



2003 SCHOOL FINANCE LEGISLATION

Funding and Distribution

RESEARCH REPORT # 7-03

December 2003

Legislative Revenue Office

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STATE OF OREGON

Research Report

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INTRODUCTION

This report describes legislation affecting Oregon's school finance system that the Legislature passed in the 2003 regular session. The school finance system funds K-12 school districts and Education Service Districts (ESDs). State support of school districts and ESDs is primarily funded through the State School Fund, but also includes other funds.

School finance legislation in the 2003 regular session focused on two major issues: the level of state school funding and the equalization of high cost special education and transportation expenses. The Legislature adopted a school finance package of \$5.2 billion with the potential of \$100 million more. This is more than the Governor's budget initially proposed. The Legislature adopted a high cost disability grant to the school equalization formula and modified the transportation grant component. Another issue was additional funding for small high schools. Small districts with small high schools continued extra funding per high school student. Other attempts to change the K-12 equalization formula to benefit rural, declining enrollment and high growth districts were unsuccessful.

The 2003 legislation is a continuation of incremental changes to the state's school finance system that was adopted in 1991 after voters passed Ballot Measure 5 in 1990. State funding, less than 30% of school general operating revenue in 1990-91, increased to about 70% in 1998-99 and has remained at about this level since then.

The first section of this report summarizes state appropriations and local revenue estimates for 2003-05. The second section describes the changes to the school equalization formula and other funding changes. The last section has a brief description of the changed formula as it now applies to the 2003-05 allocation of state school funds. The ESD allocation is also briefly reviewed.

K-12 AND ESD FUNDING

State School Fund Appropriation

The 2003 Legislature appropriated \$5.2065 billion to the State School Fund (SSF) for state aid to both K-12 school districts and Education Service Districts (ESDs). The yearly appropriation is in HB 5077. The table summarizes the results of this bill. About 91% is from the General Fund

State School Fund Sources			
	2003-04	2004-05	Biennium
General Fund	\$2,460.1	\$2,277. 1	\$4,737.2
Lottery	128.9	134.2	263.1
Additional Lottery	0	67.0	67.0
Education Stability Fund	0	122.0	122.0
Property Tax Discount	0	14.3	14.3
Private Timber	<u>1.9</u>	<u>1.0</u>	<u>2.9</u>
Total	2,590.9	2,615.6	5,206.5
Percent Increase	20.7%	1.0%	13.8%
Trigger Lottery & GF	<u>0</u>	<u>100.0</u>	<u>100.0</u>
Total with Trigger	2,590.9	2,715.6	5,306.5
Percent with Trigger	20.7%	4.8%	16.0%
Dollars in millions			

and 8.7% from lottery funds including stability funds. The appropriation for 2003-05 grew by 13.8%. The percentage growth comparison is after adjusting the 2001-03 State School Fund appropriation for special session reductions to rebalance the budget. Compared to the 2001-03 close of regular session adopted budget, the 2003-05 growth rate would be 4.7%.

An additional \$100 million in 2004-05 is subject to a trigger. The trigger is the size of the projected General Fund ending balance. If the June 2004 estimate for the General Fund ending balance is more than \$100 million, then 50%

of the amount above \$100 million goes to the State School Fund. Also if lottery revenue grows above what is already allocated, then the additional revenue goes to the State School Fund. However, the combination of additional school fund revenue cannot exceed \$100 million. If it does, General Fund revenue is reduced first and lottery funds second to stay within the limit.

HB5077 also includes a potential disappropriation of General Fund revenue from the State School Fund. If part of HB5077 including the temporary income tax assessment portion is referred to the voters and rejected, then \$284.6 million is disappropriated from the State School Fund in 2004-05. Ballot Measure 30 is a referral of part of HB5077. Its defeat will trigger the \$284.6 million disappropriation. If all of HB2152 had been referred to the voters and failed, then \$413.9 million would have been disappropriated from the State School Fund in 2004-05.

State School Fund Allocation

The State School Fund is divided up into four separate programs. The adjoining table shows the estimated 2003-05 allocations. The allocations depend on local revenue estimates. The accuracy of local revenue estimates may shift state funds slightly between ESDs and school districts. The ESD share is 4.1% and the school district share is 95.5%. K-12 and ESD local revenue is in addition to the state funds shown here.

