House Bill 279

By: Representatives Ramsey of the 72nd, Cole of the 125th, and Pruett of the 144th

A BILL TO BE ENTITLED

AN ACT

1   To amend Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated,

2   relating to the "Quality Basic Education Act," so as to revise the definition of "guaranteed

3   valuation school system" for purposes of determining equalization grants; to revise the

4   method of calculating equalization grants; to provide for related matters; to repeal conflicting

5   laws; and for other purposes.

6   BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7   **SECTION 1.**

8   Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to

9   financing under the "Quality Basic Education Act," is amended by revising Code Section

10 20-2-165, relating to equalization grants, as follows:

11   "20-2-165.

12 (a) As used in this Code section, the term:

13   (1) 'Assessed valuation' is defined as 40 percent of the equalized adjusted property tax

14   digest reduced by the amount calculated pursuant to subsection (g) of Code Section

15   20-2-164.

16   (2) 'Assessed valuation per weighted full-time equivalent count' is defined as the

17   assessed valuation for the most recent year available divided by the weighted full-time

18   equivalent count for the year of the digest.

19   (3) 'Effective millage rate' is defined as local tax revenues divided by the assessed

20   valuation and multiplied by 1,000; provided, however, that if the amount of local tax

21   revenues is subsequently adjusted as a result of an audit of a local school system's annual

22   financial report, the increase or decrease in local tax revenues resulting from the audit

23   shall cause an adjustment to be made in the effective millage rate that was calculated

24   initially. Any net change in the amount of equalization dollars earned as a result of such

25   adjustment shall be applied to the amount of the local school system's equalization grant

26   in a subsequent fiscal year.

27   (4) 'Eligible full-time equivalent program count' is defined as the sum of the full-time

28   equivalent resident student count and full-time equivalent nonresident student count

29   pursuant to subsection (d) of Code Section 20-2-160 for each program specified pursuant

30   to subsection (b) of Code Section 20-2-161; provided, however, that each local school

31   system's total full-time equivalent nonresident student count for all programs except

32   programs for persons with disabilities shall not exceed the lesser of the count for fiscal

33   year 2000 or the count for any ensuing fiscal year, unless the local school system serves

34   under contract all of the students in one or more grade levels from an adjoining system

35   or unless the system serves students from an adjoining system under court order.

36   (5) 'Equalized adjusted property tax digest' is defined as the most recent equalized

37   adjusted property tax digest furnished to the State Board of Education pursuant to

38   paragraph (1) of subsection (c) of Code Section 20-2-164.

39   (6) 'Guaranteed valuation ~~school system~~' is defined as the ~~local school system ranking~~

40   ~~at the seventy-fifth percentile~~ state average in dollars of assessed valuation per weighted

41   full-time equivalent count~~, where the ranking of school systems is such that the~~

42   ~~one-hundredth percentile school system is that with the highest amount in dollars of~~

43   ~~assessed valuation per weighted full-time equivalent count. For the purpose of~~

44   ~~determining the assessed valuation per weighted full-time equivalent count of the~~

45   ~~guaranteed valuation school system only, a reduction of the assessed valuation for~~

46   ~~exemptions authorized by Code Sections 48-5-44 and 48-5-48 shall be calculated whether~~

47   ~~such exemptions are granted or not granted by the guaranteed valuation school system.~~

48   (7) 'Local tax revenues' is defined as the sum of tax revenues for a local school system

49   as furnished to the Department of Education by the school system in its annual financial

50   report, reduced by the total amount of general funds expended for capital outlay or

51   transferred into an escrow account for capital outlay purposes for the most recent fiscal

52   year such data are available and increased by any federal funds designed to replace local

53   tax revenues provided to the said system; provided, however, that the local school system

54   has furnished the state board with acceptable documentation which clearly identifies the

55   source or sources of such federal funds.

56   (8) 'Most recent weighted full-time equivalent count' is defined as the weighted full-time

57   equivalent count derived from full-time equivalent program count data obtained for the

58   purpose of determining the funds initially needed to finance the Quality Basic Education

59   Formula pursuant to subsection (d) of Code Section 20-2-160 for the next ensuing fiscal

60   year.

61   (9) 'Qualified local school system' is defined as any local school system having an

62   assessed valuation per weighted full-time equivalent count for the year of the digest

63   ~~ranking~~ which is below the guaranteed valuation ~~school system~~ and having an effective

64   millage rate greater than the millage rate applied to calculate the local five mill share

65   pursuant to subsection (a) of Code Section 20-2-164.

66   (10) 'Weighted full-time equivalent count' is defined as the sum of all eligible full-time

67   equivalent program counts multiplied by their respective program weights in effect

68   during the fiscal year that the full-time equivalent program counts were obtained pursuant

69   to Code Section 20-2-161.

70   (11) 'Weighted full-time equivalent count for the year of the digest' is defined as the

71   weighted full-time equivalent count derived from full-time equivalent program count data

72   obtained for the purpose of determining the funds initially needed to finance the Quality

73   Basic Education Formula pursuant to subsection (d) of Code Section 20-2-160 for the

74   current fiscal year.

