

House Bill 904

By: Representatives Dickson of the 6th, Coleman of the 97th, Neal of the 1st, Maxwell of the 17th, Lindsey of the 54th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia
2 Annotated, relating to the "Quality Basic Education Act," so as to provide for a distribution
3 method for equalization grants to school systems in the event that appropriations are
4 insufficient to fully fund such grants; to provide that such distribution method shall apply
5 only through July 1, 2013; to provide for related matters; to provide an effective date; to
6 repeal conflicting laws; and for other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated,
10 relating to financing under the "Quality Basic Education Act," is amended by revising Code
11 Section 20-2-165, relating to equalization grants, as follows:

12 "20-2-165.

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

14 (1) 'Assessed valuation' is defined as 40 percent of the equalized adjusted property tax
15 digest reduced by the amount calculated pursuant to subsection (g) of Code Section
16 20-2-164.

17 (2) 'Assessed valuation per weighted full-time equivalent count' is defined as the
18 assessed valuation for the most recent year available divided by the weighted full-time
19 equivalent count for the year of the digest.

20 (3) 'Effective millage rate' is defined as local tax revenues divided by the assessed
21 valuation and multiplied by 1,000; provided, however, that if the amount of local tax
22 revenues is subsequently adjusted as a result of an audit of a local school system's annual
23 financial report, the increase or decrease in local tax revenues resulting from the audit
24 shall cause an adjustment to be made in the effective millage rate that was calculated
25 initially. Any net change in the amount of equalization dollars earned as a result of such

adjustment shall be applied to the amount of the local school system's equalization grant in a subsequent fiscal year.

(4) 'Eligible full-time equivalent program count' is defined as the sum of the full-time equivalent resident student count and full-time equivalent nonresident student count pursuant to subsection (d) of Code Section 20-2-160 for each program specified pursuant to subsection (b) of Code Section 20-2-161; provided, however, that each local school system's total full-time equivalent nonresident student count for all programs except programs for persons with disabilities shall not exceed the lesser of the count for fiscal year 2000 or the count for any ensuing fiscal year, unless the local school system serves under contract all of the students in one or more grade levels from an adjoining system or unless the system serves students from an adjoining system under court order.

(5) 'Equalized adjusted property tax digest' is defined as the most recent equalized adjusted property tax digest furnished to the State Board of Education pursuant to paragraph (1) of subsection (c) of Code Section 20-2-164.

(6) 'Guaranteed valuation school system' is defined as the local school system ranking at the seventy-fifth percentile in dollars of assessed valuation per weighted full-time equivalent count, where the ranking of school systems is such that the one-hundredth percentile school system is that with the highest amount in dollars of assessed valuation per weighted full-time equivalent count. For the purpose of determining the assessed valuation per weighted full-time equivalent count of the guaranteed valuation school system only, a reduction of the assessed valuation for exemptions authorized by Code Sections 48-5-44 and 48-5-48 shall be calculated whether such exemptions are granted or not granted by the guaranteed valuation school system.

(7) 'Local tax revenues' is defined as the sum of tax revenues for a local school system as furnished to the Department of Education by the school system in its annual financial report, reduced by the total amount of general funds expended for capital outlay or transferred into an escrow account for capital outlay purposes for the most recent fiscal year such data are available and increased by any federal funds designed to replace local tax revenues provided to the said system; provided, however, that the local school system has furnished the state board with acceptable documentation which clearly identifies the source or sources of such federal funds.

(8) 'Most recent weighted full-time equivalent count' is defined as the weighted full-time equivalent count derived from full-time equivalent program count data obtained for the purpose of determining the funds initially needed to finance the Quality Basic Education Formula pursuant to subsection (d) of Code Section 20-2-160 for the next ensuing fiscal year.

(9) 'Qualified local school system' is defined as any local school system having an assessed valuation per weighted full-time equivalent count for the year of the digest ranking below the guaranteed valuation school system and having an effective millage rate greater than the millage rate applied to calculate the local five mill share pursuant to subsection (a) of Code Section 20-2-164.

(10) 'Weighted full-time equivalent count' is defined as the sum of all eligible full-time equivalent program counts multiplied by their respective program weights in effect during the fiscal year that the full-time equivalent program counts were obtained pursuant to Code Section 20-2-161.

(11) 'Weighted full-time equivalent count for the year of the digest' is defined as the weighted full-time equivalent count derived from full-time equivalent program count data obtained for the purpose of determining the funds initially needed to finance the Quality Basic Education Formula pursuant to subsection (d) of Code Section 20-2-160 for the current fiscal year.

(b) The State Board of Education shall annually calculate the equalization grant for each qualified local school system in the following manner:

(1) Subtract the assessed valuation per weighted full-time equivalent count for the local school system from the assessed valuation per weighted full-time equivalent count for the guaranteed valuation school system;

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

(3) Subtract five from the effective millage rate for the local school system and use the resulting number of effective mills or 15 effective mills, whichever is less, as the number of effective mills to be equalized;

(4) Multiply the quotient resulting from paragraph (2) of this subsection by the number of effective mills to be equalized pursuant to paragraph (3) of this subsection; and

(5) Multiply the product resulting from paragraph (4) of this subsection by the most recent weighted full-time equivalent count for the local school system.