If voters reject Ballot Measure 30, then the 2004-05 K-12 and ESD equalization numbers in the table will be proportionately reduced to match the disappropriation level.

The school district and ESD equalization formulas are described later.

Small High Schools

SB 550 creates a Small School District Supplement Fund and transfers \$5 million (\$2.5 million per year) from the State School Fund to the Small School Fund in 2003-05. This is a continuation of the 2001-03 supplement fund of \$9 million which sunset.

Small school districts are districts under 8,500 weighted students with high schools having less than 350 students for 4 grades and 267 for three grades. Ninety-seven school districts with 104 small high schools will qualify.

Each small school district receives the same dollar amount per high school ADM (average daily membership) each year of the biennium. The \$2.5 million per year is divided by the sum of the qualified small high school ADM in small districts. This statewide amount per ADM is then multiplied by the small district's number of small high school ADM for a district total. This is the same as allocating the funds based on each district's proportional share of qualified ADM. The amount per ADM is about \$170 in 2003-04.

State Special Education

The Department of Education provides schooling for certain special education students (ORS343.243). These students are in hospitals, long-term care facilities or state schools for the deaf and blind. The Department can bill the State School Fund the average operating costs per student statewide for each of these students. The estimated charge is about \$16.5 million for the 2003-05 biennium.

This continues a policy adopted by the 2001 legislature which shifted Department of Education billing for these special education students from the County School Fund to the State School Fund.

Local Formula Revenue

The table shows estimated local funding of K-12 school and ESD operations. Local revenue is the amount from sources included in the equalization formula by statute. Local revenue is still a significant source of funding even with Measure 50 from 1997. It is about 30% of state and local funding.

Local revenue is about 30% of school formula and 41% of ESD revenue. Local revenue stays in the district where collected. However, local revenue is treated as a statewide resource for equalization purposes.

State School Fund Allocation			
	2003-04	2004-05	Biennium
K-12 School			
Small High Schools	\$ 2.5	\$ 2.5	\$ 5.0
State Special Education	8.0	8.5	16.5
School Equalization Formula	2,476.2	2,495.5	4,971.7
ESD			
Equalization Formula	104.2	109.1	213.3
Total	2,590.9	2,615.6	5,206.5
Dollars in millions; K-12 includes youth corrections and juvenile detention education programs.			

Local Formula Revenue Estimates			
	2003-04	2004-05	Biennium
K-12	\$1,057.5	\$1,105.4	\$2,162.9
Portland PERS and Desegregation	-19.5	-19.6	-39.1
Net	1,038.0	1,085.8	2,123.8
Percent Increase	1.7%	4.6%	6.3%
ESD	71.1	73.4	144.5
Percent Increase	9.1%	3.2%	12.9%

Dollars in millions

In the K-12 equalization formula local revenue is mostly property taxes, including taxes paid for prior years, but also includes Common School Fund, County School Fund, state managed county timber trust land and other minor sources. Local revenue having a state or county source is local in the sense that the

original source is local. The state or counties serve as revenue collectors and make mandatory payments to school districts. The 2003 Legislature made no changes to K-12 local revenue sources, and the amount anticipated from sources did not change significantly.

The major source of ESD local revenue is property taxes collected by districts. The other minor source is revenue from state managed county timber trust land distributed to districts (also known as Chapter 530 revenue). Local revenue here does not include revenue from the sale of contract services to school districts or other ESDs.

County School Fund

The County School Fund includes the additional school revenue Congress granted states as federal timber replacement revenue in the Secure Rural Schools and Community Self-Determination Act of 2000. This maintains the federal portion of County School Fund revenue at about \$67 million for the biennium. SB 486 from 2001 clarified that 25% of federal timber related funds for national forests will be distributed to school districts in the same way as in the past and be included in school local formula revenue.

Common School Fund

The revenue estimate anticipates that the State Land Board will not change its distribution policy and that no special distribution will be made. The estimate also assumes earnings will be below the first 4% available for distribution. The distribution estimate is at about \$27 million for the biennium.

