

**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 percent to 80 percent of school districts' general fund resources. *Nevada Plan* funding for the districts consists of State support received through the Distributive School Account<sup>1</sup> (DSA) and locally collected revenues from the 2.25<sup>2</sup> percent 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.

To protect districts during times of declining 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 year's enrollment, unless the decline in enrollment is more than 5 percent, in which case the funding is based on the higher of the current or the previous two years' enrollment.

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<sup>1</sup>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, and interest from investments of the State Permanent School Fund.

<sup>2</sup> The 2009 Legislature, through the passage of Senate Bill 429 (Chapter 395, *Statutes of Nevada*), temporarily increased the LSST from 2.25 percent to 2.60 percent for the 2009–2011 Biennium. The 2011 Legislature, through the passage of Assembly Bill 561 (Chapter 476, *Statutes of Nevada*), extended the temporary increase to the LSST through the 2011–2013 Biennium.

## Background—The *Nevada Plan* (continued)

An additional provision assists school districts that experience significant growth in enrollment within the School Year (SY). 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. These units provide funding for licensed personnel who carry out 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 through the DSA. Revenue received by the school district from the 2.25 percent LSST (2.60 percent for the 2011–2013 Biennium) and one-third of the proceeds from the 75-cent property tax rate 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 government services tax distributed to school districts; franchise tax; interest income; tuition; unrestricted federal revenue, such as revenue received under Public Law 81-874 in lieu of taxes for federally impacted areas; and other local revenues.

In addition to revenues recognized by the *Nevada Plan*, school districts receive “categorical” funds from the federal government, State, 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 the disadvantaged, the No Child Left Behind Act, the Race to the Top Program, the National School Lunch program, and the 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 (LCB), 2012.

## The 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 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 5 is counted as six-tenths of a pupil (1). In instances of declining enrollment, the higher of the current or previous year's enrollment is used; unless the decline in enrollment is more than 5 percent, in which case the higher of the current or the 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 allocated to 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 (2.60 percent for the 2011–2013 Biennium) and one-third of the proceeds from the 75-cent property tax rate (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 any specific programs funded by the Legislature through the DSA, such as the Adult High School Education Program, is 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 (10 through 14) are summed (15) and are added to total guaranteed basic support (5) and the amount provided for Adult High School Diploma programs and other legislatively approved programs (8), to determine the school district's total available resources (16).



**Career Cluster: Architecture and Construction**

**Old Occupation Name: Mason**

**Current Occupation Name: Bricklayer**

## The Nevada Plan Example—Summary (*continued*)

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.