The resulting amount shall be the equalization grant for the ensuing fiscal year; provided, however, that for each local school system which serves under contract all of the students in one or more grade levels from an adjoining system and for each local school system which sends under contract all of the students in one or more grade levels to an adjoining system, the equalization grant shall be calculated to represent the amount that would be earned if the students transferred under said contract were included in the full-time equivalent counts of the local school system in which they reside; provided, further, that any equalization grant to be earned by a local school system sending students to another system under the provisions of such a contract shall be reduced by an amount which

represents the equalization funds earned per weighted full-time equivalent student multiplied by the total weighted full-time equivalent count for students transferred, and any equalization grant to be earned by the local school system receiving students under said contract shall be increased by the same amount.

(c)(1) The State Board of Education shall allocate respectively the amount calculated under subsection (b) of this Code section to each qualified local school system. For the first effective year of the merger of any two or more local school systems, the equalization grant shall be the addition of amounts which would have been separately earned by the systems participating in the merger or the amount which would have been earned if the systems had already been merged during the year of the applicable digest, whichever is greater. No portion of local five mill share shall be applied to such equalization grants.

(2) In the event sufficient funds are not appropriated in a fiscal year to the state board to allot the full amount of equalization grants calculated to be payable to qualified local school systems as provided in this Code section, the state board shall proportionately reduce the amount of funds to be allocated to qualified local school systems, except as otherwise provided in paragraph (3) of this subsection.

(3) Prior to July 1, 2013, in the event sufficient funds are not appropriated in a fiscal year to the state board to allot the full amount of equalization grants calculated to be payable to qualified local school systems as provided in this Code section, the state board shall allocate equalization grants to qualified local schools systems as follows:

(A) For each qualified local school system ranking between the first and twenty-fifth percentile in dollars of assessed valuation per weighted full-time equivalent count, where the ranking of school systems is such that the one-hundredth percentile school system is that with the highest amount in dollars of assessed valuation per weighted full-time equivalent count, the school system shall receive a minimum of 95 percent of the amount calculated under subsection (b) of this Code section;

(B) For each qualified local school system ranking between the twenty-sixth and fiftieth percentile in dollars of assessed valuation per weighted full-time equivalent count, where the ranking of school systems is such that the one-hundredth percentile school system is that with the highest amount in dollars of assessed valuation per weighted full-time equivalent count, the school system shall receive a minimum of 80 percent of the amount calculated under subsection (b) of this Code section; and

(C) For each qualified local school system ranking between the fifty-first and seventy-fifth percentile in dollars of assessed valuation per weighted full-time equivalent count, where the ranking of school systems is such that the one-hundredth

percentile school system is that with the highest amount in dollars of assessed valuation per weighted full-time equivalent count, the school system shall receive the remaining funds calculated under subsection (b) of this Code section proportional to earnings after funds have been allocated for qualified local school systems under subparagraphs (A) and (B) of this paragraph.

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

- (A) The school system ranks at or below the seventy-fifth percentile in dollars of assessed valuation per weighted full-time equivalent count, where the ranking of school systems is such that the one-hundredth percentile school system is that with the highest amount in dollars of assessed valuation per weighted full-time equivalent count; and
- (B) The school system increases the actual millage levied against its digest for maintenance and operation.

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

(A) Calculate the percentage change in the actual millage rate for a school system by subtracting the actual millage rate for the prior year from the actual millage rate for the current year and dividing by the actual millage rate for the prior year; provided, however, that for local school systems that impose local option sales taxes for school maintenance and operation, as authorized by law, the Department of Education shall be authorized to adjust this calculation by adding the equivalent property tax millage that would be needed to produce the revenue raised by the local option sales tax to the actual millage rate and calculating a revised percentage change;

(B) If the result from subparagraph (A) of this paragraph is a positive number, multiply the number of effective mills calculated as part of the original equalization grant calculation for a given year by the percentage increase calculated in subparagraph (A) of this paragraph. Add the product of this calculation to the effective number of mills from the original equalization grant calculation as described in subsections (a) through (c) of this Code section;

(C) Recalculate the equalization grant substituting the revised number of effective mills calculated in subparagraph (B) of this paragraph; and

(D) Subtract the initial equalization grant amount from the amount calculated in subparagraph (C) of this paragraph.

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

(e) If the result from subparagraph (A) of paragraph (2) of subsection (d) of this Code section is a positive number, the local school system's number of effective mills used in the

170 calculation of its equalization grant for the ensuing fiscal year shall be adjusted by
171 multiplying the number of effective mills calculated pursuant to paragraph (3) of
172 subsection (b) of this Code section by the percentage increase calculated in subparagraph
173 (A) of paragraph (2) of subsection (d) of this Code section. The resulting amount shall be
174 the adjusted number of effective mills used in the calculation of the equalization grant
175 pursuant to paragraph (3) of subsection (b) of this Code section; provided, however, that
176 in no event shall the adjusted number of effective mills to be equalized exceed 15 effective
177 mills. For Fiscal Year 2006 only, adjustments to equalization grants as provided in this
178 subsection shall be allocated to local school systems following the adoption of the amended
179 Appropriations Act for Fiscal Year 2006."

180 **SECTION 2.**

181 This Act shall become effective upon its approval by the Governor or upon its becoming law
182 without such approval.

183 **SECTION 3.**

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