State School Fund (No Disappropriation) and Local Revenue

Combined State School Fund and local revenue makes up most of a school's entire general operating revenue. Statewide, this formula revenue for operations will be about 11.5% higher in 2003-05 than in the prior biennium assuming no disappropriation in 2004-05. Because the K-12

and ESD allocation formulas effectively distribute both State School Fund and local funds, the table shows the estimated combined state and local allocations. These combined allocations are based on local revenue estimates as of the close of the 2003 session. The ESD share is 4.7% with the other 95.3% primarily for school districts.

State School Fund With Disappropriation and Local Revenue

If Ballot Measure 30 is defeated, the State School Fund is reduced by \$284.6 million in 2004-05. Local revenue

estimates do not change. The new allocation of state and local formula revenue is shown in the following table. School district formula revenue decreases by \$270.8 million and ESD revenue by \$13.8 million.

State School Fund And Local Formula Revenue			
No disappropriation	2003-04	2004-05	Biennium
K-12 School			
Small High Schools	\$ 2.5	\$ 2.5	\$ 5.0
State Special Education	8.0	8.5	16.5
School Equalization Formula	3,512.2	3,579.3	7,091.5
Formula Percent Increase	14.1%	2.0%	11.2%
Local Revenue above Formula	2.0	2.0	4.0
ESD			
Equalization Formula	175.3	182.5	357.8
Formula Percent Increase	22.1%	2.0%	19.0%
Total	3,700.0	3,774.8	7,474.8
Dollars in millions; K-12 includes youth corrections and juvenile detention education programs. End of session local revenue estimates.			

State School Fund (-\$284.6) And Local Formula Revenue			
With \$284.6 disappropriation	2003-04	2004-05	Biennium
K-12 School			
Small High Schools	\$ 2.5	\$ 2.5	\$ 5.0
State Special Education	8.0	8.5	16.5
School Equalization Formula	3,512.2	3,308.5	6,820.7
Formula Percent Increase	14.1%	-5.8%	7.0%
Local Revenue above Formula	2.0	2.0	4.0
ESD			
Equalization Formula	175.3	168.7	344.0
Formula Percent Increase	22.1%	-3.8%	14.4%
Total	3,700.0	3,490.2	7,190.2
Dollars in millions; K-12 includes youth corrections and juvenile detention education programs. End of session local revenue estimates.			

Local Revenue Above K-12 Formula

Typically one or two school districts have had local revenue above their formula allocation. The amount is initially included as local revenue in the equalization formula. After determining the equalization level, excess local revenue is excluded from local revenue. The excess is not recaptured for redistribution to other districts and thus not equalized.

Revenue Cap

The 2003 Legislature did not put a cap on formula revenue during the 2003-05 biennium. The prior Legislature capped the allocation from the State School Fund and local revenue each year based on the close of session local revenue estimates. With an overall cap, if local revenue

came in above estimates, state aid decreased to keep the combination under the cap. The 2001-03 caps were not exceeded given the impact of economic conditions on revenue.

Additional K-12 School Funding

The 2003 Legislature also made special allocations to K-12 schools outside the State School Fund. The 2001 special allocations were primarily for improvements to meet quality education goals. Although the Legislature makes other categorical grants to schools, these two are included here for comparison because they are part of the change in the school funding package adopted by the 2003 Legislature.

School Improvement Fund

The 2003 Legislature did not make an appropriation to the School Improvement Fund. The

Additional K-12 State Funding			
	03-04	04-05	Biennium
School Improvement Fund	\$ 0	\$ 0	\$ 0
Local Option Equalization	<u>0.2</u>	<u>0.2</u>	<u>0.4</u>
Total	.2	.2	.4
Dollars in millions.			

2001 Legislature approved a \$220 million General Fund appropriation to the Department of Education for the School Improvement Fund, but only \$108 million was distributed in 2001-02. The remainder for 2002-03 was rescinded to help rebalance the budget.

When funds are available, school districts must apply for funds and the Department of Education has to evaluate district progress. Each district's share of funds is its proportionate share of current year extended average daily membership weighted (ADMw). Youth Corrections Education Program and Juvenile Detention Education students are eligible. Districts may transfer a portion of their grant to charter schools within the district.