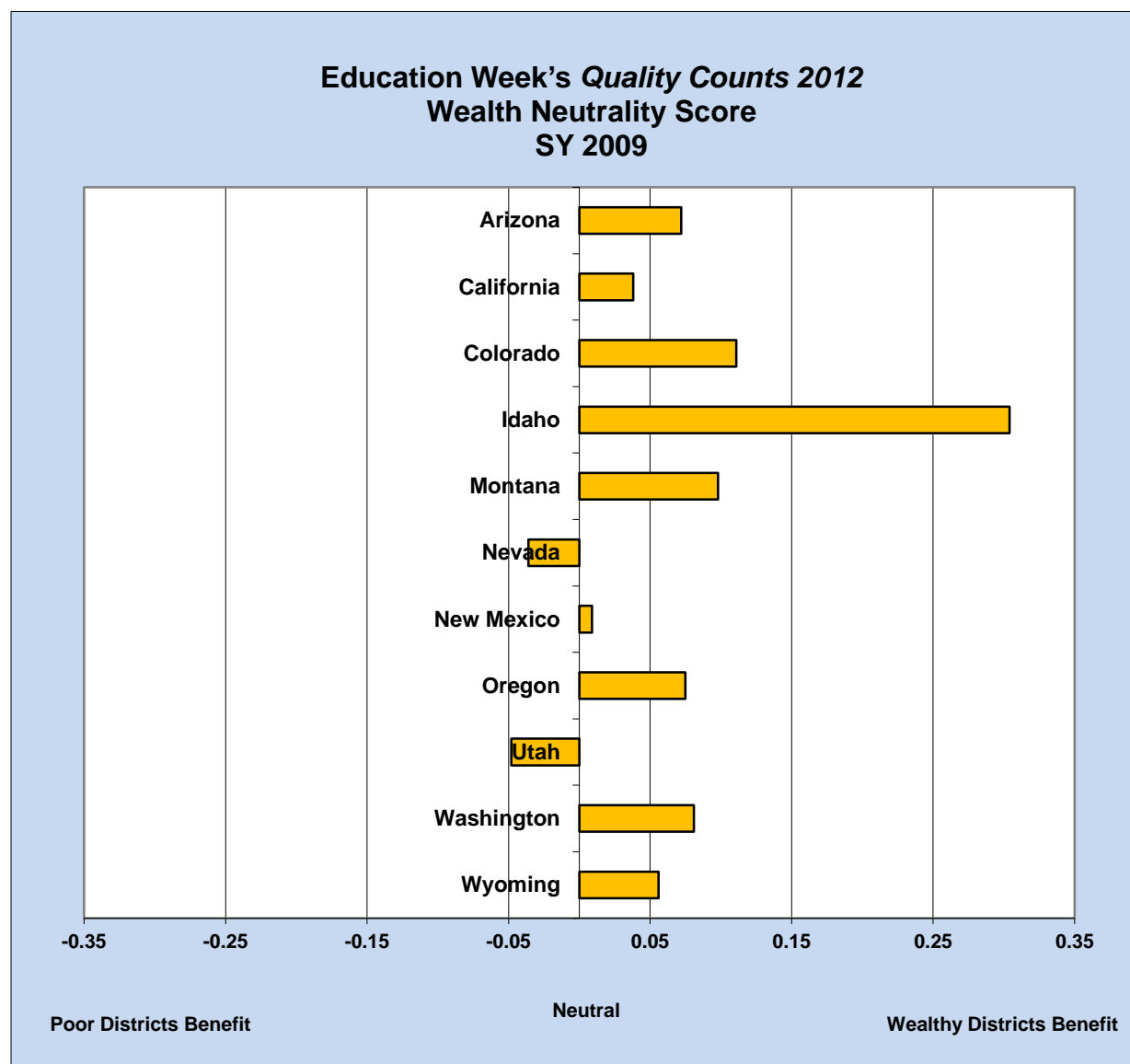
Basic Support Guarantee		
1	Number of Pupils (Weighted Apportionment Enrollment*)	8,000
2	x Basic Support Per Pupil	<u>\$ 4,700</u>
3	= Guaranteed Basic Support	\$ 37,600,000
4	+ Special Education Allocation (40 units @ \$32,000 per unit)	<u>\$ 1,280,000</u>
5	= Total Guaranteed Support	\$ 38,880,000
	- Local Resources	
6	2.60-cent Local School Support (sales) Tax**	(\$ 15,540,000)
	1/3 of the proceeds from the 75-cent property tax rate	<u>(\$ 4,600,000)</u>
7	= State Responsibility	\$ 18,740,000
8	+ Other State Programs funded through the DSA (i.e., Adult High School Diploma Funding)	<u>\$ 35,000</u>
9	= Total Revenue from Distributive School Account	\$ 18,775,000
Resources in Addition to Basic Support		
10	2/3 of the Proceeds from 75-cent Property Tax Rate	\$ 9,200,000
11	Governmental Services Tax	\$ 1,700,000
12	Federal Revenues (Unrestricted)	\$ 150,000
13	Miscellaneous Revenues	\$ 10,000
14	Opening Fund Balance	<u>\$ 2,000,000</u>
15	Total Resources in Addition to Basic Support	<u>\$ 13,060,000</u>
16	Total Resources Available (Add lines 5, 8, and 15)	<b>\$ 51,975,000</b>

\*Weighted Apportionment Enrollment includes six-tenths of 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, net of transfers, and a full count of disabled minors age 5 and over receiving special education.

\*\*The 2.60 percent LSST tax reverts back to 2.25 percent, effective July 1, 2013.

Source: Fiscal Analysis Division, LCB, 2012.

## School Finance Systems: Wealth Neutrality—Western States



**Source:** *Quality Counts 2012*, Education Week, January 12, 2012.

**Note:** Wealth neutrality=0. In states with positive scores, total funding increased as district income increased; in states with negative scores, total funding increased as district income decreased. 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.



