House Bill 824
By: Representatives Dudgeon of the 24th, England of the 108th, Coleman of the 97th, Dickson of the 6th, Kaiser of the 59th, and others

A BILL TO BE ENTITLED
AN ACT

To amend Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to financing under the "Quality Basic Education Act," so as to revise the method of calculating equalization grants; to add an eligibility requirement; to provide for related matters; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.
Part 4 of Article 6 of Chapter 2 of Title 20 of the Official Code of Georgia Annotated, relating to financing under the "Quality Basic Education Act," is amended as follows:

"20-2-165.
(a) As used in this Code section, the term:
(1) 'Assessed valuation' is defined as 40 percent of the equalized adjusted property tax digest reduced by the amount calculated pursuant to subsection (g) of Code Section 20-2-164.
(2) 'Assessed valuation per weighted full-time equivalent count' is defined as the assessed valuation for the most recent year available divided by the weighted full-time equivalent count for the year of the digest.
(3) 'Effective millage rate' is defined as local tax revenues divided by the assessed valuation and multiplied by 1,000; provided, however, that if the amount of local tax revenues is subsequently adjusted as a result of an audit of a local school system's annual financial report, the increase or decrease in local tax revenues resulting from the audit shall cause an adjustment to be made in the effective millage rate that was calculated 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.

(5.1) 'Equivalent millage' means for a local school system that is eligible to receive local option sales tax proceeds for maintenance and operation purposes, the combination of property tax revenue and sales tax revenue representing the amount that would be generated by a designated rate of mills.

(6) 'Guaranteed valuation school system' is defined as the local school system ranking at the seventy-fifth percentile state-wide average in dollars of assessed valuation per weighted full-time equivalent count. Such state-wide average shall not include the local school systems ranked in the highest 5 percent or the lowest 5 percent, 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

(A) Having an assessed valuation per weighted full-time equivalent count for the year of the digest ranking which is below the guaranteed valuation; school system and having

(B) 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; and

(C) Beginning July 1, 2015, having a millage rate or an equivalent millage of at least 12 mills.

(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 for the 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) 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. 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.

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

(A) The school system ranks system's assessed valuation per weighted full-time
equivalent count is 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 guaranteed
valuation; 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

H. B. 824
- 4 -
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
calculation of its equalization grant for the ensuing fiscal year shall be adjusted by
multiplying the number of effective mills calculated pursuant to paragraph (3) of
subsection (b) of this Code section by the percentage increase calculated in subparagraph
(A) of paragraph (2) of subsection (d) of this Code section. The resulting amount shall be
the adjusted number of effective mills used in the calculation of the equalization grant
pursuant to paragraph (3) of subsection (b) of this Code section; provided, however, that
in no event shall the adjusted number of effective mills to be equalized exceed 15 effective
mills. For Fiscal Year 2006 only, adjustments to equalization grants as provided in this
subsection shall be allocated to local school systems following the adoption of the amended
Appropriations Act for Fiscal Year 2006.”

SECTION 2.

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