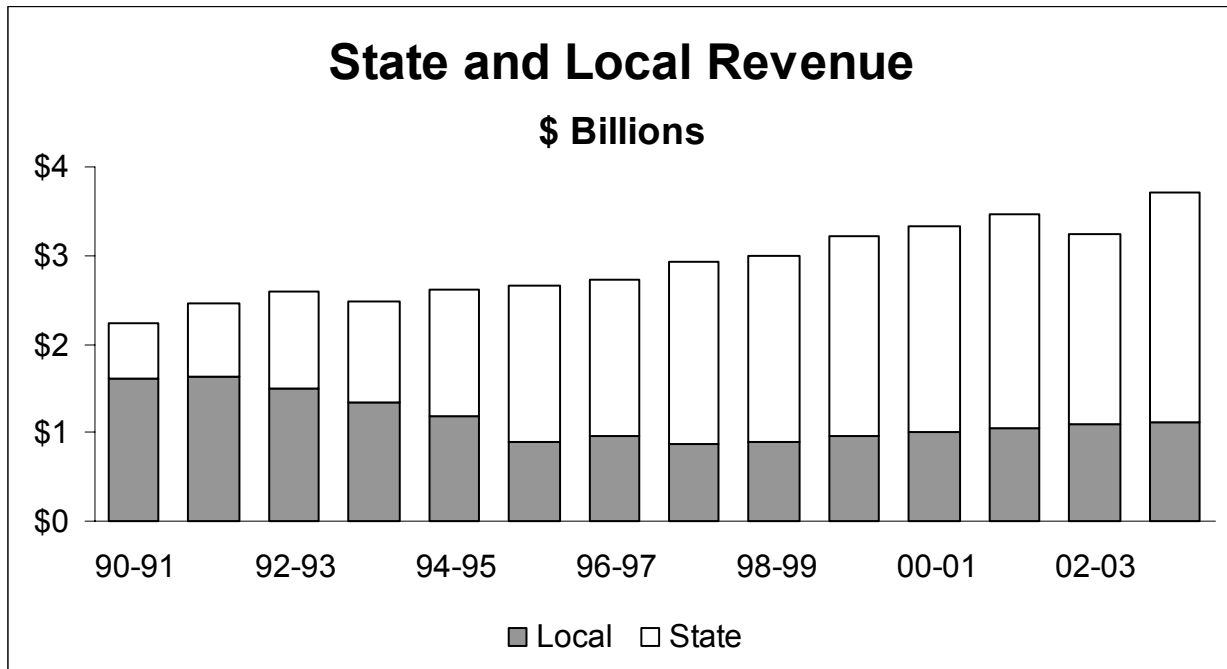
Local Option Equalization

The Legislature appropriated \$400,000 for local option equalization grants. Only school districts levying a local option property tax may qualify. Local option districts with assessed value per student less than the target district are eligible. The target district assessed value per student is set so that 25% of the districts are above the target and 75% are at or below the target.

The district equalization grant provides funding as though the district has assessed value per student at the target level. The grant is equal to the number of students times the local option tax rate times the difference between the target value per student and the district assessed value per student. The grant calculation uses prior year tax data. If voters approve a local option during a biennium, the eligible district does not receive a grant payment until the succeeding biennium. Grants are proportionally reduced if appropriated funds are insufficient. Estimated grants are paid by March 31 each fiscal year with subsequent corrections as needed.

Recent Funding History

The chart shows combined state and local formula revenue of schools since 1990-91.



In 1990 voters approved Ballot Measure 5 that altered the state-local finance structure. Measure 5 phased in property tax limits that substantially reduced local property taxes for schools. Consequently the 1991 Legislature increased state funding and passed a new school equalization formula. By the end of the 5 year tax limit phase-in, the state primarily funded the school system and virtually eliminated local control over school funding levels.

Voter approval of Measure 50 during the 1997 Legislative Session continued the shift to state funding. Measure 50 (a rewrite of Measure 47 passed just prior to the Session) added another property tax limit more restrictive than Measure 5. In response, the 1997 Legislature raised the level of state funding even higher and further modified the school equalization formula. State funding, less than 30% of school general operating revenue in 1990-91, increased to about 70% in 1998-99 and has remained at about this level since then except for 2002-03.