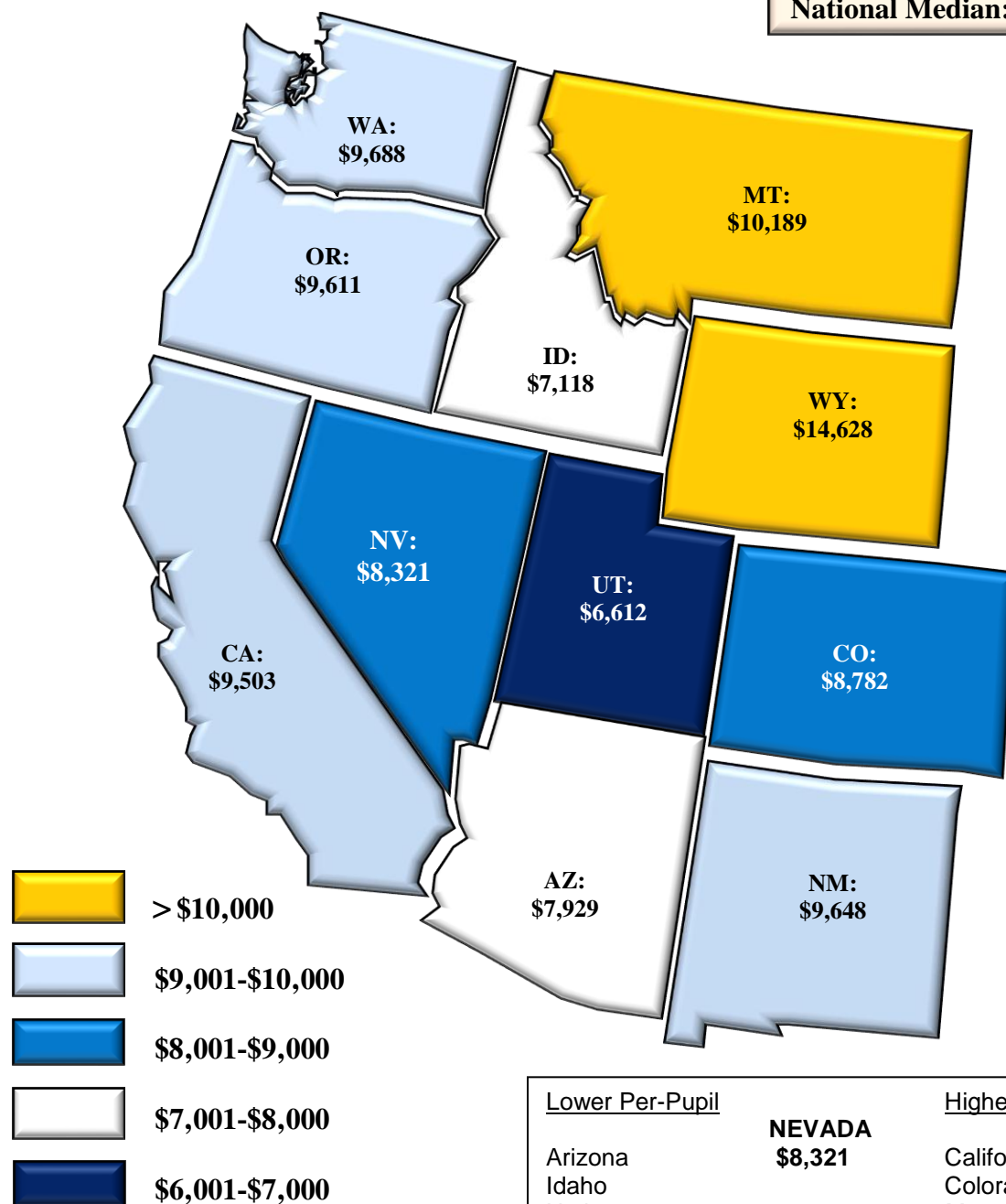
## Distributive School Account

**Source:** Fiscal Analysis Division, LCB, 2012.

## Per-Pupil Expenditures

### Per-Pupil Current Expenditures for Elementary and Secondary Schools SY 2008–2009

**National Median: \$10,591**



**Source:** U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics*, 2011.

Lower Per-Pupil		Higher Per-Pupil
NEVADA		
\$8,321		
Arizona		California
Idaho		Colorado
Utah		Montana
		New Mexico
		Oregon
		Washington
		Wyoming

## Per-Pupil Expenditures (*continued*)

### Per-Pupil Expenditures for Elementary and Secondary Schools by Function Western States Comparison SY 2008–2009

Current Per Pupil Expenditures					
State	Total	Instruction	Student Support	Operations	Administration
<b>National Average</b>	<b>\$10,591</b>	<b>\$6,456</b>	<b>\$574</b>	<b>\$1,033</b>	<b>\$805</b>
Arizona	\$7,929	\$4,785	\$488	\$895	\$500
California	\$9,503	\$5,685	\$485	\$973	\$725
Colorado	\$8,782	\$5,061	\$409	\$854	\$742
Idaho	\$7,118	\$4,335	\$412	\$672	\$563
Montana	\$10,189	\$6,112	\$576	\$1,102	\$839
<b>Nevada</b>	<b>\$8,321</b>	<b>\$4,944</b>	<b>\$400</b>	<b>\$886</b>	<b>\$734</b>
New Mexico	\$9,648	\$5,565	<b>\$984</b>	\$972	\$808
Oregon	\$9,611	\$5,594	\$690	\$801	\$743
Utah	\$6,612	\$4,275	\$252	\$590	\$476
Washington	\$9,688	\$5,830	\$643	\$860	\$745
Wyoming	<b>\$14,628</b>	<b>\$8,602</b>	\$843	<b>\$1,442</b>	<b>\$1,075</b>

