

II. NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

BACKGROUND—THE NEVADA PLAN

The *Nevada Plan* is the means used to finance elementary and secondary education in the State's public schools. The State develops a guaranteed amount of funding for each of the local school districts, and the revenue, which provides the guaranteed funding, is derived both from State and local sources. On average, this guaranteed funding contributes approximately 75 to 80 percent of school districts' general fund resources. Nevada Plan funding for the districts consists of State support received through the Distributive School Account¹ (DSA) and locally collected revenues from the 2.25-cent Local School Support Tax (LSST) (sales tax) and 25 cents of the Ad Valorem Tax (property tax).

To determine the level of guaranteed funding for each district, a Basic Per-Pupil Support Rate is established. The rate is determined by a formula that considers the demographic characteristics of the school districts. In addition, transportation costs are included using 85 percent of the actual historical costs adjusted for inflation according to the Consumer Price Index. A Wealth Adjustment, based on a district's ability to generate revenues in addition to the guaranteed funding, is also included in the formula.

Each district then applies its Basic Per-Pupil Support Rate to the number of students enrolled. The official count for apportionment purposes is taken in each district on the last day of the first school month. The number of kindergarten children and disabled 3- and 4-year-olds is multiplied by 0.6 percent and added to the total number of all other enrolled children, creating the Weighted Enrollment. Each district's Basic Per-Pupil Support Rate is multiplied by its Weighted Enrollment to determine the guaranteed level of funding, called the Total Basic Support.

¹ The Distributive School Account is financed by legislative appropriations from the State General Fund and other revenues, including a 2.25-cent tax on out-of-state sales, an annual slot machine tax, mineral land lease income, interest from investments of the Permanent School Fund, and a portion of estate taxes collected.

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To protect districts from decreases in enrollment, *Nevada Revised Statutes* contains a “hold harmless” provision. The guaranteed level of funding is based on the higher of the current or the previous two years’ enrollment.

An additional provision assists school districts that experience significant growth in enrollment within the school year. If a district grows by more than 3 percent but less than 6 percent after the second school month, a growth increment consisting of an additional 2 percent of basic support is added to the guaranteed level of funding. If a district grows by more than 6 percent, the growth increment is 4 percent.

Special Education is funded on a “unit” basis, with the amount per unit established by the Legislature. A “unit” includes the full-time services of licensed personnel providing a program of instruction in accordance with minimum standards prescribed by the State Board of Education. Special education unit funding is provided in addition to the Basic Per-Pupil Support Rate.

The *difference* between total guaranteed support and local resources is state aid, which is funded by the DSA. Revenue received by the school district from the 2.25 percent LSST and 25 cents of the property tax is deducted from the school district’s Total Basic Support Guarantee to determine the amount of state aid the district will receive. If local revenues from these two sources are less than anticipated, state aid is increased to cover the total guaranteed support. If these two local revenues come in higher than expected, state aid is reduced.

In addition to revenue guaranteed through the Nevada Plan, school districts receive other revenue considered “outside” the Nevada Plan. Revenues outside the formula, which are not part of the guarantee but are considered when calculating each school district’s relative wealth, include the following: 50 cents of the Ad Valorem tax on property; the share of basic

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government services tax distributed to school districts; franchise tax; interest income; tuition; unrestricted federal revenue, such as revenue received under P. L. 81-874 in lieu of taxes for federally impacted areas; and other local revenues.

Local districts also receive funding from the DSA for Adult High School Diploma (AHSD) programs. The maximum funding for AHSD programs in the school districts and in the State's prisons is established by the Legislature.

In addition to revenues recognized by the Nevada Plan, school districts receive "categorical" funds from the State, Federal Government, and private organizations that may only be expended for designated purposes. Examples include the State-funded Class-Size Reduction program, Early Childhood Education, remediation programs, and student counseling services. Federally funded programs include the Title I program for disadvantaged youngsters, No Child Left Behind Act, the National School Lunch program, and Individuals with Disabilities Education Act (IDEA). Categorical funds must be accounted for separately in special revenue funds. Funding for capital projects, which may come from the sale of general obligation bonds, "pay-as-you-go" tax levies or fees imposed on the construction of new residential units are also accounted for in separate funds (Capital Projects Fund, Debt Service Fund).

Source: Fiscal Analysis Division, Legislative Counsel Bureau

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NEVADA PLAN EXAMPLE—SUMMARY

To understand how the system works, follow the steps in the example beginning on the following page. The count of pupils for apportionment purposes (1) is the number of children enrolled on the last day of the first school month in regular or special education programs, except that each kindergarten pupil and disabled or gifted and talented child under the age of five is counted as six-tenths of a pupil. In instances of declining enrollment, the higher of the current or previous two years' enrollment is used. This weighted enrollment figure is multiplied by the basic per-pupil support guarantee for the school district for that school year (2) to determine the school district's guaranteed basic support (3). Next, the number of state-supported special education units maintained and operated by the district that year is multiplied by the amount per program unit established for that school year (4), and the product is added to basic support to obtain the school district's total guaranteed basic support (5). This product is the amount of funding guaranteed to the school district from a combination of state and local funds.

Revenue received by the school district from the 2.25 percent LSST and 25 cents of the property tax (6) is deducted from the school district's total guaranteed basic support to determine the amount of state aid the district will receive (7). If local revenues from these two sources are less than anticipated, state aid is increased to cover the total basic support guarantee. If these two local revenues come in higher than expected, state aid is reduced. The difference between total guaranteed support and local resources is state aid, and it is funded by the DSA.

An amount for AHSD programs (8), together with any specific programs funded by the Legislature through the DSA, are added to a school district's total state aid to determine the total amount of revenue the school district will receive from the DSA (9).

Sources of revenue "outside" the formula are summed (15) and are added to total guaranteed support (5) and the amount provided for AHSD programs and other legislatively approved programs (8), to determine the school district's total available resources (16).

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NEVADA PLAN EXAMPLE—SUMMARY

The following example illustrates the guaranteed funding process based on the revenue of a hypothetical district and, in addition, shows other revenue outside of the guarantee, making up the total resources included in an operating budget.

Basic Support Guarantee

1. Number of Pupils (Weighted Enrollment ²)	7,000
2. x Basic Support Per Pupil	\$ <u>4,500</u>
3. = Guaranteed Basic Support	\$ 31,500,000
4. + Special Education Allocation (65 units @ \$32,000 per unit)	\$ <u>2,080,000</u>
5. = Total Guaranteed Support	\$ 33,580,000
6. - Local Resources	
2.25-cent Local School Support (sales) Tax	(\$ 15,800,000)
25-cent Ad Valorem (property/mining) Tax	<u>(\$ 4,600,000)</u>
7. = State Responsibility	\$ 13,180,000
8. + Adult High School Diploma Funding	\$ <u>35,000</u>
9. = Total Revenue from Distributive School Account	\$ 13,215,000

(Continued)

² Weighted Enrollment includes six-tenths the count of pupils enrolled in kindergarten, six-tenths of the count of disabled 3- and 4-year-olds, a full count of pupils enrolled in grades 1 through 12, and a full count of disabled minors age 5 and over receiving special education.

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NEVADA PLAN EXAMPLE—SUMMARY

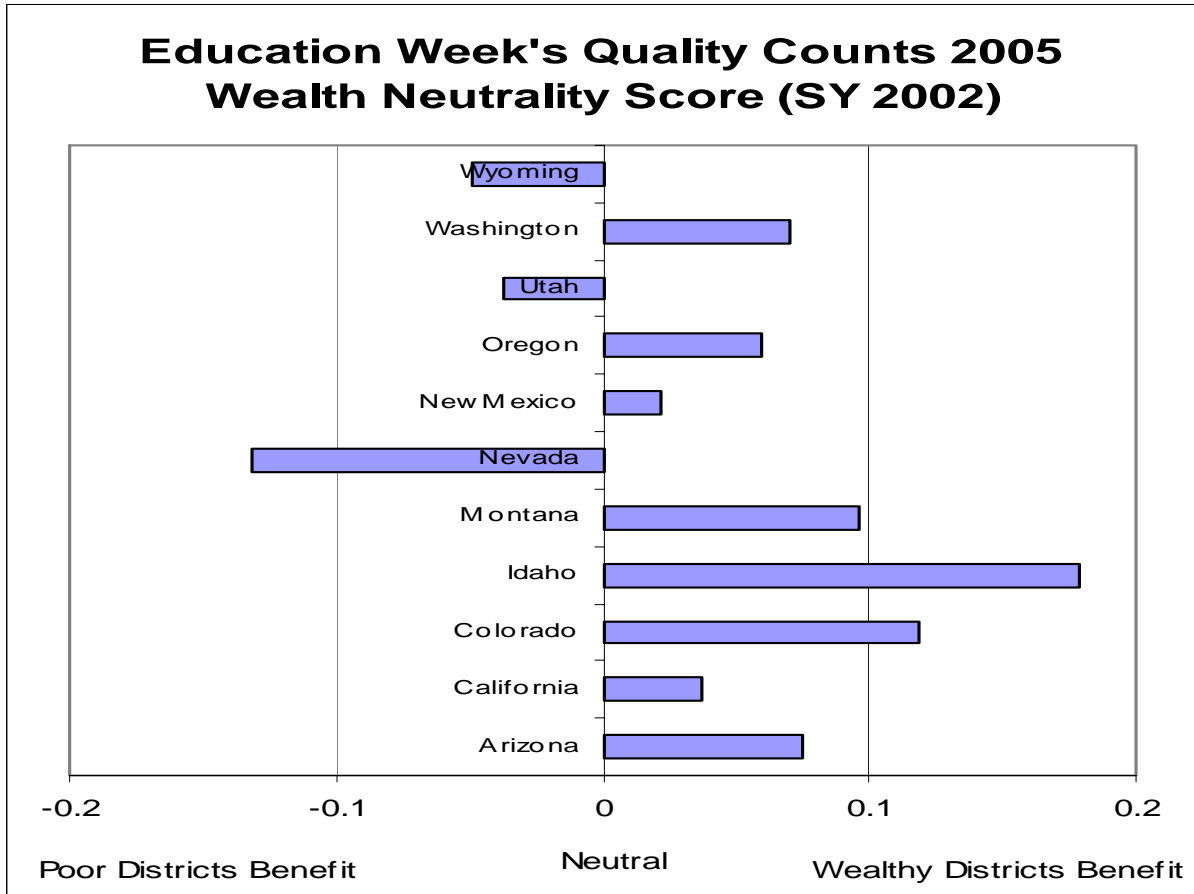
Resources in Addition to Basic Support:

10. 50-cent Ad Valorem (property) Tax	\$ 9,200,000
11. Motor Vehicle Privilege Tax	2,700,000
12. Federal Revenues (Unrestricted)	150,000
13. Miscellaneous Revenues	10,000
14. Opening Fund Balance	<u>3,000,000</u>
15. Total Resources in Addition to Basic Support	<u>\$15,060,000</u>
16. Total Resources Available (Add lines 5, 8, and 15)	\$48,675,000



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SCHOOL FINANCE SYSTEMS – FISCAL NEUTRALITY



Source: Education Week. *Quality Counts 2005*, January 2005, from the U.S. Census Bureau's Public Elementary-Secondary Education Finance Data for 2002.

