

Data for LGA Formulas

LGA Study Group

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Any Data Used Should Meet the Following Basic Criteria

- Accurate and consistent
- Available on a regular basis
- Consistent over time
- Measures what you think it measures
- Is useful in meeting the program goals

Reasons Data is Rejected From a Formula

- Doesn't meet the basic criteria in slide #1
- Other data “explains” more of the variation in need (too many factors)
- Data is highly correlated with data already included in the formula (multicollinearity)
- Data does not show the expected relationship

Possible Program Goals

- Tax base equalization
- Revenue sharing
- Ensuring the ability to meet basic minimal needs
- Ensuring the ability to provide an average level of service at an average level of effort

Measures of Ability to Pay/Effort used or Proposed in the Past

- Property tax base (Adjusted net tax capacity)
– current formula, most proposals
- Property tax rate – early LGA formulas
- Income plus exporting approach (Ladd study)

Current Need Measures in Basic LGA Formula

	Small City Formula	Large City Formula
Pre-1940 housing percentage	X	X
10-year population decline	X	X
Commercial – industrial market value percentage	X	
Population/adjusted population	X	
3-year average accidents per capita		X
Average household size		X
Location in Metro/non-Metro		X

Other Need Measures in City or County General Aid Formulas

- Jobs per capita – jobs aid for cities over 5,000 in LGA formula
- Part I Crime Rate – used in county aid
- Average monthly households receiving food stamps – used in county aid
- Population over 65 – used in county program aid
- Natural resource tax exempt property – PILT payments

Data Used in Proposed LGA Formulas

Ladd Formula	
Total part I and II crimes	Population
% of housing over 40 years old	Population density per square mile
# of accidents per capita on city roads	# of heating degree days
County cost of living index	# of heating degree days
# of city owned street miles	5-year % population change
Subsidized family housing units per capita	

Data Used in Proposed LGA Formulas

CORE Study	
Traffic volume on city streets	# of non-resident workers in city
Soil type	% retail sales over expected for city size
Victimization rates by age and sex	% lodging over expected for city size
Population by age and sex	ISO rating (fire safety insurance rating)
% of population in female headed households	Average fire loss over 4 years (adjusted for mean home value)
Value per property type	Regional center
Median built year of housing	Interest rate on general debt

Other Variables Considered in 2003 Effort

City Characteristics	Demographics	Income	Housing characteristics
Land area of city	# of households	Household and family income	Vacant housing units
Water area in city	Population by age group	% below poverty levy	Rental housing units
County seat	Decline from peak population	Unemployment rate	Median home value
% of property by type	Education levels	Median earnings	Median rent
Surrounding population and distance to larger cities	Non-English speaking households	% of workers over 16 who work and live in the city	Subsidized housing per capita
Exempt property as % of market value	% Population in group living by type	% of rural and farm households	