**Source:** United States Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 2011*.



### Career Cluster: Manufacturing

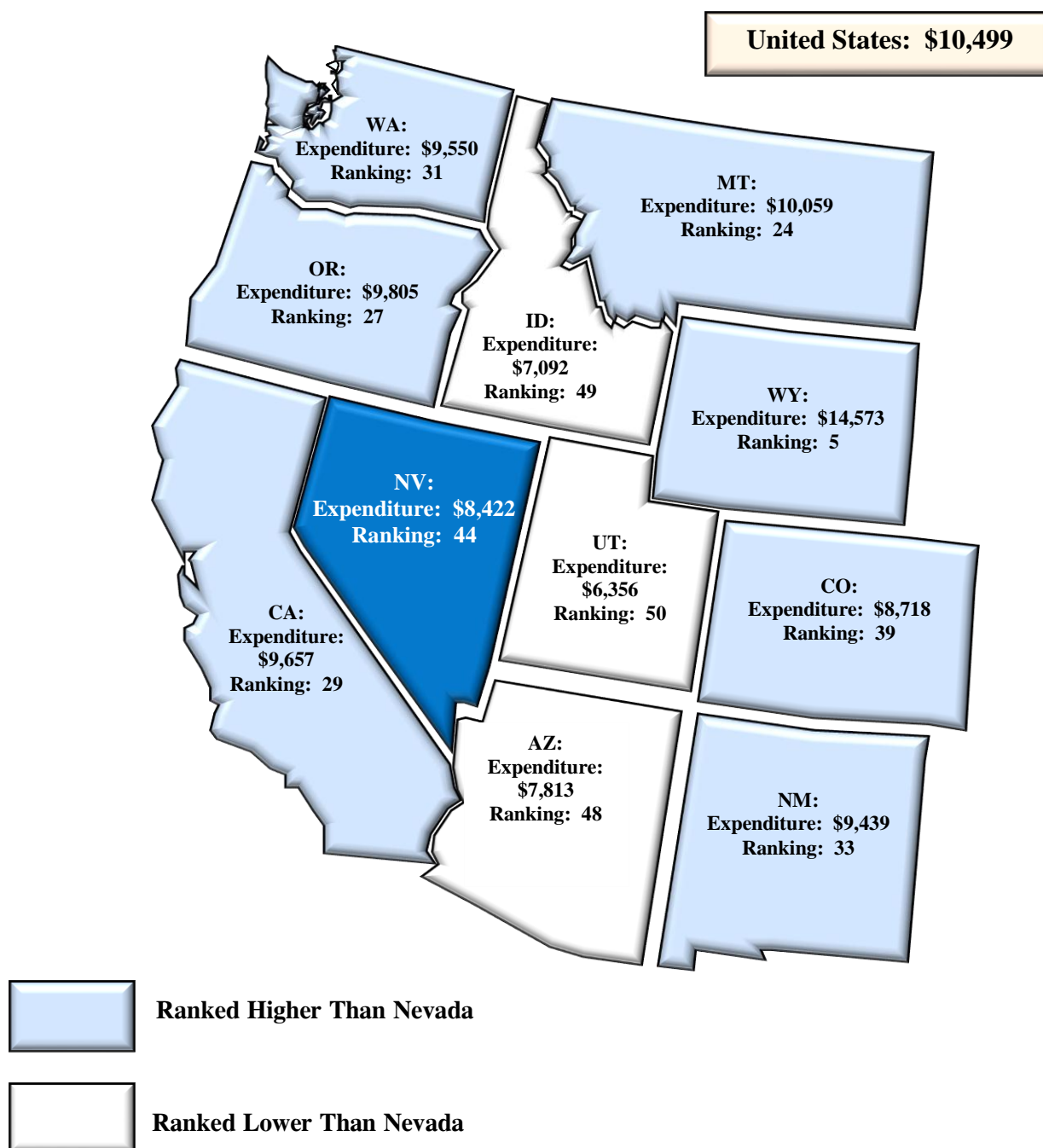
**Old Occupation Name:** Whitesmith

**Current Occupation Name:** Tinsmith; worker of iron who finishes or polishes the work



## Per-Pupil Expenditures (*continued*)

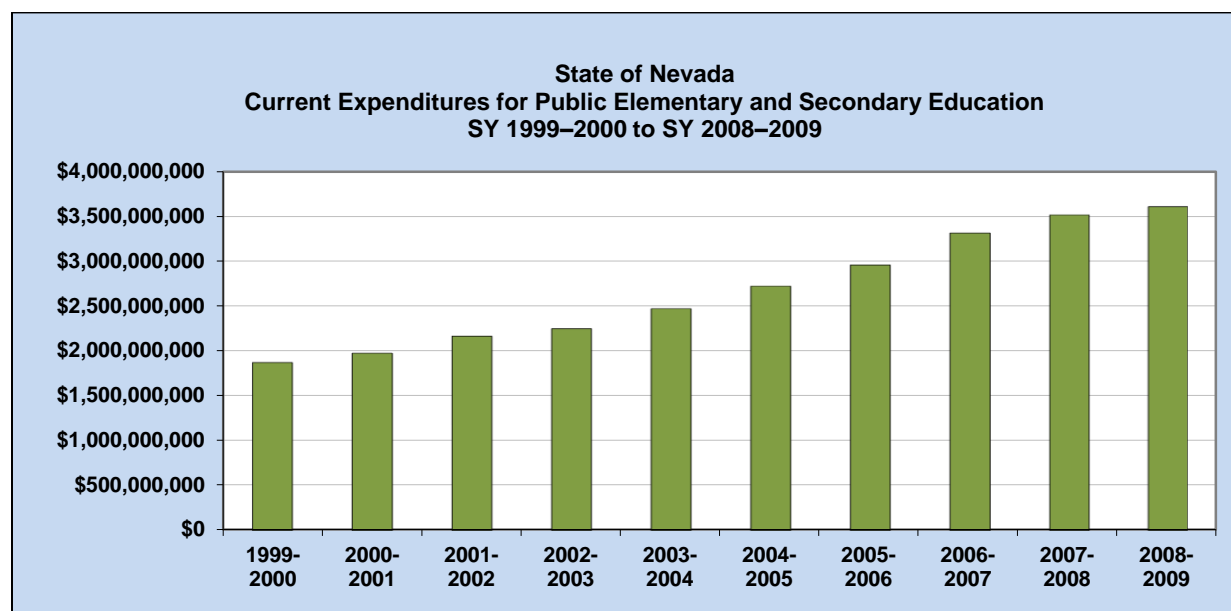
### Per-Pupil Current Expenditure Rankings For Public Elementary and Secondary Schools\* SY 2008–2009



