
Summary of Local Government Aid (LGA) Certified for 2025

Use of Formula Aid

For aids payable in 2025, the calculation of formula aid (aid increase) was the unmet need in the current year less the certified aid in the previous year multiplied by the aid gap percentage.

Minimum Aid Calculation

For aids payable in 2025 and thereafter, the total aid for a city must not be less than the amount it was certified to receive in the previous year minus the lesser of \$10 multiplied by its population, or five percent of its net levy in the year prior to the aid distribution.

Appropriation

The total LGA appropriation for aid payable in 2025 is \$644,398,012.

Data Used in LGA Calculations

The following is an explanation of the variables used to calculate your city's 2025 LGA certified amount certified on July 31, 2024.

Transformed Population: Transformed population is equal to the logarithm to the base 10 of the population. It is used in the need factor formula for small cities.

Pre-1940 housing units: The total number of housing units in your city that were constructed before 1940 according to the 2022 Federal Census. It is used in the need factor formulas for medium and large cities.

Total housing units: This is the total number of all housing units in your city (both vacant and occupied) according to the 2022 Federal Census.

Peak population decline: This is a city's population decline (if any) from its highest population in a decennial census from 1970 or later.

Commercial Industrial Utility (CUI) percentage: Commercial Industrial Utility percentage is the share of a city's tax base classified as class 3 property and is used as a need factor in the formula for medium and large cities.

Population age 65 and over (City Age Index): City age index is the share of a city's population aged 65 and older. It is used in the need factor population for large cities.

Tax Effort Rate: This is the net levy for all cities divided by the sum of the city net tax capacity for all cities. The tax effort rate is the same for all city calculations.

City Revenue Need

City revenue need is defined in three separate calculations based on population.

Small Cities

The formula for cities with a population less than 2,500 (small cities) is:

- 1) $(220.877 \times \text{transformed population}) + 196.487$

Medium Cities

The formula for cities with a population between 2,500 and 10,000 (medium cities) is:

1.15 multiplied by the sum of:

497.308+

- | | |
|--------------------------------|----------|
| 1) Pre-1940 Housing Percentage | X 6.667 |
| 2) CUI percentage | X 9.215 |
| 3) Peak Population Decline | X 16.081 |

Large Cities

The expenditure formula for cities with a population of 10,000 or more (large cities) includes the following variables multiplied by the respective coefficients:

1.15 multiplied by the sum of:

293.056+

- | | |
|--------------------------------|----------|
| 1) Pre-1940 Housing Percentage | X 8.572 |
| 2) City Age Index | X 11.494 |
| 3) CUI percentage | X 5.719 |
| 4) Peak Population Decline | X 9.484 |

Transition Factors

The formula provides for a transition mechanism for cities between the three need formulas.

Small to Medium Cities

For cities with a population of at least 2,500 but less than 3,000 the city revenue need is equal to (1) the transition factor times the medium city revenue need, plus (2) 630 times the difference between one and the transition factor.

For the purposes of revenue need the transition factor is .2 percent times the amount that the city's population exceeds the minimum of its size threshold.

Medium to Large Cities

For cities with a population of at least 10,000 but less than 11,000 the city revenue need is equal to (1) the transition factor times the large city revenue need, plus (2) the medium city revenue need times the difference between one and the transition factor.

For the purposes of revenue need the transition factor is .1 percent times the amount that the city's population exceeds the minimum of its size threshold.

Unmet Need

Unmet need is the difference between (1) its city revenue need multiplied by its population, and (2) its city net tax capacity multiplied by the tax effort rate.

Formula Aid

The formula aid (aid increase) for a city is equal to the difference between its current unmet need and its certified aid in the previous year multiplied by the aid gap percentage.

Certified LGA Payment Dates

LGA payable in 2025 will be paid to qualifying cities on July 20, 2025, and December 26, 2025.

Questions?

Questions regarding Local Government Aid should be directed to:

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