Note: Wealth neutrality = 0. In states with positive scores, total funding increased as district income increased; in states with negative scores, total funding decreased as district income increased. The fiscal neutrality score (which controls for cost and need) is the elasticity of total funding per weighted pupil relative to income per weighted pupil.

Nevada Plan for School Finance and Education Expenditures

DSA — Budgets & Actuals

DISTRIBUTIVE SCHOOL ACCOUNT FY94 THROUGH FY 99 ACTUAL EXPENDITURES

DISTRIBUTIVE SCHOOL ACCOUNT	Actual 1993-94	Actual 1994-95	Actual 1995-96	Actual 1996-97	Actual 1997-98	Actual 1998-99
Paid Enrollment (wtd.)	227,365	241,794	255,264	271,843	286,084	300,567
Change in Enrollment	5.76%	6.35%	5.57%	6.50%	5.24%	5.06%
Basic Support	\$3,320	\$3,322	\$3,497	\$3,620	\$3,699	\$3,804
Total Basic Support	\$754,763,616	\$803,298,679	\$892,534,627	\$984,093,238	\$1,058,278,275	\$1,143,217,908
Change in Total Basic Support	8.67%	6.43%	11.11%	10.26%	7.54%	8.03%
Class Size Reduction						
Special Education	\$40,884,480	\$43,112,160	\$46,687,624	\$50,419,819	\$54,723,344	\$58,981,824
Special Units/Gifted & Talented						
Adult Diploma	\$7,723,429	\$7,814,655	\$9,022,637	\$9,646,657	\$10,818,149	\$12,010,785
School Improvement Programs:						
Remediation						
Professional Development						
Student Assessments						
NV Early Literacy Program						
Special Funding*:						
Net Proceeds Tax Advance						
SMART Student Records Sys.						
Education Technology						
Distance Educ/Satellite Dwnlnk						
School-to-Careers						
Early Childhood Education						
At-Risk Retirement Credit						
High Impact Retirement Credit						
Special Stu. Svs--Counseling						
Bonus Growth Payments	\$70,531	\$182,548		\$72,015		\$21,543
Special Transportation	\$14,698	\$18,253	\$31,385	\$54,872	\$46,753	\$60,039
Retired Employee Group Ins.						
Eureka Co Adjustment	(\$126,821)	(\$135,732)	(\$136,919)	(\$141,490)	(\$147,016)	(\$149,232)
Non-traditional students						
Emergency Financial Aid - Mineral Co.			\$428,003			
Prior Year Payments Adj.						\$334,370
Total Requirements	\$803,329,933	\$854,290,563	\$948,567,357	\$1,044,145,111	\$1,123,719,505	\$1,214,477,237
Less:						
Local Sch Support Tax	(\$361,359,553)	(\$399,093,256)	(\$449,087,725)	(\$492,501,929)	(\$509,494,808)	(\$560,180,959)
13th month due to GASB 22		(\$36,558,385)				
25 Cent Property Tax	(\$65,656,450)	(\$71,046,032)	(\$77,410,458)	(\$84,989,673)	(\$93,284,659)	(\$102,529,456)
Eureka Co Adjustment	\$2,043,005	\$2,500,746	\$2,500,022	\$2,255,714	\$2,137,237	\$1,745,240
State Share	\$378,356,935	\$350,093,636	\$424,569,196	\$468,909,223	\$523,077,275	\$553,512,062
General Fund Appropriation	\$340,358,172	\$368,052,061	\$362,673,057	\$423,104,047	\$432,357,623	\$440,330,443
Interim Finance Allocation						
Annual Slot Tax	\$31,058,818	\$32,086,231	\$34,736,745	\$35,668,418	\$35,405,167	\$37,421,958
Investment Income	\$3,279,837	\$3,490,103	\$3,728,804	\$2,967,446	\$6,016,597	\$3,419,491
Mineral Land Lease	\$7,600,577	\$8,472,610	\$5,793,503	\$5,796,930	\$5,128,231	\$2,838,971
Out-of-State Sales Tax	\$32,231,684	\$37,479,974	\$44,623,979	\$50,516,093	\$56,879,469	\$65,365,286
13th month due to GASB 22		\$3,729,507				
Trans from School Improvement						
Fiscal Relief Payments (PL 108-27)						
Balance From Previous Year		\$36,210,039		\$27,005,168		\$11,701,598
Prior Year Refunds	\$37,886	\$259	\$18,276	\$42,156	\$76,437	\$46,609
Transfer Appropriation						
Total	\$414,566,974	\$489,520,784	\$451,574,364	\$545,100,258	\$535,863,524	\$561,124,356
	Bal. Forward to New Yr		Bal. Forward to New Yr		Bal. Forward to New Yr.	
	\$36,210,039		\$27,005,168		\$11,701,598	
		Revert to General Fund		Revert to General Fund		Revert to General Fund
Balance		\$139,427,148		\$76,191,035	\$1,084,651	\$7,612,294

* Special funding was not included in DSA until the 1999 Legislative Session. Therefore, total approved budgets and actual expenditures for public education may not be equal to the figures shown in this table.

Nevada Plan for School Finance and Education Expenditures

DSA — Budgets & Actuals

DISTRIBUTIVE SCHOOL ACCOUNT

FY00 THROUGH FY 04 ACTUAL AND FY05 LEGISLATIVELY APPROVED

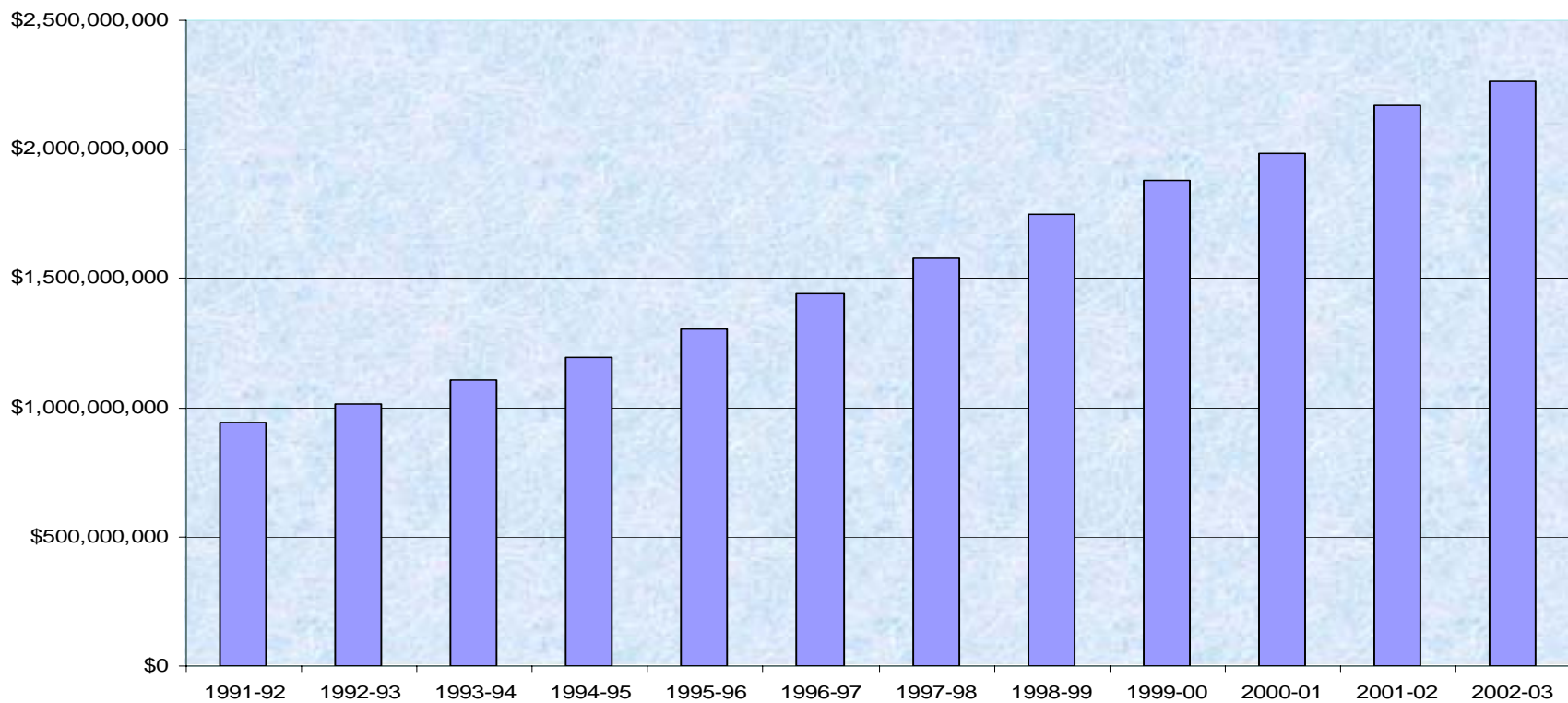
DISTRIBUTIVE SCHOOL ACCOUNT	Actual 1999-00	Actual 2000-01	Actual 2001-02	Actual 2002-03	Actual 2003-04	Legis Apprv 2004-05
Paid Enrollment (wtd.)	315,489	328,867	344,765	358,641	373,498	384,908
Change in Enrollment	4.96%	4.24%	4.83%	4.02%	4.14%	3.05%
Basic Support	\$3,802	\$3,815	\$3,921	\$3,987	\$4,298	\$4,424
Total Basic Support	\$1,199,526,708	\$1,254,675,975	\$1,351,677,697	\$1,429,955,586	\$1,605,345,160	\$1,702,874,391
Change in Total Basic Support	4.93%	4.60%	7.73%	5.79%	12.27%	6.08%
Class Size Reduction	\$82,900,043	\$86,880,711	\$91,822,619	\$99,714,942	\$108,937,389	\$117,142,553
Special Education	\$62,985,218	\$67,330,199	\$72,004,752	\$76,868,063	\$83,185,765	\$87,866,476
Special Units/Gifted & Talented	\$140,256	\$112,020	\$116,971	\$90,336	\$39,777	\$190,877
Adult Diploma	\$12,851,826	\$13,736,786	\$14,671,612	\$15,503,943	\$16,926,568	\$17,843,596
School Improvement Programs:						
Remediation	\$4,278,000	\$3,914,030	\$5,710,014	\$5,993,565	\$3,008,209	\$6,513,874
Professional Development	\$3,500,000	\$3,500,000	\$4,695,530	\$4,540,073	\$8,711,348	\$9,116,835
Student Assessments	\$1,200,000	\$1,200,000				
NV Early Literacy Program			\$4,431,127	\$3,457,151	**	**
Special Funding*:						
Net Proceeds Tax Advance	\$3,687,525					
SMART Student Records Sys.	\$2,000,000	\$1,993,734				
Education Technology	\$1,526,532	\$2,645,791				
Distance Educ/Satellite Dwnlkn	\$400,000	\$400,000				
School-to-Careers	\$1,000,000	\$1,000,000	\$500,000			
Early Childhood Education	\$500,000	\$498,961	\$2,595,583	\$3,500,000	\$2,896,583	\$2,896,583
At-Risk Retirement Credit					\$2,689,206	\$7,045,056
High Impact Retirement Credit						\$5,732,643
Special Stu. Svs--Counseling	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000	\$850,000
Bonus Growth Payments	\$43,296	\$70,195	\$67,571	\$184,015	\$156,498	\$47,715
Special Transportation	\$44,675	\$74,170	\$47,715	\$80,719	\$81,663	
Retired Employee Group Ins.					\$2,704,730	
Eureka Co Adjustment	(\$792,419)	(\$1,021,651)	(\$1,141,107)		(\$1,046,942)	
Non-traditional students	\$8,261	\$43,424	\$53,444	\$59,759	\$68,635	
Emergency Financial Aid - Mineral Co.						
Prior Year Payments Adj.						
Total Requirements	\$1,376,649,921	\$1,437,904,345	\$1,548,103,528	\$1,640,798,152	\$1,834,554,589	\$1,958,120,599
Less:						
Local Sch Support Tax	(\$604,132,388)	(\$636,032,731)	(\$644,428,774)	(\$686,820,222)	(\$785,709,334)	(\$758,161,426)
13th month due to GASB 22						
25 Cent Property Tax	(\$114,935,803)	(\$124,396,459)	(\$131,974,493)	(\$144,944,838)	(\$157,931,475)	(\$173,705,519)
Eureka Co Adjustment	\$1,460,611	\$1,603,301	\$1,355,570		\$1,149,233	
State Share	\$659,042,341	\$679,078,456	\$773,055,831	\$809,033,092	\$892,063,013	\$1,026,253,654
General Fund Appropriation	\$545,989,329	\$564,375,447	\$588,121,907	\$717,889,077	\$746,727,016	\$884,229,250
Interim Finance Allocation					\$2,704,730	
Annual Slot Tax	\$38,260,686	\$39,718,125	\$38,429,229	\$37,151,319	\$36,643,286	\$39,898,127
Investment Income	\$3,744,429	\$7,256,488	\$4,765,750	\$3,838,309	\$3,366,985	\$5,497,188
Mineral Land Lease	\$2,412,306	\$3,000,487	\$3,655,780	\$4,511,684	\$3,531,041	\$5,394,898
Out-of-State Sales Tax	\$62,402,171	\$64,081,112	\$63,841,496	\$63,432,710	\$68,263,920	\$75,108,625
13th month due to GASB 22						
Trans from School Improvement	\$13,891,737	\$16,767,624	\$29,500,000	\$39,979,630	\$12,386,219	\$16,125,566
Fiscal Relief Payments (PL 108-27)				\$33,975,577	\$33,975,577	
Balance From Previous Year		\$7,643,116		\$57,580	\$33,975,577	
Prior Year Refunds	\$25,991	\$157,415	\$947,249	\$383,107	\$1,145,129	
Transfer Appropriation			\$43,852,000	(\$43,852,000)		
Total	\$666,726,649	\$702,999,814	\$773,113,411	\$857,366,993	\$942,719,480	\$1,026,253,654
Bal. Forward to New Yr.	\$7,643,116		\$57,580	\$33,975,576	\$49,511,338	
Revert to General Fund						
Balance	\$41,192	\$23,921,358		\$14,358,325	\$1,145,129	