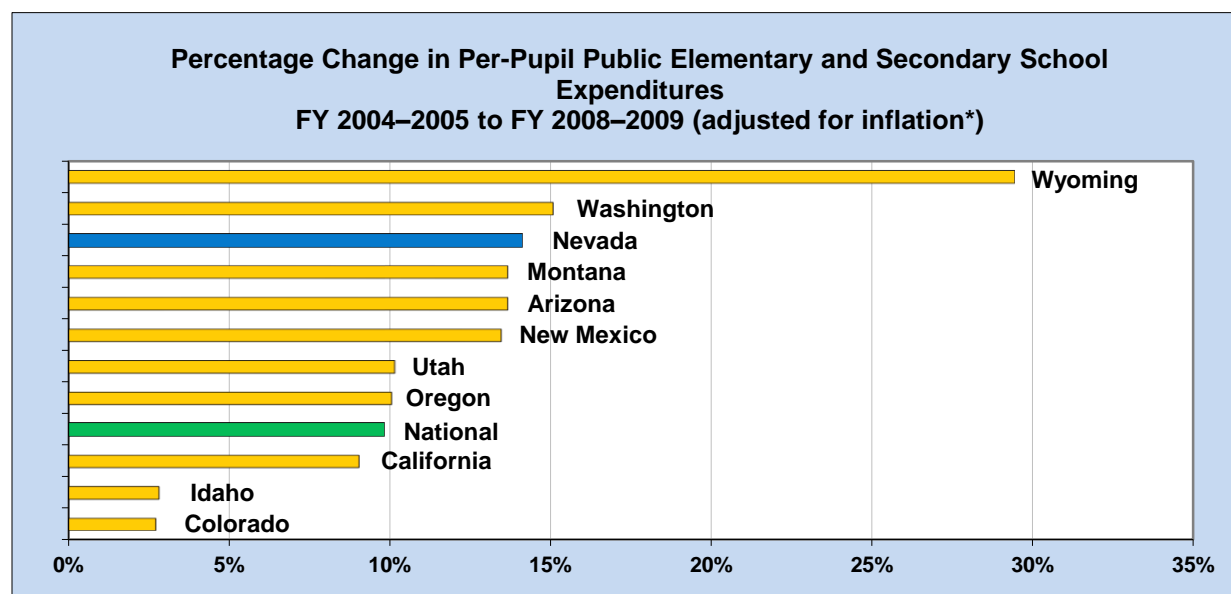
\*Expenditures include salaries, benefits, services, and supplies. Excluded expenditures include those for adult education, community services, and other non-elementary-secondary school programs.

Source: *Education State Rankings 2011–2012*, CQ Press, 2012.

## Public School Expenditures



Source: U.S. Department of Education, Common Core of Data, Build a Table, 2012.



\*Adjusted for inflation to 2009 dollars using 1982–1984 as the index base period.

