



## **EROSION OF EQUALIZING FACTORS FOR LOCAL OPTION REVENUE AND THE OPERATING REFERENDUM (Pay 1995 to Pay 2025)**

The table below outlines how the first tier equalizing factors for the Local Option Revenue and Operating Referendum revenue streams have not kept pace with statewide average growth in referendum market value per resident pupil unit. The aid/levy ratios for both of these revenue streams is derived by dividing the per pupil referendum market value by the equalizing factor. The result is the percentage of levy with the remaining portion taking the form of state aid. As property wealth rises, the levy percentage increases and aid decreases. Once the result is equal to or exceeds 100%, a district would receive no aid and the entire amount of revenue generated through Local Option Revenue and/or the Operating Levy would be entirely composed of levy.

As you can see from the table, a district with state average property wealth would have the entirety of their Local Option Revenue and Operating Levy composed of levy. This is a direct result of the equalizing factors for these programs not keeping pace with statewide property wealth growth.

	<b>Pay 1995</b>	<b>Pay 2002</b>	<b>Pay 2015</b>	<b>Pay 2020</b>	<b>Pay 2025 (Est.)</b>
<b>Operating Levy First Tier Equalizing Factor</b>	\$476,000	\$476,000	\$510,000	\$567,000	\$567,000
<b>LOR First Tier Equalizing Factor</b>			\$880,000	\$880,000	\$880,000
<b>State Average RMV/PU</b>	\$168,675	\$233,287	\$457,436	\$608,340	\$905,398
<b>State Average RMV/PU as % of Equalizing Factor (LOR)</b>			52%	69%	103%
<b>State Average RMV/PU as % of Equalizing Factor (OL)</b>	35%	49%	52%	107%	160%