

Power Equalization Overview

Power equalization helps to resolve the tax inequities that impair school districts from raising local revenue because of assessed valuation differences.

Creates a tax system that provides more capacity for less wealthy school districts.

Recognizes that a zip code should not predetermine the resources a student has access to.

Power equalization requires local community participation to access additional state contribution.

The state contribution must be for a specified time so that concerns of sustainability are addressed.

A Power Equalization example is on the following page.

Power Equalization Example

Power equalization attempts to address both taxpayer equity and the differences in local capacity.

It does this by ensuring that communities can raise the same amount of dollars per mill per pupil as some set wealth point.

For this example, the set wealth level will be the 75th percentile of wealth (\$271,022 per pupil) and districts will be levying 5 additional mills.

The table and graph show the impact on a very low wealth district (10th percentile), the average wealth district (50th percentile), the target wealth district (75th percentile), and a high wealth district (90th percentile).

Districts below the target wealth level receive state equalization money to ensure capacity to the 75th percentile. Districts at or above the target wealth receive no state support.

The example shows that the three districts at or below the target wealth generate the same amount per pupil with those below the target receiving state dollars. Districts above the target will still be able to generate amounts above other districts.

	Local Raised per Pupil	State Equalization Dollars per Pupil
10th Percentile Wealth	\$272	\$1,083
50th Percentile Wealth	\$678	\$677
75th Percentile Wealth	\$1,355	
90th Percentile Wealth	\$2,550	