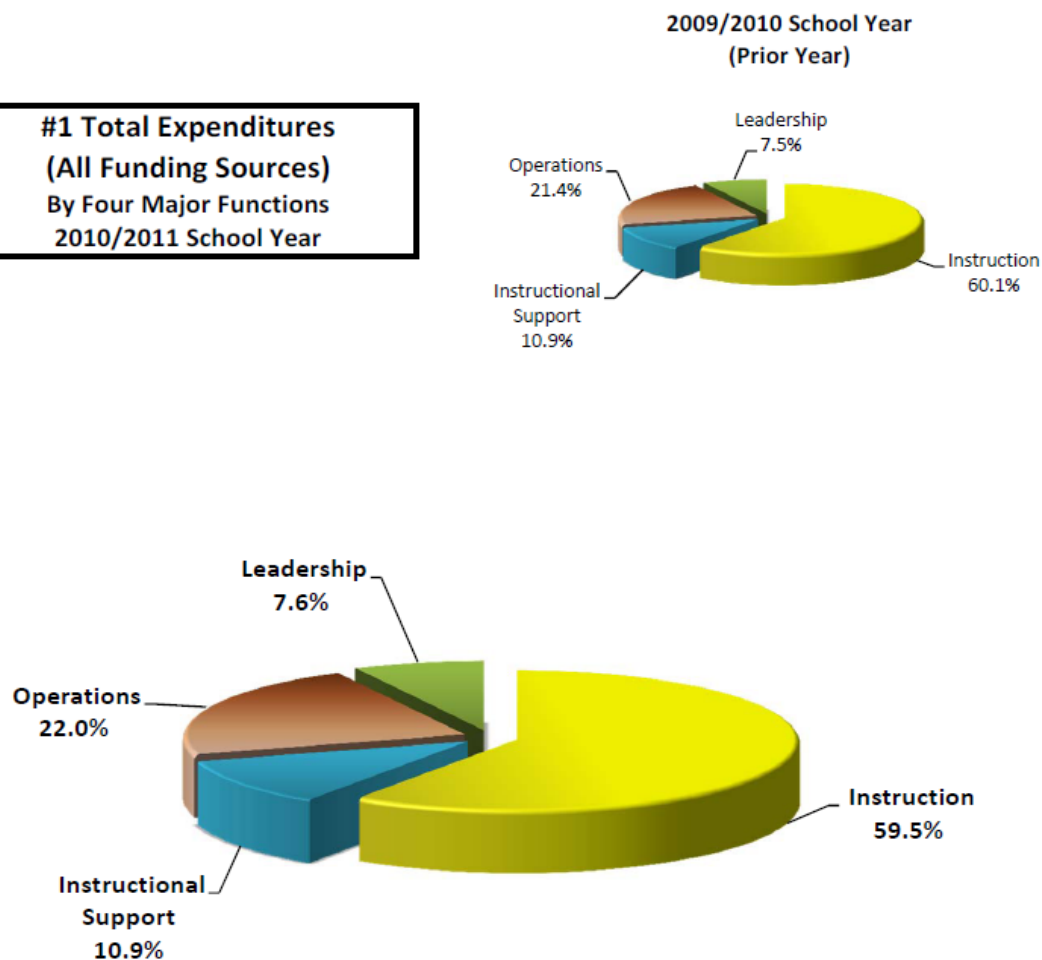
State Rankings			
Arizona	Rank 17	New Mexico	Rank 19
California	Rank 35	Oregon	Rank 32
Colorado	Rank 47	Utah	Rank 31
Idaho	Rank 46	Washington	Rank 11
Montana	Rank 17	Wyoming	Rank 2
Nevada	Rank 15		

Source: *Education State Rankings 2011–2012*, CQ Press, 2012.