The chart demonstrates how Oregon has moved to a state-funded school system. Before Measure 5, the state provided 30% of local school funding. By 1997-98, it provided 70%. Measure 5 and Measure 50 property tax cuts and a dramatic increase in state school aid accomplished this shift. In 1989-91, 25% of General Fund and lottery expenditures went to K-12 schools and ESDs. In 2001-03, this share will be up to 45.2% without and 46.3% with the School Improvement Fund. Additional State School Fund dollars come from the Other Funds category in 2001-03.

K-12 School and ESD Allocation

K-12 School Equalization Formula

A major result of the 2003 session was legislation modifying the school equalization formula. The Legislature changed the transportation grant and added a new high cost disability grant. School district state and local formula revenue is now the sum of four individual grants instead of three. These changes are in SB 550.



The Legislature also allowed the continued phase-in of additional weight for certain small high schools which started in 1999-00.

Transportation Grant

The old transportation grant was 70% of approved transportation costs. The other 30% is funded from the general purpose grant. If a district has a very high transportation cost per student, for example \$800, its 30% or \$240 is much higher than for the average cost district (about \$75) and its general purpose grant for other than transportation costs is less per student.

To deal with this situation the Legislature decided that the very highest transportation cost per student districts should have 80% or 90% of costs included in the transportation grant. To determine which districts have a higher percentage, the average transportation cost per student is calculated for each district. Districts are then ranked from highest to lowest cost per student. The top 10% of highest cost districts qualify for 90% and the next 10% qualify for 80%. The grant does not change for the bottom 80% of districts.

Transportation Grant	=	70% to 90% of Transportation Costs	District Rank	% of Costs
			Top 10%	90%
			Next 10%	80%
			Bottom 80%	70%

The highest cost districts tend to be rural districts with a low density of students where most of the students ride a bus over considerable distances. These districts are helped by the change in the transportation formula. The higher transportation grant reduces funds available for general purpose grants so that districts with 70% transportation grants receive a little less state funding.

High Cost Disability Grant

During the 2001 interim a task force studied special education. One of the task force's recommendations was to provide a grant to districts with students requiring special education services that were very costly. High cost special education students tend to be concentrated in urban areas where medical and therapeutic services are available. Thus the number of students is not proportional among districts and the cost for their education can be very disproportional to the revenue generated from the double weighting of these students in the school equalization formula. This was viewed as an extra burden not fairly shared by all districts.

The solution adopted by the Legislature was to set a cap on the costs paid by the districts that were not taken into account by the existing formula. Districts would continue to receive formula

revenue based on a double weight and have to pay costs exceeding that revenue up to \$25,000 per special education student. Costs in excess of \$25,000 are eligible for reimbursement. The analogy was an insurance policy where all districts should pay and a few collect.

A district's high cost disability grant is the sum of the approved disability costs for each special education student that exceeds \$25,000 per year. The school district can add ESD special education costs incurred for the same student for the student's total special education cost.

High Cost Disability Grant	=	Up to Sum of Costs above \$25,000 per Disability Student
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Since the data for the number of high cost students and their special education costs was uncertain, the Legislature decided to cap high cost disability grants at \$12 million per year. If eligible costs exceed \$12 million, the grants are proportionally reduced to total \$12 million.

The high cost disability grant also sunsets at the end of 2004-05. The two year life was to require a review once actual data was available.

Adding a high cost disability grant to the formula reduces the general purpose grant total by the same \$12 million. Thus all districts share in the cost and those with high cost disabilities benefit by their high cost disability grant exceeding the reduction in their general purpose grant.

The Out-of-State Disabilities Placement Education Fund is repealed as of January 1, 2004. Any remaining balance is transferred to the State School Fund. The high cost disability grant replaces this funding.

Small High School Merger

If small high schools merge, the combined high school may be too large to qualify for a small high school extra weight. This may be a disincentive for small high schools to merge to improve programs or achieve economies of scale.

