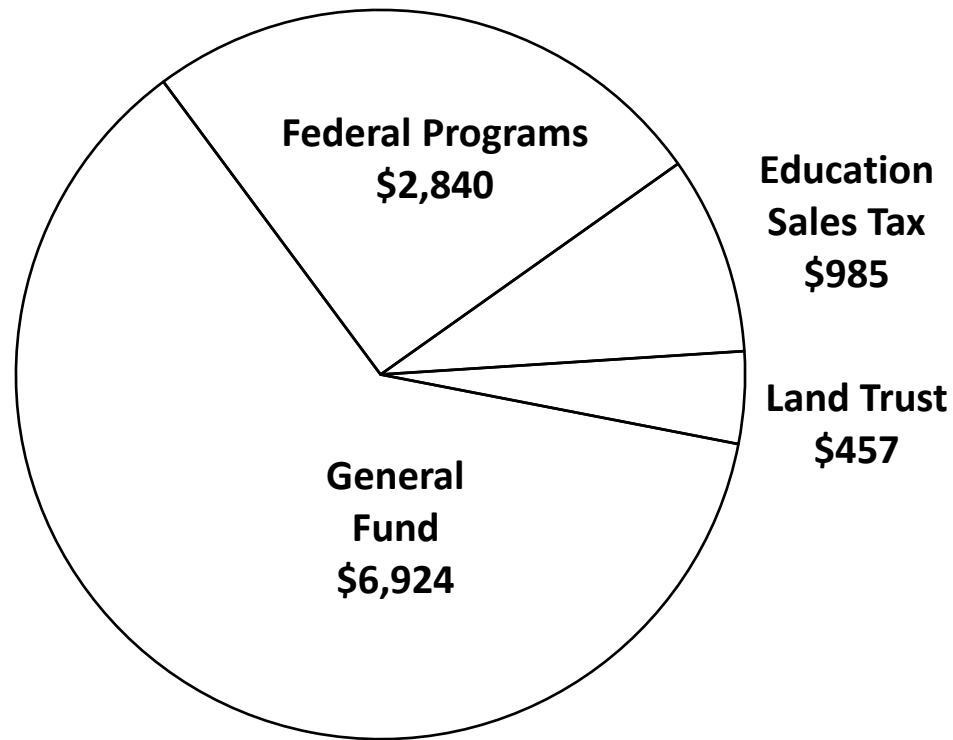
January 11, 2023

Senate Education Committee

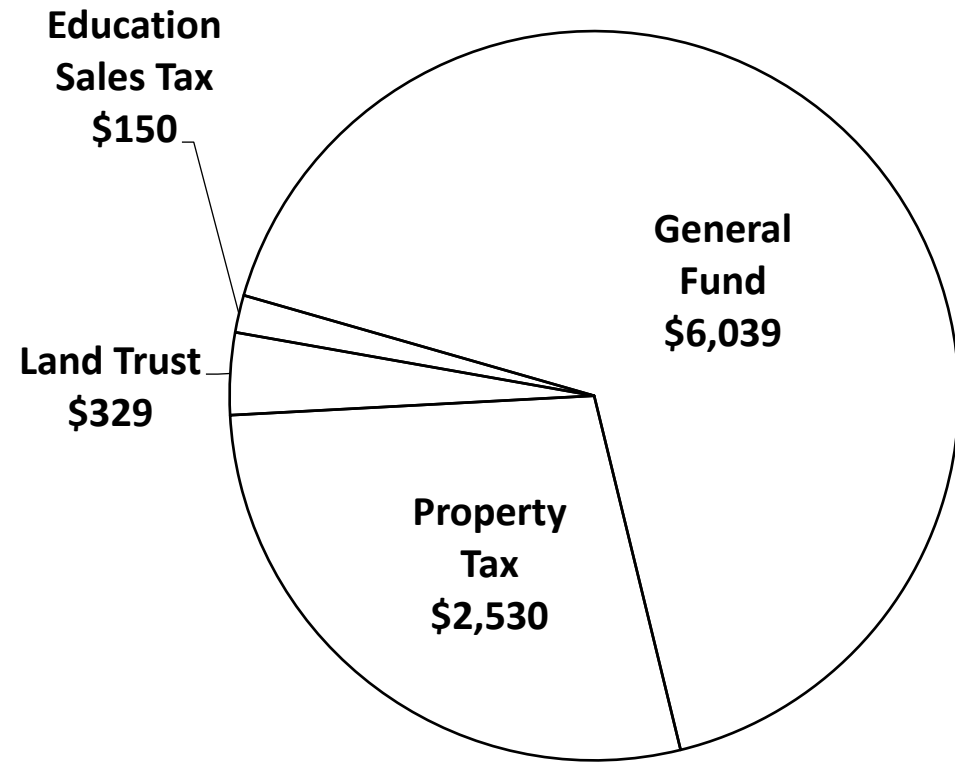


Basic State Aid Allocates \$9.0 Billion to Schools

- Mostly Funded by ADE Resources



ADE = \$11.3 B



BSA Formula = \$9.0 B

Student Counts are Key Determinant of BSA Funding Levels

- Average Daily Membership (ADM) measures student counts:
 - Enrollment of full-time/fractional students for first 100 days, minus withdrawals
 - Students must meet minimum requirements for total instructional hours/courses to be counted
 - FY 2023 Unweighted Count (Estimated): 1.1 million
- ADM is “weighted” based on statutory factors:
 - Group A weights adjust for school size, urban/rural location, K-8/high school
 - Group B weights adjust for specific student populations (e.g. Special Ed, English Learners, K-3, etc.)
 - FY 2023 Weighted Count (Estimated): 1.55 million

BSA Formula Components (Estimated)

- Base Level: \$7.52 billion
 - Calculated with current year weighted ADM; current amount is \$4,775.27
 - Voter-protected statute requires annual inflation adjustment
- Additional Assistance: \$965 million
 - Districts: calculated with prior year unweighted ADM; ranges from \$502.33 to \$670.02
 - Charters: calculated with current year unweighted ADM; ranges from \$1,985.58 to \$2,314.16
- Transportation: \$208 million
 - Districts only; calculated with prior year route miles; ranges from \$2.32 to \$2.83 per route mile
 - Voter-protected statute requires annual inflation adjustment

Property Taxes Fund \$2.5 Billion of BSA Formula

- State Partially Offsets with Homeowner's Rebate

- Qualifying Tax Rate (QTR): \$2.53 billion
 - Districts cover portion of their formula cost via primary property tax
 - Current rates are \$1.7133 for non-unified, \$3.4266 for unified
 - Adjusted annually by JLBC Staff in accordance with Truth-in-Taxation
- Homeowners receive rebate on portion of QTR taxes
 - 50% in FY 2023 with cap of \$600
 - Also provides funding for homeowners over the 1% cap
 - Total FY 2023 cost: \$494 million General Fund

Major Non-BSA State and Local Funding Sources for Districts and Charter Schools

<u>Policy Issue</u>	<u>\$ in Millions</u>
1) Classroom Site Fund	947
2) Bonds	814
3) Overrides	750
4) Other Local Tax Levies	350
5) School Facilities Division	325
6) Other State Formulas	235