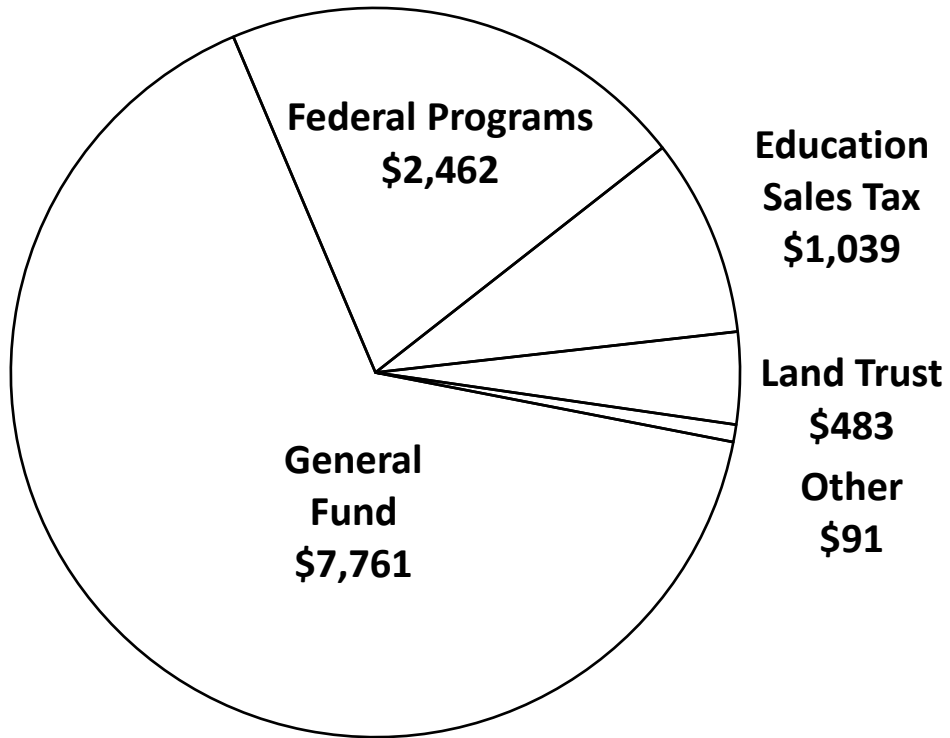

K-12 and ESA Formula Funding Overview

November 14, 2023

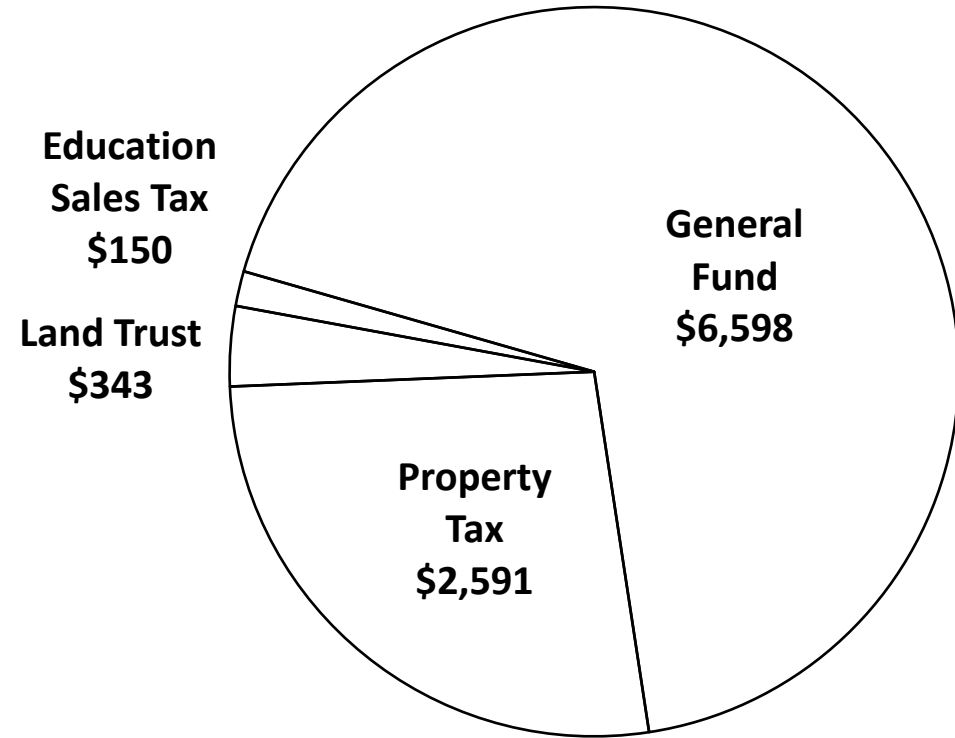


Basic State Aid Allocates \$9.7 Billion to Schools

- Mostly Funded by ADE Resources



ADE = \$11.8 B



BSA Formula = \$9.7 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 2024 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 2024 Weighted Count (Estimated): 1.56 million

Public School BSA Formula Components (Enacted Budget)

- Base Level: \$7.80 billion
 - Calculated with current year weighted ADM; current amount is \$4,914.71
 - Voter-protected statute requires annual inflation adjustment
- Additional Assistance: \$1.04 billion
 - Districts: calculated with prior year unweighted ADM; ranges from \$549.45 to \$732.87
 - Charters: calculated with current year unweighted ADM; ranges from \$2,049.12 to \$2,388.21
- Transportation: \$213 million
 - Districts only; calculated with prior year route miles; ranges from \$2.37 to \$2.89 per route mile
 - Voter-protected statute requires annual inflation adjustment

Property Taxes Fund \$2.59 Billion of Public School Formula

- State Partially Offsets with Homeowner's Rebate

- Qualifying Tax Rate (QTR): \$2.59 billion
 - Districts cover portion of their formula cost via primary property tax
 - Current rates are \$1.6549 for non-unified, \$3.3098 for unified
 - Adjusted annually by JLBC Staff in accordance with Truth-in-Taxation
- Homeowners receive rebate on portion of QTR taxes
 - 50% in FY 2024 with cap of \$600
 - Also provides funding for homeowners over the 1% cap
 - Total FY 2024 cost: \$512 million General Fund

ESA Formula Funds 90% of Base Support Level and CAA

- Enacted Budget Assumed \$625 million for 68,000 enrollees

- Actual enrollment is currently 70,000 and awards are \$665 M.