Now if high schools merge, districts are allowed to continue to add a small high school extra student weight that is the higher of (1) the sum of the extra weight each small high school was eligible for prior to the merger or (2) the eligible extra weight of the merged high school if still a small high school. The additional small high school weight is limited to four years and applies to mergers on or after January 1, 2003.

Formula Local Revenue

Two changes were made to local revenue excluded from the school equalization formula. One deals with local option property taxes and the other with Portland School District property taxes.

The limit for the amount of school local option tax revenue excluded from school local revenue in the school equalization formula increased. The new limit is the lesser of 15% of school formula revenue or \$750 per weighted student. The old limit was the lesser of 10% of school formula revenue or \$500 per weighted student. This does not change any current local option levies in effect, but allows districts with a wide enough tax gap between Measures 5 and 50 to seek voter approval of higher local options. Higher local options approved by voters under the new limit would not be counted as local revenue in the school formula and thereby not reduce

state aid to the district. The method of equalizing local option revenue will still apply to any higher local option approvals.

In 1997 legislation excluded Portland School District revenue used to repay a bond from local revenue in the school formula. The bonds were initially sold to fully fund their retirement plan so the school district could be included in PERS. With Measure 50, the bonds are paid with gap bond property taxes. The bond is scheduled to be paid off by the end of 2004-05 and the permanent operating tax rate was to increase by about 50 cents. The operating tax revenue would increase Portland local revenue in the school formula and decrease state aid. The new legislation allows Portland School District to transition from a gap bond tax to an operating tax two years early without loss of state school funding. If a statutory tax rate increase of about 50 cents is triggered by paying off the gap bond early, the increase in operating property taxes is excluded from local revenue in the school equalization formula in 2003-04 and 2004-05. Then beginning in 2005-06, the tax rate reverts back to the 2002-03 rate of \$4.77. If the bond is not paid off early, the statutory tax rate still does not increase by 50 cents in 2005-06, but remains at \$4.77. The legislation repeals the exclusion of Portland school district property taxes beginning in 2005-06 because the bond debt is repaid.

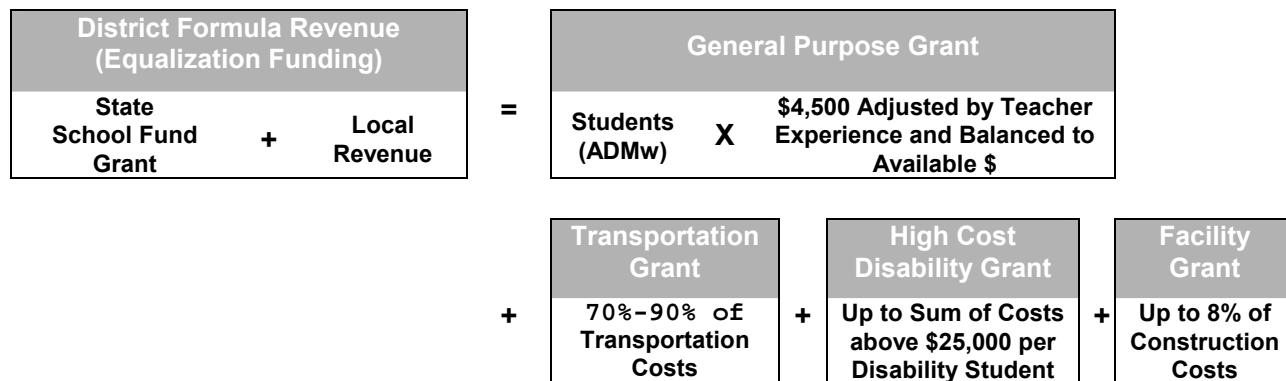
Revised Equalization Formula

The K-12 school equalization formula allocates most state and local operating revenue available to local school districts. Local revenue stays with the district where collected, but is treated like a state resource. The combination of state and local revenue equals a measured financial need. The formula does make a facility grant, but does not allocate any other capital resources. The formula also does not allocate state and federal categorical aid. These funds are dedicated to specific programs and cannot be used for general purposes.

The K-12 school distribution formula allocates funds based largely on a per student basis. For purposes of the formula, "student" means weighted average daily membership (ADMw) extended. Weighting means counting a higher cost student as more than one. Extended means the higher of the current year or prior year ADMw.