** Beginning in FY 2004, funding for the Nevada Early Literacy Program was combined into the Professional Development funding.

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

EXPENDITURES

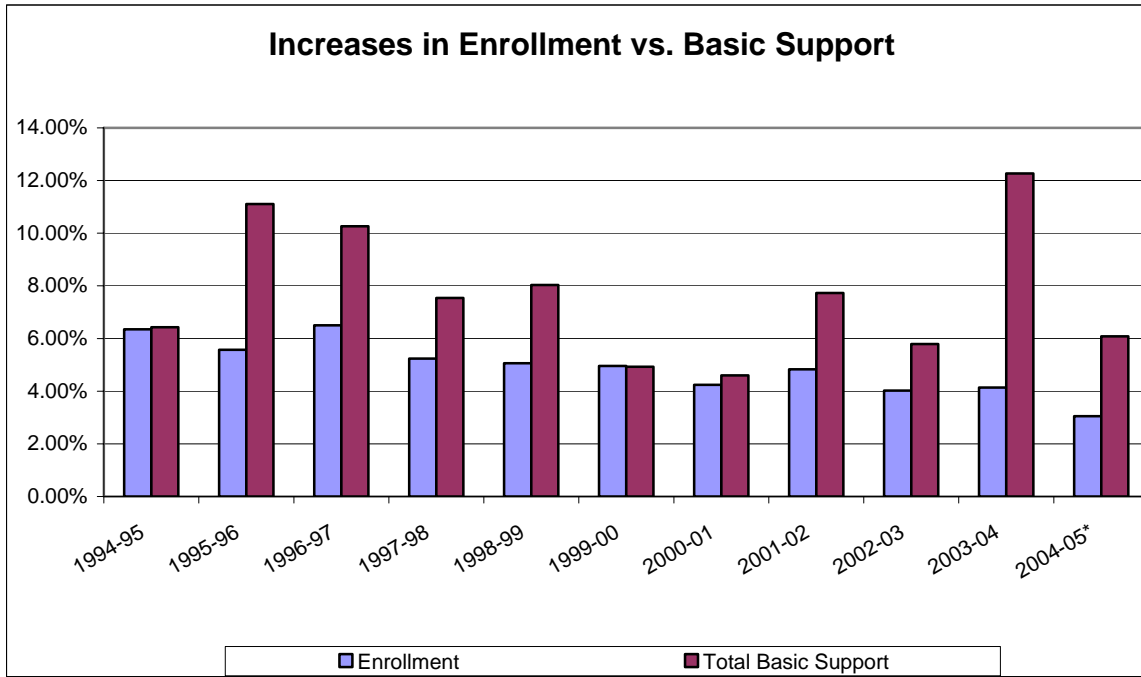
**STATE OF NEVADA:
Current Expenditures for Public Elementary and Secondary Education
FY 1992 through 2003**



Source: U. S. Census Bureau, "Public Education Finances," 1992-2003.

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

EXPENDITURES



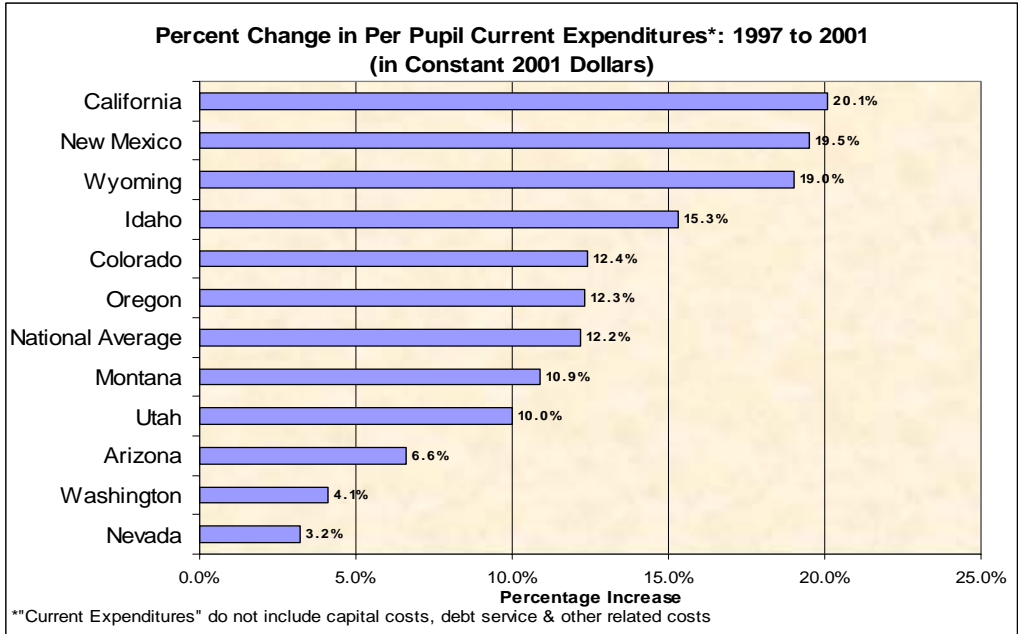
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05*
Enrollment	6.35%	5.57%	6.50%	5.24%	5.06%	4.96%	4.24%	4.83%	4.02%	4.14%	3.05%
Total Basic Support	6.43%	11.11%	10.26%	7.54%	8.03%	4.93%	4.60%	7.73%	5.79%	12.27%	6.08%

Note: 2004-05 is based on Legislatively approved amount.