## Public School Expenditures In\$ite Financial Analysis System

## Nevada School Districts &amp; Charter Schools

**#1 Total Expenditures  
(All Funding Sources)  
By Four Major Functions  
2010/2011 School Year**

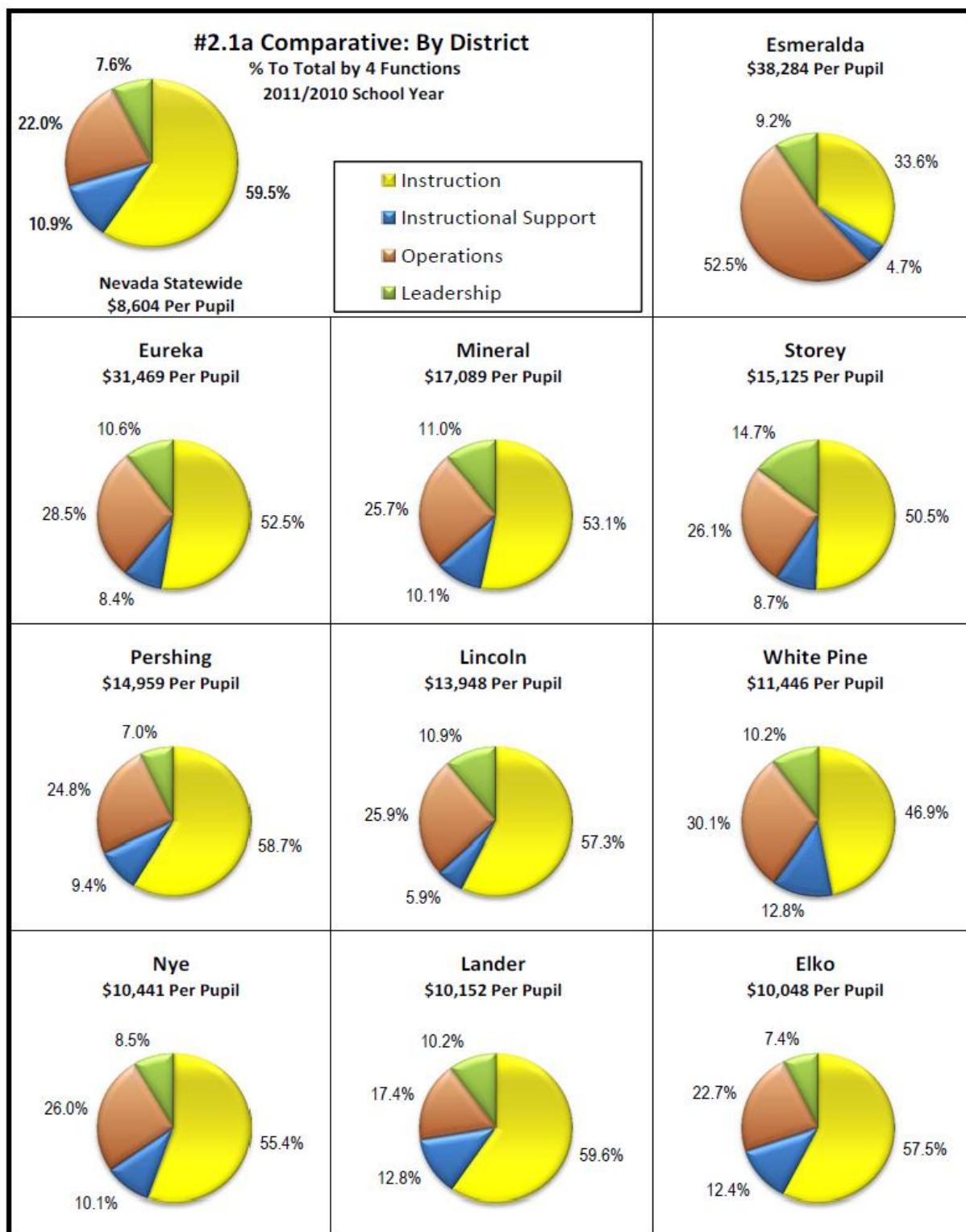


Weighted Enrollment: 422,632	Amount	Per Pupil	%-To-Total
Instruction	\$2,163,252,618	\$5,119	59.5%
Instructional Support	\$396,899,653	\$939	10.9%
Operations	\$800,237,979	\$1,893	22.0%
Leadership	\$275,758,369	\$652	7.6%
Total Expenditures	\$3,636,148,619	\$8,604	100.0%

2011-NV-01-01 (4)