The formula includes four grant calculations for each district. These are a general purpose grant, a transportation grant, a high cost disability grant and a facility grant.

K-12 SCHOOL EQUALIZATION FORMULA



State aid is State School Fund money available for distribution to school districts. Local revenue includes property taxes, County School Fund, Common School Fund and a few other sources.

The general purpose grant starts at a \$4,500 target per weighted student. Applying the teacher experience factor increases or decreases the \$4,500 per student target by \$25 for each year the district average experience is more or less than the statewide average teacher experience. A calculated percentage adjustment factor (currently above 110%) modifies the adjusted target amount to allocate the full state and local funds available. General purpose grants are about 95% of the total.

The transportation grant is a 70% to 90% reimbursement of approved student transportation costs. These costs are primarily school bus costs for transport between home and school and class field trips. Districts are ranked by costs per student. Districts ranked in the top 10% have 90% grants. Districts ranked in the next lower 10% have 80% grants and the bottom 80% of districts continue with 70% grants.

The high cost disability grant is the sum of the costs above \$25,000 for each student with disabilities. ESD costs for each student can be included in the total. The total grants for all districts cannot exceed \$12 million per year. If eligible costs exceed \$12 million, grants are prorated to sum up to \$12 million. The grant sunsets after 2004-05.

The facility grant is up to 8% of the construction costs for new classrooms, but is subject to a biennial limit of \$17.5 million. The grant is for classroom equipment that cannot be included in bonded debt. If eligible facility grants exceed the biennial limit, grants are prorated at less than 8% of construction costs.

ESD Equalization Phase-in Continues

The 2003 Legislature did not modify the phase-in of equalization for ESDs. During the 2003-05 biennium the phase-in will continue as specified in 2001 legislation. The phase-in is complete beginning in 2005-06. ESDs will continue to slightly increase their share of total state and local formula revenue for school districts and ESDs. Beginning in 2005-06 the ESD share will be 5% of the total and remain at that share thereafter.

Phase-in Formula

The phase-in calculation is more complex. Please refer to Research Report #3-01 titled "2001 School Finance Legislation-Funding and Distribution" for a detailed description of the formula. A general mathematical representation of the formula is as follows:

General Services Revenue		=	Balanced		Base Revenue	+	Gap Revenue (Base Adjustment)	+	Minimum Revenue	
State School Fund Grant	+	Local Revenue	=	Percent To Balance	X	Higher (1) prior year \$ or (2) prior year \$ / Student * ADMw	+	Gap Percent X (Target - Base)	+	Extra \$ if Below Minimum

Final Equalization

Final equalization begins in 2005-06 after 4 years of phase-in. Final equalization is simpler to calculate because there is no base or gap amounts. However, it still involves several steps just like calculating the target. The first step is to allocate 95% of both K-12 and ESD state and local formula revenue to each school district using the K-12 formula. The second step is to allocate to each ESD 5.263% of its component school districts' allocation and sum by ESD. The third step is to increase any ESD allocation below the minimum to the minimum. The last step is to reduce the revenue of all ESDs by the same percent to rebalance revenue to the 5.263% amount.

Calculating ESD revenue as a percent of school district revenue means the ESD percent of the school share has to be more than 5%. To make the funding for 20 ESDs add up to 5% of the total funds, the ESD percent is set at 5.263% (5.263% of 95%=5%).

The K-12 school equalization formula is the adopted definition of equity for both school districts and ESDs. The assumption is that the financial need of ESDs is proportional to the needs of their component school districts.