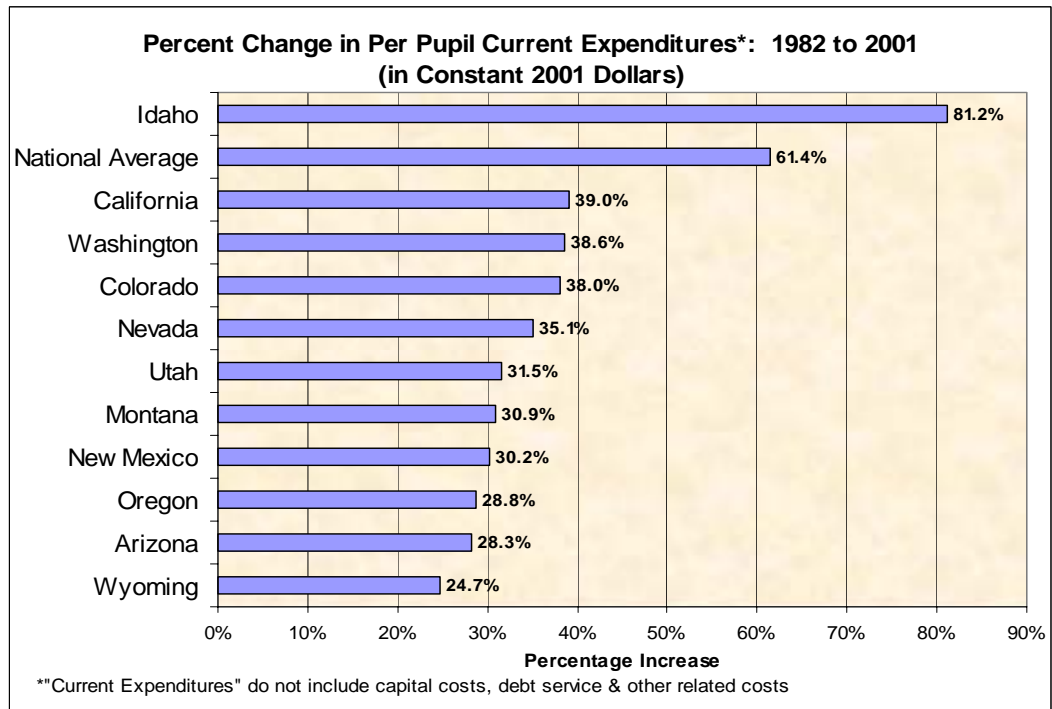
Source: Fiscal Analysis Division, 2005.

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

EXPENDITURES – PER PUPIL



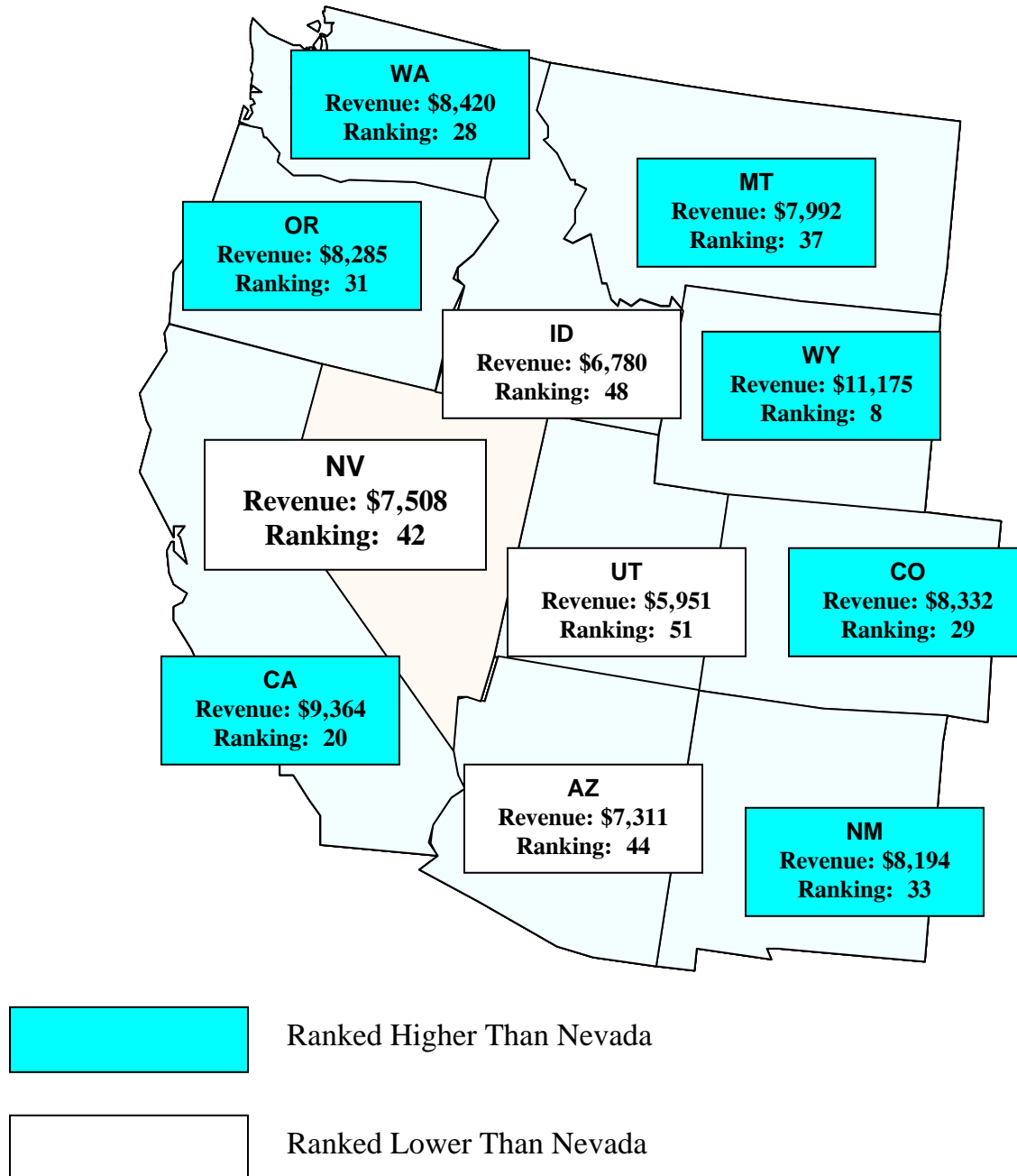
Source: Morgan Quinto, *State Trends* (1st Edition), using U.S. Bureau of Census reports *Public Education Finances: 2001*, *Public Education Finances: 1997*, and *Finances of Public School Systems: 1982*.



NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

REVENUE

Per Pupil Revenue Rankings - 2003



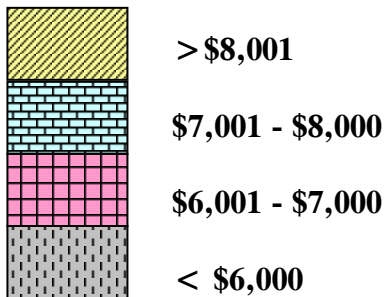
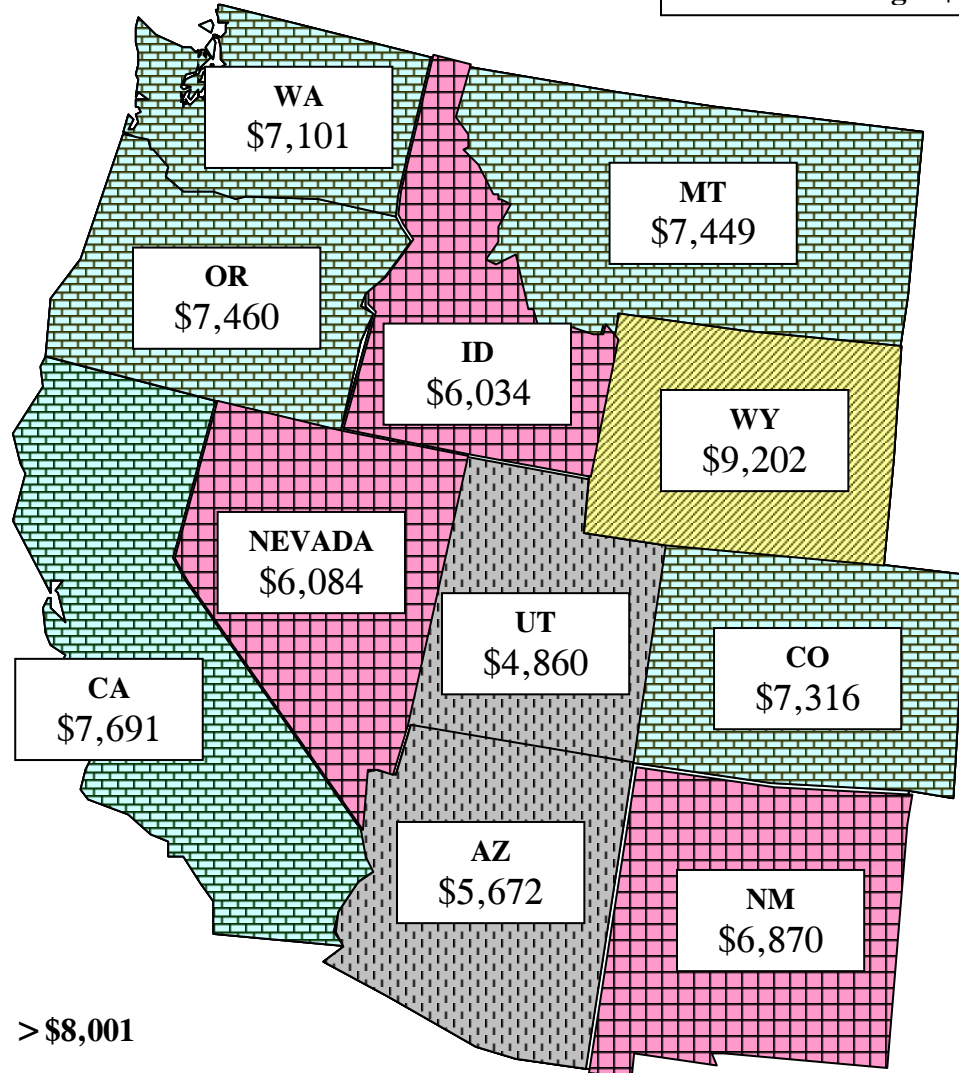
Source: U.S. Census Bureau, "Public Education Finances," 2003.

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

EXPENDITURES

PER-PUPIL CURRENT EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOLS, SCHOOL YEAR 2002-2003

National Average: \$8,019



Lower Per Pupil	NEVADA	Higher Per Pupil
Arizona	\$6,084	California
Idaho		Colorado
Utah		Montana
		New Mexico
		Oregon
		Washington
		Wyoming

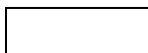
Source: U.S. Census Bureau, "Public Education Finances," 2003.

