

School boards develop expenditure and revenue budgets

1. Expenditures are every dollar spent, regardless of source.
2. Some revenues are dedicated to specific purposes – federal grants and special education aid; others are state grants, tuition, a surplus, interest, donations, etc. These are called offsetting revenues.

Voters approve the expenditure budget

Budget data are submitted to AOE. AOE calculates education spending.

3. Education spending is the difference between the expenditures and offsetting revenues:
$$\text{Exp} - \text{OffRev} = \text{Ed Spending}$$
4. Education spending is the amount used to calculate the homestead tax rate.

AOE divides a district's education spending by its equalized pupil count to determine education spending per equalized pupil.

5. Equalized pupils are a two-year weighted average pupil count.
6. Equalized pupils allot more weight to specific pupil categories that are presumed to have higher costs, bringing those costs per pupil down.

Education spending per equalized pupil is divided by the property yield to determine a district's equalized tax rate.

7. The property yield is the amount \$1.00 of tax will raise per pupil statewide.
 - a. The FY2019 yield is \$10,220.
 - b. An easier way to think of it is, if a district spends \$10,220 per equalized pupil, its tax rate will be \$1.00.
 - c. If a district spends 10% more than the yield per pupil, its rate will be 10% higher, or \$1.10; 20% higher gives a rate of \$1.20, etc.
8. The equalized tax rate is the rate as if all properties were at listed at fair market value.

District tax rates are allocated back to the town(s) that belong to those districts

Town equalized rates are divided by the CLA to determine the actual tax rate as seen on a homestead property tax bill.

11. The CLA (common level of appraisal) is the ratio of the town's listed grand list versus the State's value at fair market value.
 - a. A CLA below 100% means the town has undervalued the grand list.
 - b. A CLA over 100% means the town has overvalued its grand list.
12. Properties are taxed at fair market value.

9. If a town belongs only to one school district, its equalized tax rate is the same as the district's.
10. If a town belongs to more than one school district, the rates for each district are prorated based on the percentage of equalized pupils from the town attending each district.
 - a. If 60% of a town's equalized pupils attend the local elementary school, the town receives 60% of the elementary district's rate.
 - b. The remaining 40% is from the union high school district's rate.