- Net impact on ADE budget depends on whether new ESA students are “switchers” or were always in private/homeschooled settings.
- ESA formula cost compared with public school depends on school of origin and Group B weights
- We cannot determine impact of switchers in real time due to data limitations

ESA Basic State Aid Formula Comparisons

- Large State Aid District, Pupil with no Group B weights

Table 1

	Grades 1-8	High School
District	\$ 6,200	\$ 6,800
Charter	\$ 7,700	\$ 8,600
ESA	\$ 6,900	\$ 7,700
District less than Charter	\$ (1,500)	\$ (1,800)
District <u>less</u> than ESA	\$ (700)	\$ (900)
Charter <u>more</u> than ESA	\$ 800	\$ 900

ESA Basic State Aid Formula Comparisons

- Large Non-State Aid District, Pupil with no Group B weights

Table 2

	Grades 1-8	High School
District	\$ 0	\$ 0
Charter	\$ 7,700	\$ 8,600
ESA	\$ 6,900	\$ 7,700
District <u>less</u> than Charter	\$ (7,700)	\$ (8,600)
District <u>less</u> than ESA	\$ (6,900)	\$ (7,700)
Charter more than ESA	\$ 800	\$ 900

ESA Basic State Aid Formula Comparisons

- Large State Aid District, Pupil with Moderate Intellectual Disability (MOID)

Table 3

	Grades 1-8	High School
District	\$ 27,900	\$ 28,500
Charter	\$ 29,400	\$ 30,300
ESA	\$ 26,500	\$ 27,300
District less than Charter	\$ (1,500)	\$ (1,800)
District <u>more</u> than ESA	\$ 1,400	\$ 1,200
Charter <u>more</u> than ESA	\$ 2,900	\$ 3,000

Major Non-BSA State and Local Funding for Public Schools

- ESAs May Impact Select Non-Formula Funding Sources

<u>Funding Source</u>	<u>\$ in Millions</u>
1) Classroom Site Fund	1,018
2) Bonds	814
3) Overrides	750
4) Other State Formulas	472
5) School Facilities Division	357
6) Other Local Tax Levies	350

** ESAs may also affect utilization of STO Tax Credit programs, which totaled \$257 Million in FY 23