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

EXPENDITURES

WESTERN STATE COMPARISON PER PUPIL EXPENDITURES FOR ELEMENTARY AND SECONDARY SCHOOLS, BY FUNCTION – 2001-2002

State	CURRENT PER PUPIL EXPENDITURES			
	Total	Instruction	Support Services	Non-Instruction
Arizona	\$5,963	\$3,387	\$2,201	\$375
California	\$7,433	\$4,590	\$2,564	\$279
Colorado	\$6,940	\$4,010	\$2,683	\$247
Idaho	\$6,010	\$3,672	\$2,079	\$259
Montana	\$7,062	\$4,374	\$2,393	\$295
Nevada	\$6,079	\$3,794	\$2,086	\$199
New Mexico	\$6,882	\$3,848	\$2,716	\$318
Oregon	\$7,642	\$4,490	\$2,896	\$256
Utah	\$4,900	\$3,197	\$1,435	\$268
Washington	\$7,039	\$4,189	\$2,508	\$342
Wyoming	\$8,644	\$5,263	\$3,096	\$285
United States	\$7,734	\$4,755	\$2,657	\$322



Source: U.S.Department of Education, NCES, *Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2001-02.* June 2004.

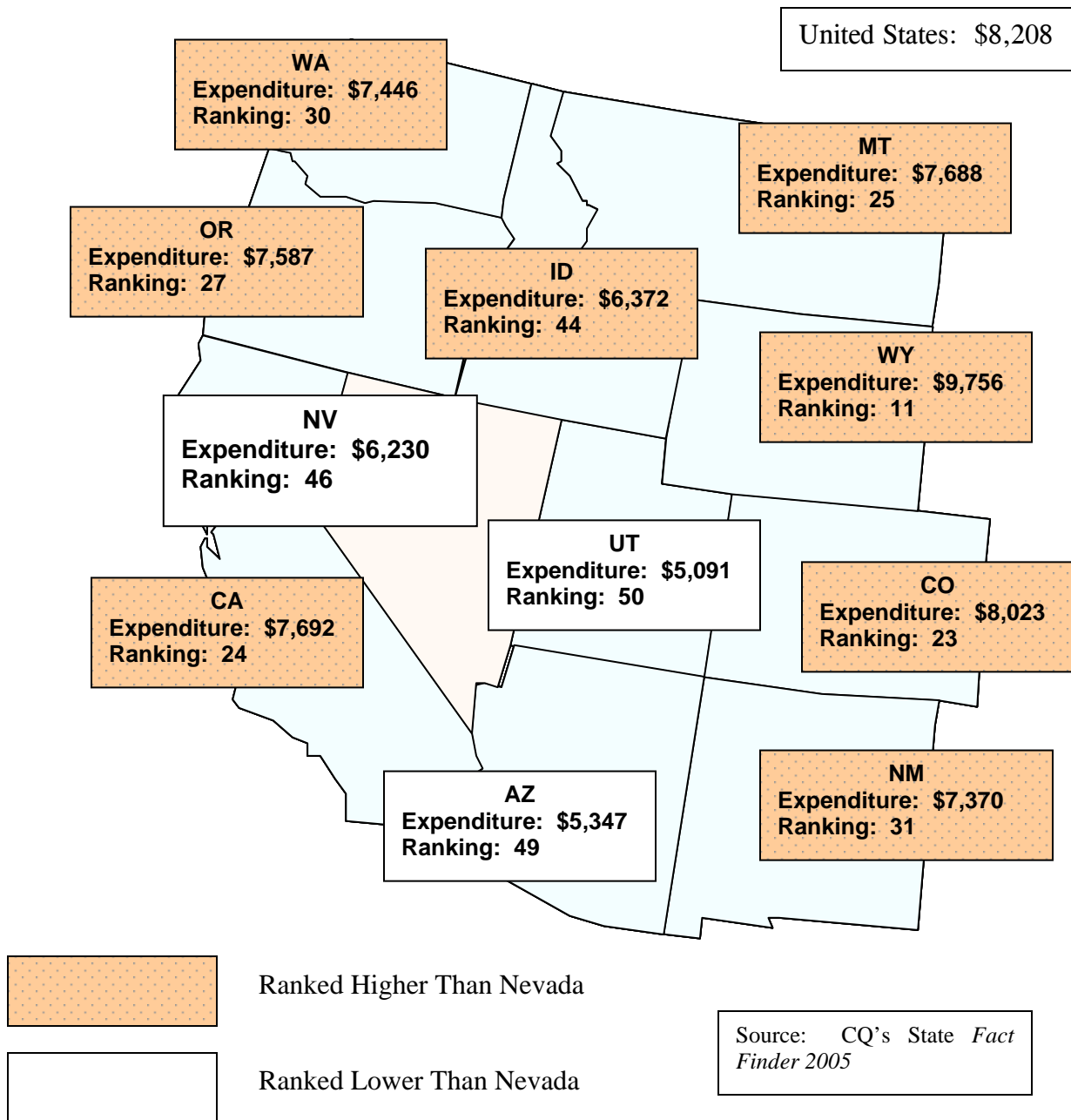


Higher Per Pupil Expenditures on Instruction than Nevada

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

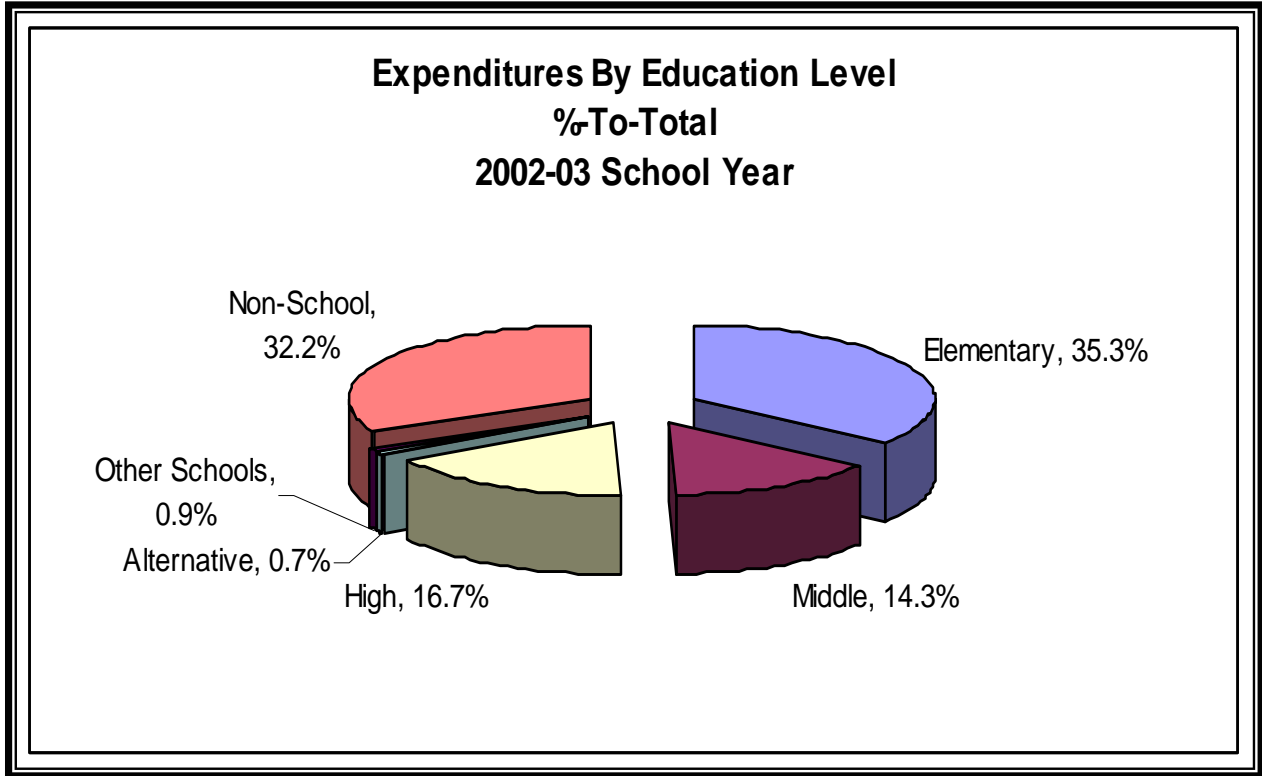
EXPENDITURES

PER PUPIL SPENDING RANKINGS – 2003-2004



NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

EXPENDITURES IN\$ITE FINANCIAL ANALYSIS SYSTEM

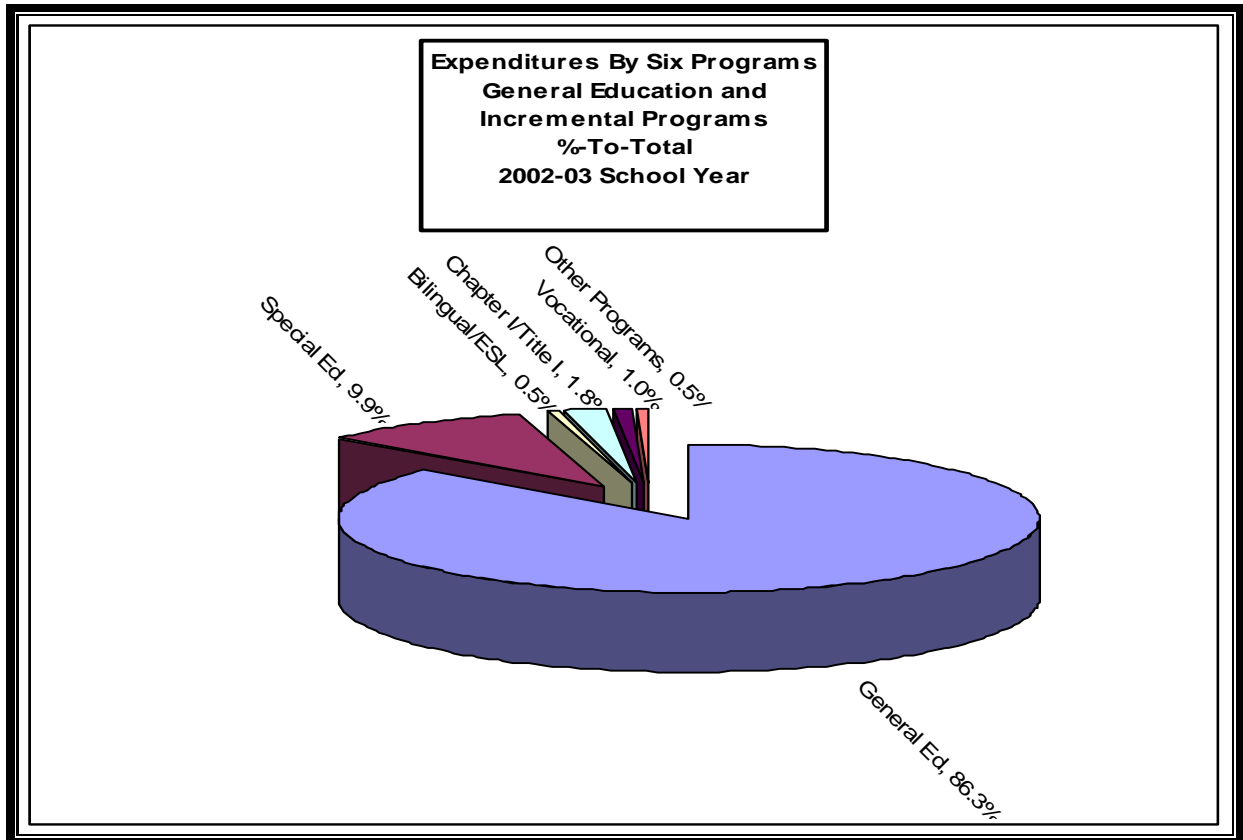


Education Level	Enrollment	Amount	\$ Per Pupil	%-To-Total
Elementary	175,236	\$1,088,162,575	\$6,210	35.3%
Middle	85,409	\$441,102,336	\$5,165	14.3%
High	93,227	\$514,372,790	\$5,517	16.7%
Alternative	2,277	\$20,131,885	\$8,841	0.7%
Other Schools	N/A	\$28,998,240	N/A	0.9%
Non-School	N/A	\$993,438,449	N/A	32.2%
Total	356,149	\$3,086,206,276	\$8,641	100.0%

Source: EdMin.Com – In\$ite Reports: 2002-03 School Year.