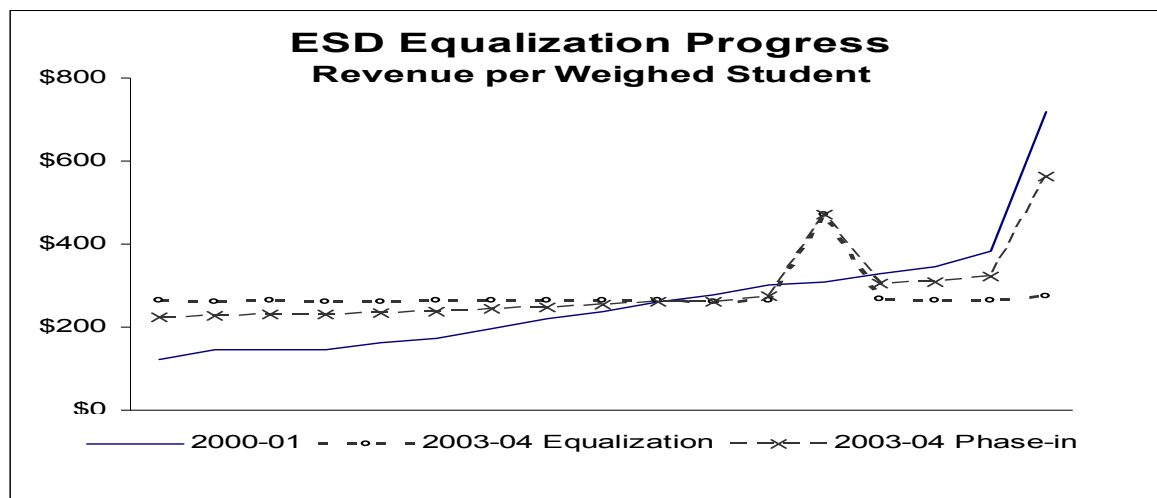
Measuring the Progress of ESD Equity

After Measure 5 substantial per student differences in ESD funding still existed. What were acceptable differences then are now deemed less acceptable. A new measure of fairness has been implemented. "Equity" as a measure of fairness does not necessarily mean that all ESDs get the same funding per student. ESDs like school districts face different problems and costs that may justify different funding levels. Thus defining equity is to some extent a matter of policy about which reasonable people can disagree.

For purposes of this report, the assumption is that the permanent ESD equalization formula beginning in 2005-06 is the legislatively adopted definition of equity. This means 100% equity is achieved if the equalization formula operates without constraints. It also means the K-12 equalization formula factors define ESD "equity". These factors have changed over time and will no doubt be periodically reviewed and revised by future legislatures. For example, the additional new facility grant in 1999 and high cost disability grant in 2003 redefined K-12 equity. Thus "equity" is an evolving target over time, and an analysis of the movement towards "equity" is one snapshot in a moving picture.

A Picture of Progress

This graph demonstrates the progress toward equity. ESDs are ordered by 2000-01 revenue per weighted student. The highest funded ESD, North Central, is omitted to limit the vertical scale. Grant and Wallowa are omitted because they shared revenue with component districts in 2000-01 and this complicates the comparison. In 2000-01, the funding level varied from about \$123 per weighted student to over \$2,000 per weighted student. In 2003-04 this range is narrowed from about \$224 to over \$1,500 per weighted student.



The solid line labeled "2000-01" is 2000-01 per weighted student revenue. The dot-dash line represents the equalization amounts per student if implemented in 2003-04. The other "x"-dash line labeled 2003-04 is the phase-in distribution estimate. The vertical distance between the 2003-04 lines represents the amount of equalization to be achieved. The vertical distance between the 2000-01 and 2003-04 Phase-in lines is the amount of equalization progress made since 2000-01.

Finally, note that, except for the impact of district minimums, the equalization line is almost a horizontal straight line. This shows that "equity" is not exactly the same dollar amount per weighted student for all ESDs because K-12 equity per weighted student is not the same for component districts.

RELATED REPORTS

The following reports deal with recent school finance legislation in more detail. The summaries are a condensed overview of the equalization formulas.

"2001 School Finance Legislation: Funding and Distribution," Research Report #3-01

"K-12 and ESD School Finance: State School Fund Distribution" Research Report #8-01

"ESD Equalization Formula Phase-in: State School Fund," one page summary

"K-12 School Equalization Formula: State School Fund," two page summary

"School Local Property Tax Option: 1999 Legislation," Research Report #5-99

"1999 School Finance Legislation: Funding and Distribution," Research Report #4-99

"K-12 School Finance: State School Fund Distribution," Research Report #2-99

"1997 School Finance Legislation: Funding and Distribution," Research Report #2-98