

LEA B with a per pupil expenditure of \$1,000. The percentage disparity between the 95th and 5th percentile LEAs is 22 percent ($\$1,000 - \$820 = \$180 / \820). The program would meet the disparity standard for fiscal years before fiscal year 1998 but would not for subsequent years.

(b) In cases under § 222.162(b), where separate computations are made for different groups of LEAs, the disparity percentage for each group is obtained in the manner described in paragraph (a) above. Then the weighted average disparity percentage for the State as a whole is determined by—

(i) Multiplying the disparity percentage for each group by the total number of pupils receiving free public education in the schools in that group;

(ii) Summing the figures obtained in paragraph (b)(i); and

(iii) Dividing the sum obtained in paragraph (b)(ii) by the total number of pupils for all the groups.

EXAMPLE

Group 1 (grades 1–6), 80,000 pupils × 18.00% =	14,400
Group 2 (grades 7–12), 100,000 pupils × 22.00% =	22,000
Group 3 (grades 1–12), 20,000 pupils × 35.00% =	7,000
Total 200,000 pupils	43,400
43,400/200,000 = 21.70% Disparity	

2. Determinations under § 222.163(b) as to maximum proportion of payments under the Act that may be taken into consideration by a State under an equalization program. The proportion that local tax revenues covered under a State equalization program are of total local tax revenues for a particular LEA shall be obtained by dividing: (a) The amount of local tax revenues covered under the equalization program by (b) the total local tax revenues attributable to current expenditures within the LEA. Local revenues that can be excluded from the proportion computation are those received from local non-tax sources such as interest, bake sales, gifts, donations, and in-kind contributions.

Examples

Example 1. State A has an equalization program under which each LEA is guaranteed \$900 per pupil less the LEA contribution based on a uniform tax levy. The LEA contribution from the uniform tax levy is considered under the equalization program. LEA X contributes the proceeds of the uniform tax levy, \$700 per pupil, and the State contributes the \$200 difference. No other local tax revenues are applied to current expenditures for education by LEA X. The percentage of funds under the Act that may be taken into consideration by State A for LEA X is 100 percent ($\$700 / \700). If LEA X receives \$100 per pupil in payments under the Act, \$100 per pupil may be taken into consideration by State A in determining LEA X's relative financial resources and needs under the program. LEA X is regarded as contributing \$800 and State A would now contribute the \$100 difference.

Example 2. The initial facts are the same as in Example 1, except that LEA X, under a permissible additional levy outside the equalization program, raises an additional \$100 per pupil not covered under the equalization program. The permissible levy is not included in local tax revenues covered under the equalization program but it is included in total local tax revenues. The percentage of payments under the Act that may be taken into consideration is 87.5 percent ($\$700 / \800). If LEA X receives \$100 per pupil in payments under the Act, \$87.50 per pupil may be taken into consideration. LEA X is now regarded as contributing \$787.50 per pupil under the program and State A would now contribute \$112.50 per pupil as the difference.

Example 3. State B has an equalization program under which each LEA is guaranteed \$900 per pupil for contributing the equivalent of a two mill tax levy. LEA X contributes \$700 per pupil from a two mill tax levy and an additional \$500 per pupil from local interest, bake sales, in-kind contributions, and other non-tax local sources. The percentage of funds under the Act that may be taken into consideration by State A for LEA X is 100 percent ($\$700 / \700). The local revenue received from interest, bake sales, in-kind contributions and other

non-tax local revenues are excluded from the computation since they are from non-tax sources. If LEA X receives \$100 per pupil in payments under the Act, \$100 per pupil may be taken into consideration by State A in determining LEA X's relative financial resources and needs under the program. LEA X is regarded as contributing \$800 and State A would now contribute the \$100 difference.

Example 4. State C has an equalization program in which each participating LEA is guaranteed a certain per pupil revenue at various levels of tax rates. For an eight mill rate the guarantee is \$500, for nine mills \$550, for 10 mills \$600. LEA X levies a 10 mill rate and realizes \$300 per pupil. Furthermore, it levies an additional 10 mills under a local leeway option realizing another \$300 per pupil. The \$300 proceeds of the local leeway option are not included in local tax revenues covered under the equalization program, but they are included in total local tax revenues. The percentage of payments under the Act that may be taken into consideration is 50 percent ($\$300 / \600). If LEA X receives \$100 per pupil in payments under the Act, \$50 per pupil may be taken into consideration. LEA X may be regarded as contributing \$350 per pupil under the program and State B would now contribute \$250 as the difference.

Example 5. The initial facts are the same as in Example 4, except that LEA Y in State C, while taxing at the same 10 mill rate for both the equalization program and leeway allowance as LEA X, realizes \$550 per pupil for each tax. As with LEA X, the percentage of payments under the Act that may be taken into consideration for LEA Y is 50 percent ($\$50 / \100). If LEA Y receives \$150 per pupil in payments under the Act, then up to \$75 per pupil normally could be taken into consideration. However, since LEA Y would have received only \$50 per pupil in State aid, only \$50 of the allowable \$75 could be taken into consideration. Thus, LEA Z may be regarded as contributing \$600 per pupil under the program and State B would not contribute any State aid.