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

IN\$ITE FINANCIAL ANALYSIS SYSTEM

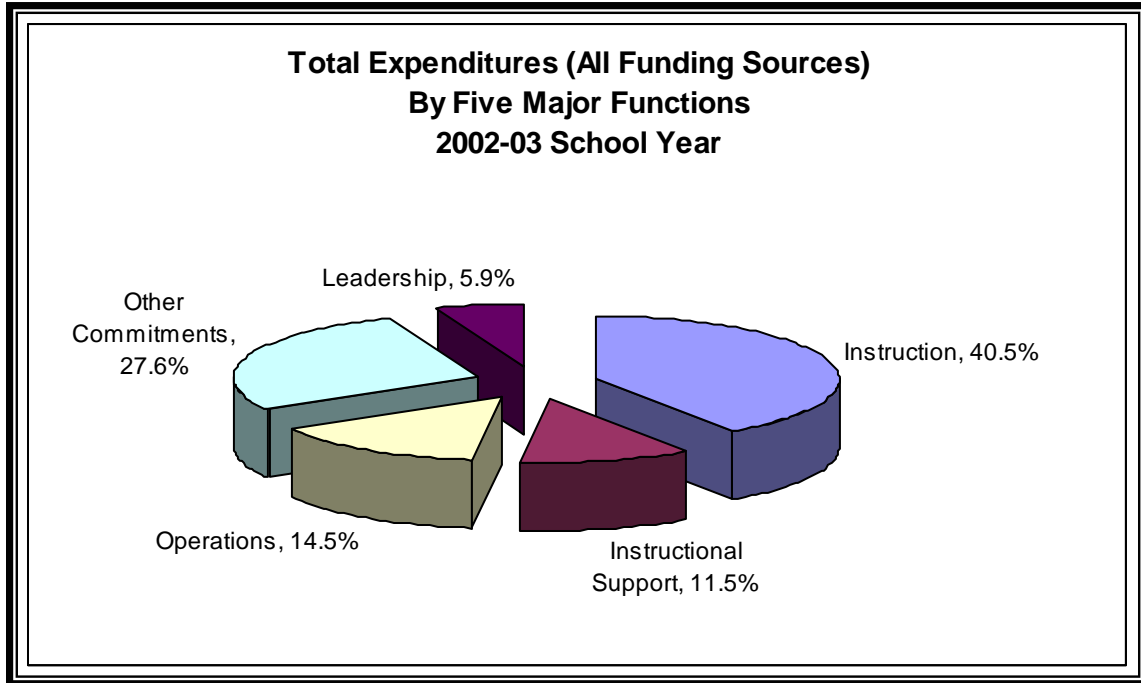


Program	Program Enrollment ¹	Amount	Incremental \$ Per Pupil ³	Total \$ Per Pupil ³	%-To-Total
General Education	357,178.20	\$2,665,790,904	\$7,463	\$7,463	86.3%
Special Education	42,159.00	\$304,523,920	\$7,223	\$14,687	9.9%
Bilingual / ESL	51,374.00	\$14,741,102	\$287	\$7,750	0.5%
Chapter 1 / Title 1	62,418.00	\$54,856,448	\$879	\$8,342	1.8%
Vocational	54,722.00	\$30,664,030	\$560	\$8,024	1.0%
Other Programs ²	N/A	\$15,629,872	N/A	N/A	0.5%
Total	357,174	\$3,086,206,276	N/A	\$8,641	100.0%

1. Students are counted as 1.0 in multiple programs. Therefore, the total of programmatic enrollments is greater than "Total District" enrollment. Kindergarten and pre-school students are counted as 0.6 for enrollment because they attend school for only part of the day.
2. "Other Programs" does not include a per pupil expenditure because these programs benefit various student populations with a variety of needs, and a per pupil calculation would not be comparable.
3. The per pupil programmatic expenditure amounts in the "Incremental \$ Per Pupil" column represent the incremental program expenditures. The "Total \$ Per Pupil" column represents the total per pupil expenditures for the designated program (the General Education base per pupil amount in **bold** plus the incremental per pupil amount for each program).

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

IN\$ITE FINANCIAL ANALYSIS SYSTEM

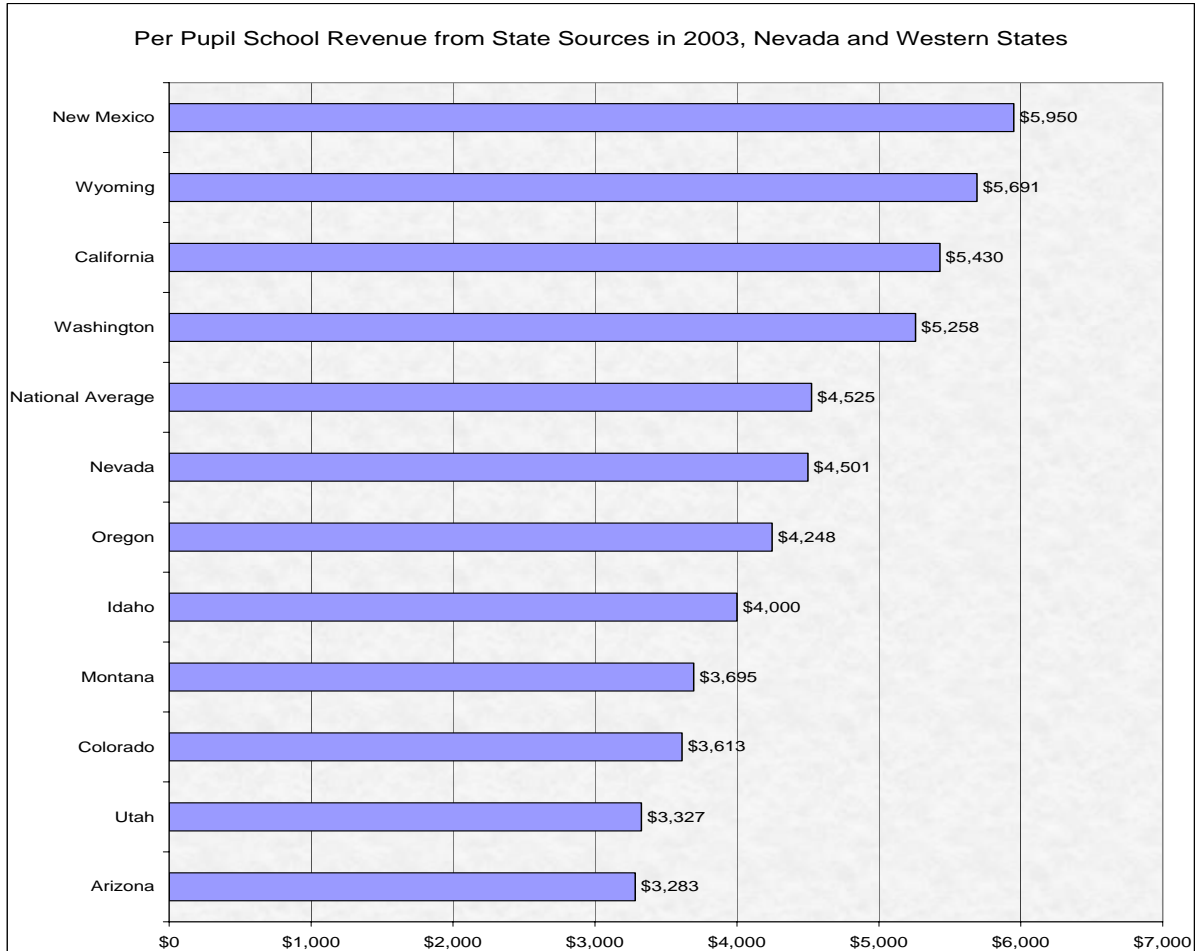


Enrollment: 339,201	Amount	Per Pupil	%-To-Total
Instruction	\$1,249,261,015	\$3,498	40.5%
Instructional Support	\$356,357,367	\$998	11.5%
Operations	\$448,203,185	\$1,255	14.5%
Other Commitments	\$851,314,553	\$2,383	27.6%
Leadership	\$181,070,156	\$507	5.9%
Total Expenditures	\$3,086,206,276	\$8,641	100.0%

Source: Fox River Learning, Inc 2002-2003 reports.