75   (b) The State Board of Education shall annually calculate the equalization grant for each

76   qualified local school system in the following manner:

77   (1) Subtract the assessed valuation per weighted full-time equivalent count for the local

78   school system from the ~~assessed valuation per weighted full-time equivalent count for the~~

79   guaranteed valuation ~~school system~~;

80   (2) Divide the difference resulting from paragraph (1) of this subsection by 1,000;

81   (3) Subtract ~~five~~ eight from the effective millage rate for the local school system and use

82   the resulting number of effective mills or ~~15~~ 12 effective mills, whichever is less, as the

83   number of effective mills to be equalized;

84   (4) Multiply the quotient resulting from paragraph (2) of this subsection by the number

85   of effective mills to be equalized pursuant to paragraph (3) of this subsection; and

86   (5) Multiply the product resulting from paragraph (4) of this subsection by the most

87   recent weighted full-time equivalent count for the local school system.

88   The resulting amount shall be the equalization grant for the ensuing fiscal year; provided,

89   however, that for each local school system which serves under contract all of the students

90   in one or more grade levels from an adjoining system and for each local school system

91   which sends under contract all of the students in one or more grade levels to an adjoining

92   system, the equalization grant shall be calculated to represent the amount that would be

93   earned if the students transferred under said contract were included in the full-time

94   equivalent counts of the local school system in which they reside; provided, further, that

95   any equalization grant to be earned by a local school system sending students to another

96   system under the provisions of such a contract shall be reduced by an amount which

97   represents the equalization funds earned per weighted full-time equivalent student

98   multiplied by the total weighted full-time equivalent count for students transferred, and

99   any equalization grant to be earned by the local school system receiving students under

100   said contract shall be increased by the same amount.

101 (c) The State Board of Education shall allocate respectively the amount calculated under

102   subsection (b) of this Code section to each qualified local school system. For the first

103   effective year of the merger of any two or more local school systems, the equalization grant

104   shall be the addition of amounts which would have been separately earned by the systems

105   participating in the merger or the amount which would have been earned if the systems had

106   already been merged during the year of the applicable digest, whichever is greater. No

107   portion of local five mill share shall be applied to such equalization grants. In the event

108   sufficient funds are not appropriated in a fiscal year to the state board to allot the full

109   amount of equalization grants calculated to be payable to qualified local school systems as

110   provided in this Code section, the state board shall proportionately reduce the amount of

111   funds to be allocated to qualified local school systems.

112   (d)(1) A midterm adjustment in a local school system's equalization grant shall be made

113   if:

114   (A) The school ~~system ranks~~ system's assessed valuation per weighted full-time

115   equivalent count is at or below the ~~seventy-fifth percentile in dollars of assessed~~

116   ~~valuation per weighted full-time equivalent count, where the ranking of school systems~~

117   ~~is such that the one-hundredth percentile school system is that with the highest amount~~

118   ~~in dollars of assessed valuation per weighted full-time equivalent count~~ guaranteed

119   valuation; and

120   (B) The school system increases the actual millage levied against its digest for

121   maintenance and operation.

122   (2) If made, the midterm adjustment to the equalization grant shall be calculated as

123   follows:

124   (A) Calculate the percentage change in the actual millage rate for a school system by

125   subtracting the actual millage rate for the prior year from the actual millage rate for the

126   current year and dividing by the actual millage rate for the prior year; provided,

127   however, that for local school systems that impose local option sales taxes for school

128   maintenance and operation, as authorized by law, the Department of Education shall be

129   authorized to adjust this calculation by adding the equivalent property tax millage that

130   would be needed to produce the revenue raised by the local option sales tax to the

131   actual millage rate and calculating a revised percentage change;

132   (B) If the result from subparagraph (A) of this paragraph is a positive number, multiply

133   the number of effective mills calculated as part of the original equalization grant

134   calculation for a given year by the percentage increase calculated in subparagraph (A)

135   of this paragraph. Add the product of this calculation to the effective number of mills

136   from the original equalization grant calculation as described in subsections (a)

137   through (c) of this Code section;

138   (C) Recalculate the equalization grant substituting the revised number of effective

139   mills calculated in subparagraph (B) of this paragraph; and

140   (D) Subtract the initial equalization grant amount from the amount calculated in

141   subparagraph (C) of this paragraph.

142   The resulting amount shall be the midterm adjustment to the equalization grant.

143   (e) If the result from subparagraph (A) of paragraph (2) of subsection (d) of this Code

144   section is a positive number, the local school system's number of effective mills used in the

145   calculation of its equalization grant for the ensuing fiscal year shall be adjusted by

146   multiplying the number of effective mills calculated pursuant to paragraph (3) of

147   subsection (b) of this Code section by the percentage increase calculated in

148   subparagraph (A) of paragraph (2) of subsection (d) of this Code section. The resulting

149   amount shall be the adjusted number of effective mills used in the calculation of the

150   equalization grant pursuant to paragraph (3) of subsection (b) of this Code section;

151   provided, however, that in no event shall the adjusted number of effective mills to be

152   equalized exceed ~~15~~ 12 effective mills. For Fiscal Year 2006 only, adjustments to

153   equalization grants as provided in this subsection shall be allocated to local school systems

154   following the adoption of the amended Appropriations Act for Fiscal Year 2006."

155   **SECTION 2.**

156   All laws and parts of laws in conflict with this Act are repealed.