

(2) Determining the amount of locally derived revenues made available by the general government for the LEA's current expenditures (as defined in section 8013); and

(3) Dividing the amount determined in paragraph (b)(2) of this section by the amount determined in paragraph (b)(1) of this section.

(c) The Secretary performs the computations in paragraph (b) of this section for each of the fiscally dependent generally comparable LEAs and the computations in §§ 222.67–222.69, whichever is applicable, for each of the fiscally independent generally comparable LEAs and determines the average of all those tax rates.

(d) The Secretary determines that a fiscally dependent LEA described in § 222.62 (a) or (d) is making a reasonable tax effort if its imputed local tax rate is equal to at least 95 percent of the average tax rate of its generally comparable LEAs.

(e) The Secretary determines that a fiscally dependent LEA described in § 222.62(b) is making a reasonable tax effort if its imputed local tax rate is equal to at least 125 percent of the average tax rate of its generally comparable LEAs.

(Approved by the Office of Management and Budget under control number 1810-0036)

(Authority: 20 U.S.C. 7703(f))

**§ 222.71 What information must be provided by the State educational agency?**

The SEA of any State with an LEA applying for assistance under section 8003(f) shall provide the Secretary with relevant information necessary to determine whether the LEA is making a reasonable tax effort under §§ 222.67–222.70, whichever is applicable.

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(Authority: 20 U.S.C. 7703(f))

**§ 222.72 How does the Secretary determine a maximum payment for local educational agencies that are eligible for financial assistance under section 8003(f)(2)(A) and § 222.63?**

(a) Except as otherwise provided in paragraphs (b) through (c) of this section or § 222.76, the Secretary deter-

mines a maximum payment under section 8003(f)(2)(A) for an eligible LEA by—

(1) First calculating the greater of—

(i) The State average per pupil expenditure (APPE) or the national APPE;

(ii) The APPE of generally comparable LEAs identified under §§ 222.39–222.41; or

(iii) The APPE of three generally comparable LEAs identified under § 222.74;

(2) Next subtracting from the amount calculated in paragraph (a)(1) of this section the average State aid per pupil amount received by the LEA;

(3) Multiplying the amount calculated in paragraph (a)(2) of this section by the total number of federally connected students in ADA who are eligible for basic support payments under section 8003(b);

(4) In the case of an LEA whose tax rate is at least 95 percent but less than 100 percent of the average tax rate of its generally comparable LEAs, reducing the amount calculated in paragraph (a)(3) of this section by the percentage that the average tax rate of its generally comparable LEAs exceeds the tax rate of the LEA; and

(5) Subtracting from the amount calculated in paragraph (a)(3), or paragraph (a)(4) of this section, the total amount of payments received by the eligible LEA under sections 8003 (b) and (d) for the fiscal year for which a payment is being determined under section 8003(f).

(b) For the first step of the computations described in paragraph (a) of this section, the Secretary calculates a maximum payment under section 8003(f)(2)(A) for an eligible LEA described in § 222.62 (b) or (c) by multiplying the national APPE by .70, except that the resulting amount may not exceed 125 percent of the State APPE.

(c) For the fourth step of the computations described in paragraph (a) of this section, generally comparable LEAs for reasonable tax effort purposes are the LEAs whose APPE is identified in § 222.72(a)(1) except that for applicant LEAs for whom the national