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

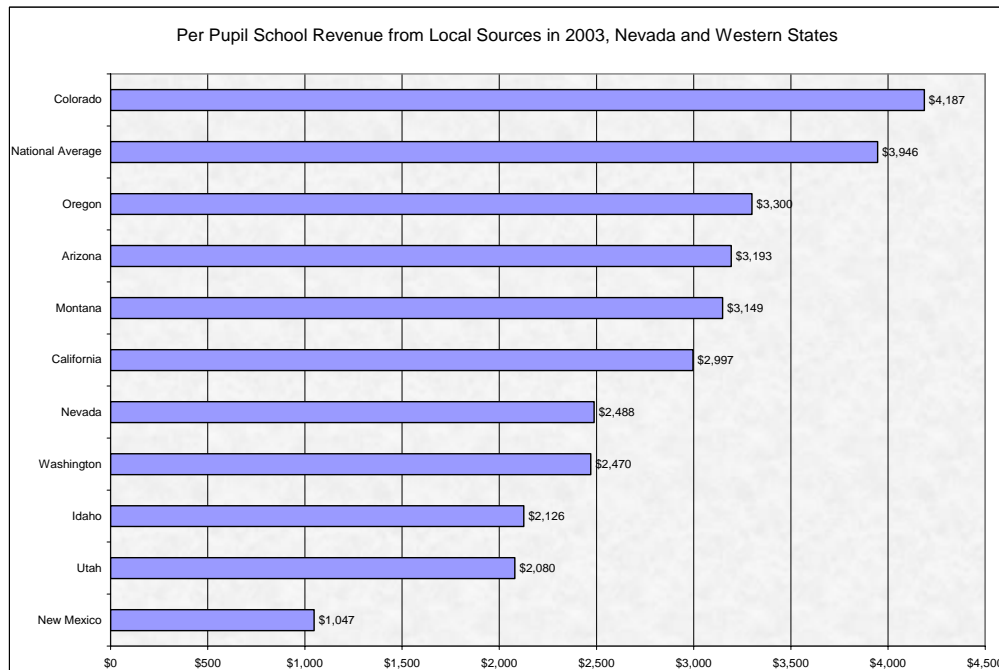
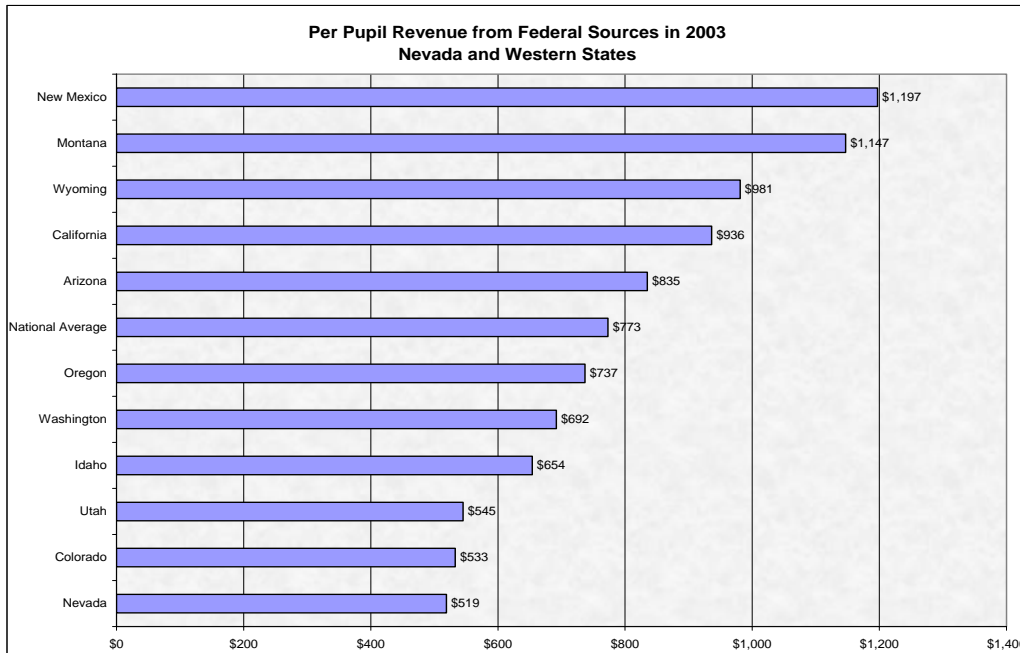
REVENUE SOURCES — NEVADA AND WESTERN STATES



Source: U.S. Census Bureau, "Public Education Finances, 2003."

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

REVENUE SOURCES — FEDERAL AND LOCAL SOURCES



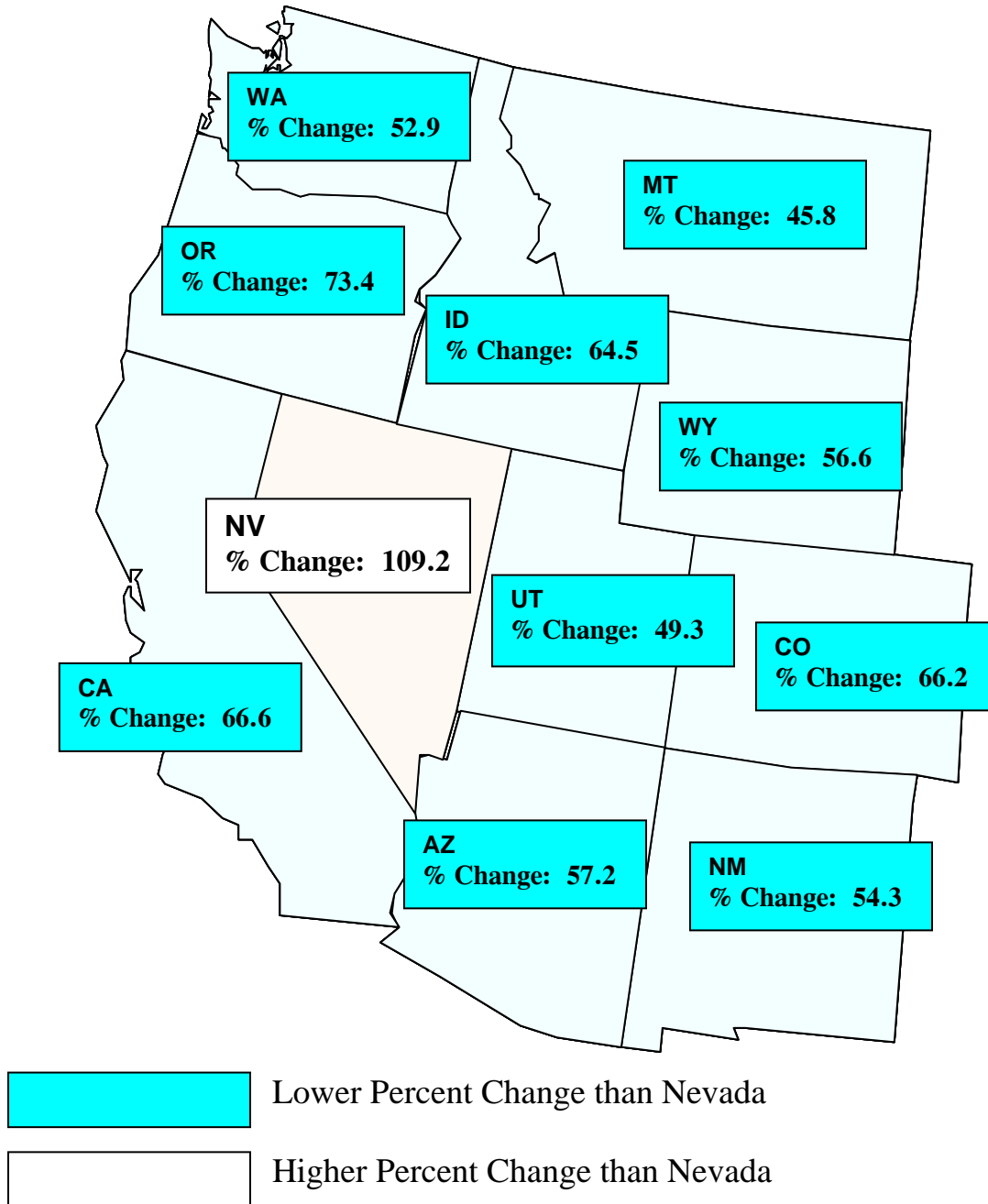
Source: U. S. Census Bureau, "Public Education Finances", 2003

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

FEDERAL FUNDING FOR NO CHILD LEFT BEHIND

Federal Funding for the No Child Left Behind Act (NCLBA)
Percent Change – Fiscal Years 2001-2005

United States – 56.9%

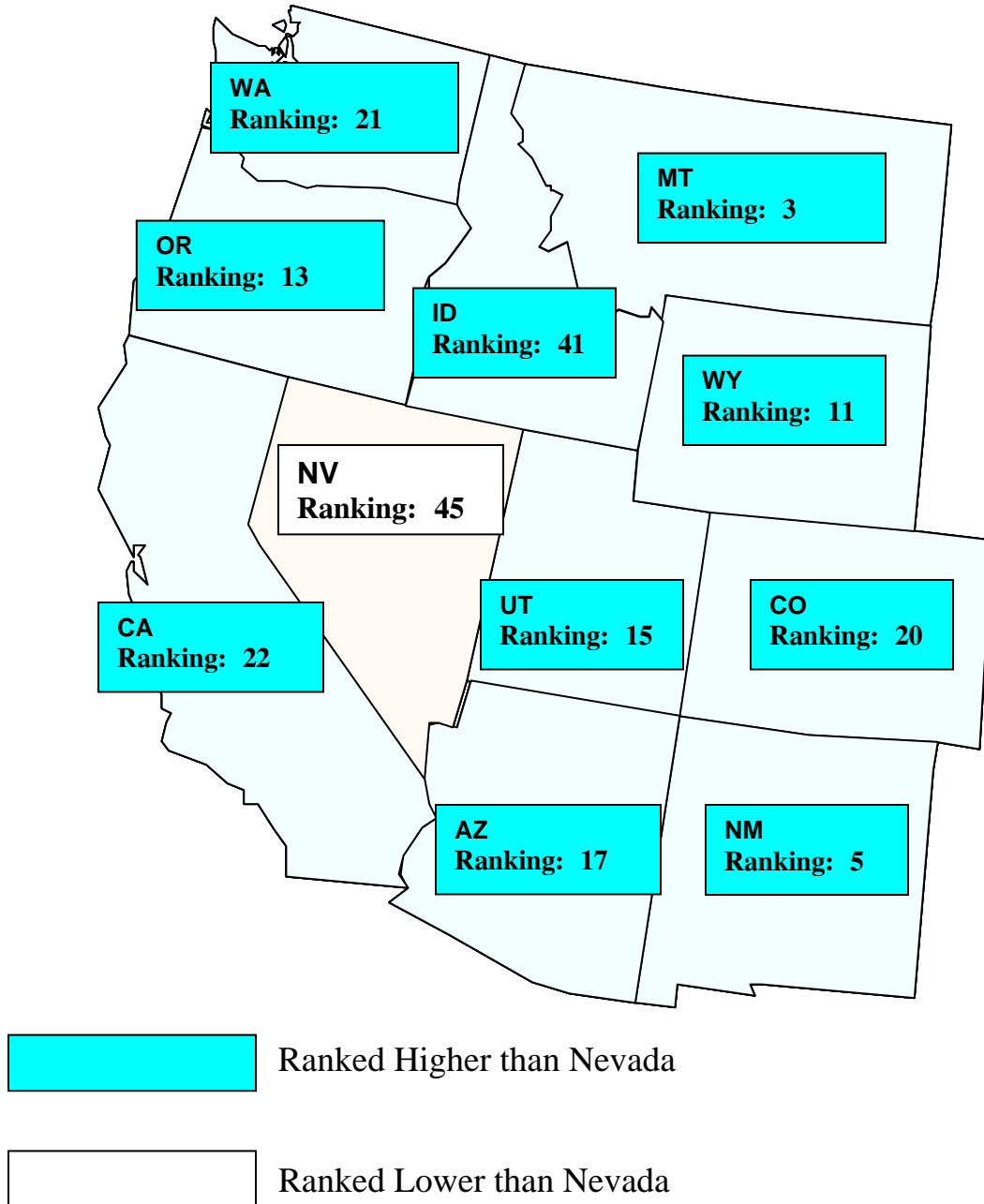


Source: US Department of Education, "State Budget Tables – 2005."

NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

REVENUE SOURCES — FEDERAL GRANTS

Federal Competitive Grants for Education
Western States Per Capita Rankings



Source: Federal Funds Information for States (FFIS), "Special Analysis 04-01, May 12, 2004."

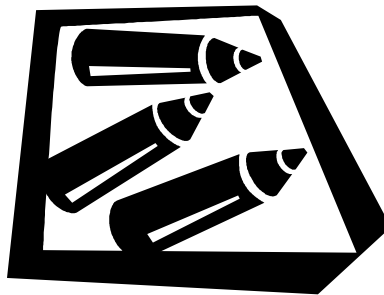
NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

LOCAL GOVERNMENT INDEBTEDNESS

LOCAL GOVERNMENT INDEBTEDNESS GENERAL OBLIGATION BONDS OF SCHOOL DISTRICTS AND OTHER LOCAL GOVERNMENT ENTITIES IN NEVADA June 30, 2004

County	County Bond Amount	Schools Amount	Cities/Other Amount	Total	Percent of G.O. Bonds for Schools
Carson City	\$1,445,000	\$38,910,000		\$40,355,000	96.4%
Churchill		\$22,740,000		\$22,740,000	100.0%
Clark	\$121,845,000	\$2,144,909,191	\$200,127,531	\$2,466,881,722	86.9%
Douglas		\$16,434,590	\$690,000	\$17,124,590	96.0%
Elko			\$1,165,000	\$1,165,000	0.0%
Esmeralda				\$0	0.0%
Eureka				\$0	0.0%
Humboldt		\$4,705,000	\$3,844,000	\$8,549,000	55.0%
Lander	\$3,925,000			\$3,925,000	0.0%
Lincoln		\$2,880,000		\$2,880,000	100.0%
Lyon		\$48,015,000		\$48,015,000	100.0%
Mineral		\$5,070,000		\$5,070,000	100.0%
Nye		\$52,180,000	\$1,155,500	\$53,335,500	97.8%
Pershing		\$4,585,000		\$4,585,000	100.0%
Storey		\$730,000		\$730,000	100.0%
Washoe	\$78,320,000	\$385,155,000	\$31,680,000	\$495,155,000	77.8%
White Pine		\$6,990,000		\$6,990,000	100.0%
Statewide	\$205,535,000	\$2,733,303,781	\$238,662,031	\$3,177,500,812	86.0%

Source: Nevada Department of Taxation, "Annual Local Government Indebtedness"

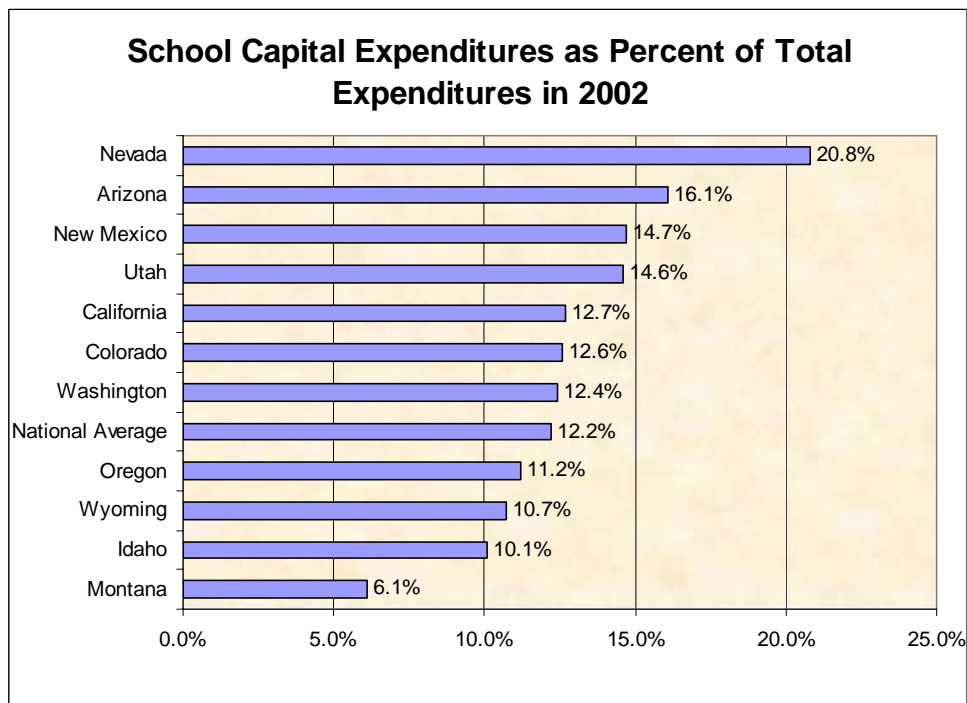


NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

EXPENDITURES — CAPITAL CONSTRUCTION



Source: U.S. Bureau of the Census, "Public Education Finances: 2002", in Morgan Quinto's *Education State Rankings 2004-2005*.



NEVADA PLAN FOR SCHOOL FINANCE AND EDUCATION EXPENDITURES

EXPENDITURES — CURRENT VS. TOTAL

Total – 2000-2001 School Year		
Rank	State	Per Pupil
1	New Jersey	\$12,617
2	New York	\$12,388
3	Connecticut	\$11,800
4	Alaska	\$10,542
5	Delaware	\$10,394
6	Massachusetts	\$10,084
7	Michigan	\$10,035
8	Vermont	\$9,943
9	Pennsylvania	\$9,830
10	Rhode Island	\$9,777
11	Wisconsin	\$9,726
12	Minnesota	\$9,487
13	Maryland	\$9,340
14	Illinois	\$9,241
15	Maine	\$9,190
16	Indiana	\$9,183
17	Ohio	\$8,898
18	Wyoming	\$8,709
19	Oregon	\$8,564
20	Virginia	\$8,464
21	Nebraska	\$8,310
22	New Hampshire	\$8,265
23	California	\$8,232
24	Georgia	\$8,211
25	West Virginia	\$8,201
26	South Carolina	\$8,177
27	Washington	\$8,114
28	Texas	\$8,101
29	Nevada	\$7,933
30	Iowa	\$7,916
31	Missouri	\$7,831
32	Arizona	\$7,790
33	Florida	\$7,702
34	North Carolina	\$7,668
35	Hawaii	\$7,649
36	Kansas	\$7,632
37	South Dakota	\$7,478
38	New Mexico	\$7,415
39	Colorado	\$7,275
40	Montana	\$7,256
41	Tennessee	\$6,908
42	Alabama	\$6,859
43	North Dakota	\$6,770
44	Louisiana	\$6,752
45	Oklahoma	\$6,552
46	Kentucky	\$6,518
47	Idaho	\$6,381
48	Arkansas	\$6,244
49	Mississippi	\$5,796
50	Utah	\$5,712

Current – 2000-2001 School Year		
Rank	State	Per Pupil
1	New Jersey	\$11,248
2	New York	\$10,716
3	Connecticut	\$10,127
4	Massachusetts	\$9,509
5	Rhode Island	\$9,315
6	Alaska	\$9,216
7	Vermont	\$9,153
8	Delaware	\$8,958
9	Michigan	\$8,278
10	Maryland	\$8,256
11	Wisconsin	\$8,243
12	Maine	\$8,232
13	Pennsylvania	\$8,210
14	Wyoming	\$7,835
15	Minnesota	\$7,645
16	Illinois	\$7,643
17	Indiana	\$7,630
18	Ohio	\$7,571
19	West Virginia	\$7,534
20	Oregon	\$7,528
21	New Hampshire	\$7,286
22	Virginia	\$7,281
23	Nebraska	\$7,223
24	California	\$6,987
25	Iowa	\$6,930
26	Georgia	\$6,929
27	Kansas	\$6,925
28	Washington	\$6,750
29	Montana	\$6,726
30	Missouri	\$6,657
31	South Carolina	\$6,631
32	Hawaii	\$6,596
33	Colorado	\$6,567
34	Texas	\$6,539
35	North Carolina	\$6,346
36	New Mexico	\$6,313
37	South Dakota	\$6,191
38	Florida	\$6,170
39	North Dakota	\$6,125
40	Kentucky	\$6,079
41	Louisiana	\$6,037
42	Oklahoma	\$6,019
43	Alabama	\$5,885
44	Nevada	\$5,807
45	Idaho	\$5,725
46	Tennessee	\$5,687
47	Arkansas	\$5,568
48	Arizona	\$5,278
49	Mississippi	\$5,175
50	Utah	\$4,674

NOTE

The NCES explains the differences between current and total as follows:

”Because of the variation in the kinds of programs run by school districts and the large swings in school construction expenditures, researchers often use current rather than total expenditures when reporting and comparing school district expenditures. Current expenditures are expenditures for the day-to-day operations of schools and school districts. They do not include expenditures for construction, equipment, debt financing, and programs outside of public elementary/secondary education. * * * Total expenditures for public elementary and secondary education and other programs include current expenditures for public elementary and secondary education, capital outlays, other programs, interest on debt, and payments to state and local governments.”--: NCES, *Revenues and Expenditures for Public Elementary and Secondary Schools: School Year 2000-01*, April 2004

Source: National Center for Education Statistics. *Revenues and Expenditures for Public Elementary and Secondary Schools: School Year 2000-01*. Published May 2003. [Total expenditures are divided by student membership for fall 2000.]