In\$ite, U. S. Patent No. 5,991,741

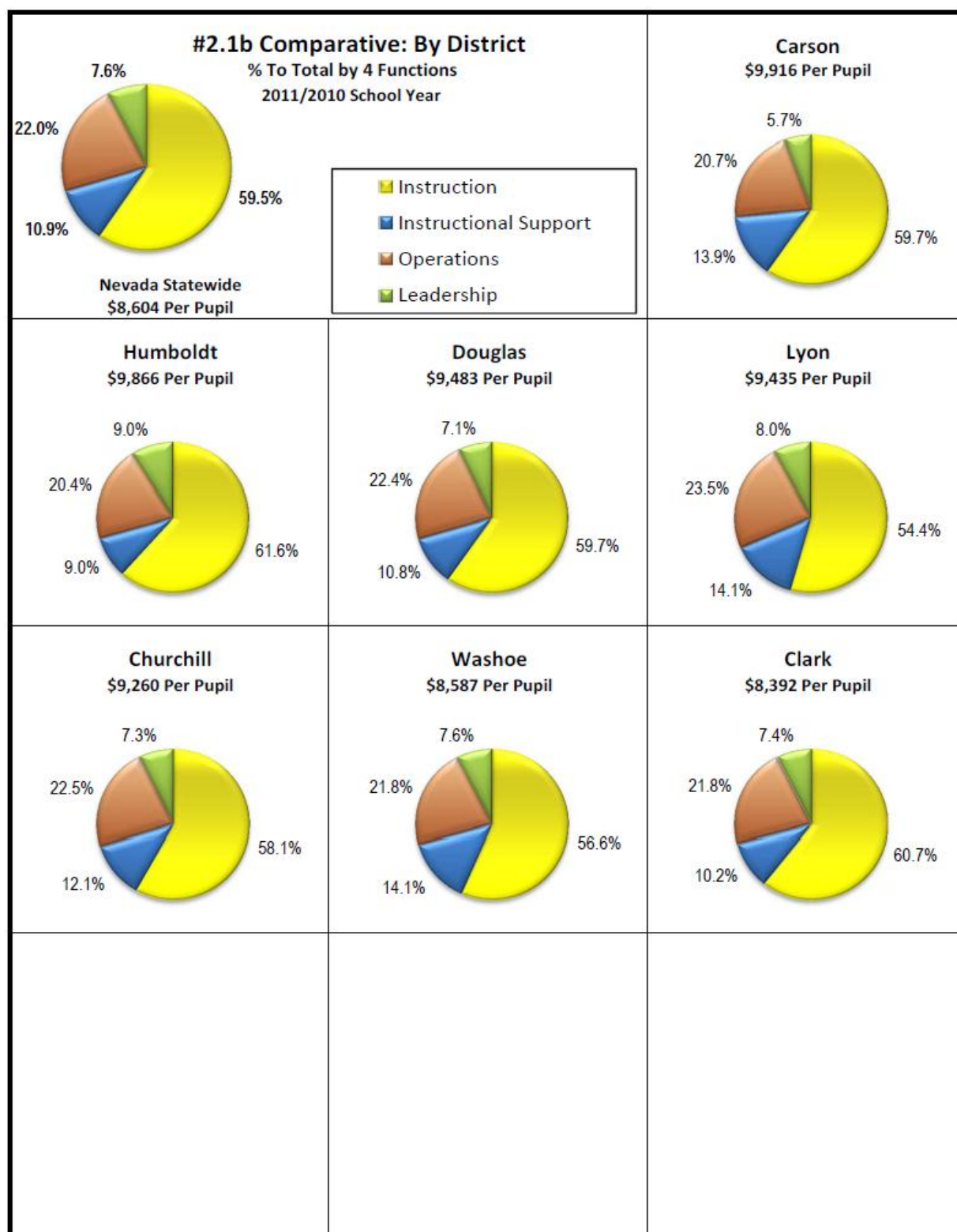
Source: <http://edmin.com>

Public School Expenditures In\$ite Financial Analysis System (*continued*)

4-COMP-2.1a

In\$ite, U. S. Patent No. 5,991,741

Source: <http://edmin.com>

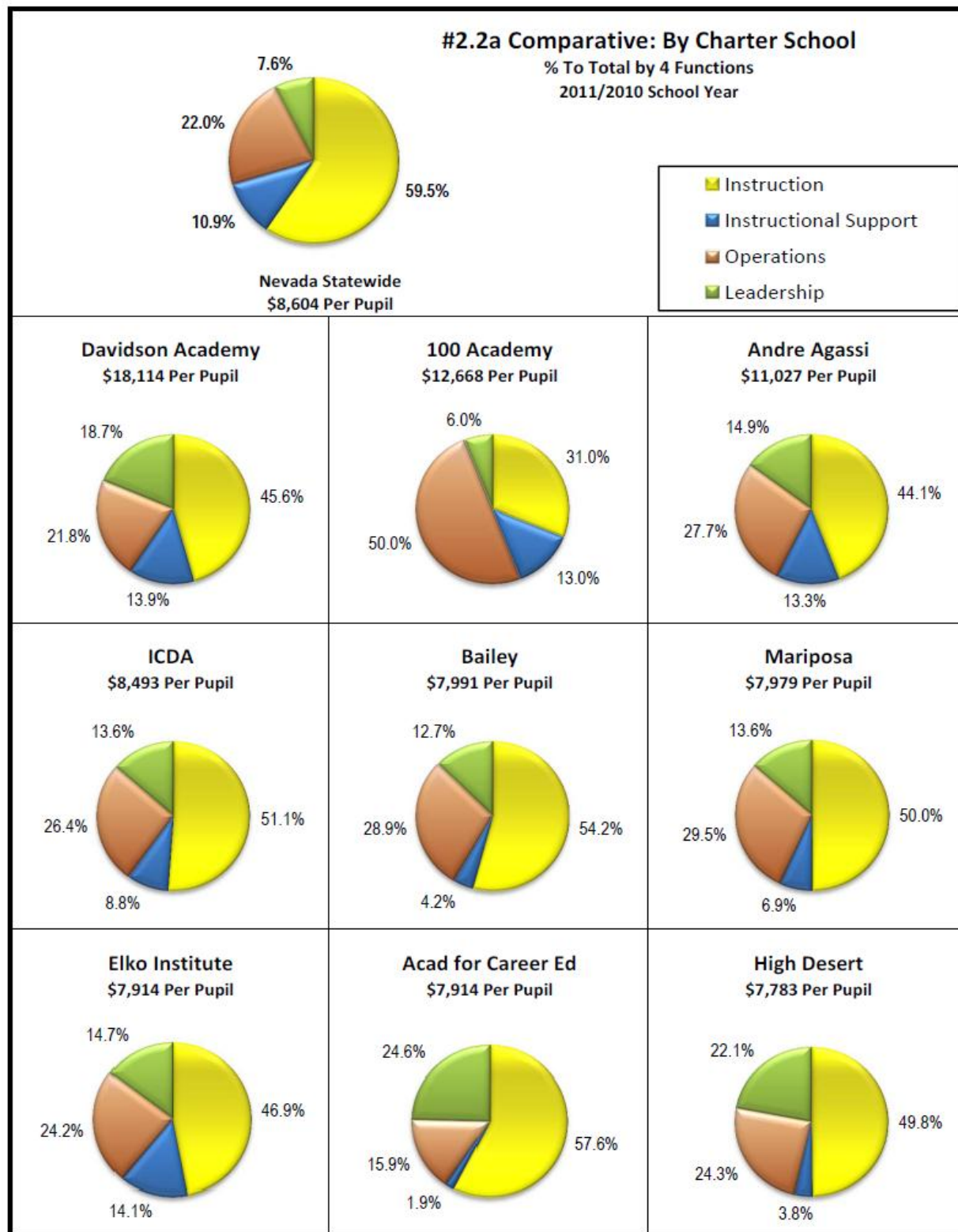
Public School Expenditures In\$ite Financial Analysis System (*continued*)

4-COMP-2.1b

In\$ite, U. S. Patent No. 5,991,741

Source: <http://edmin.com>



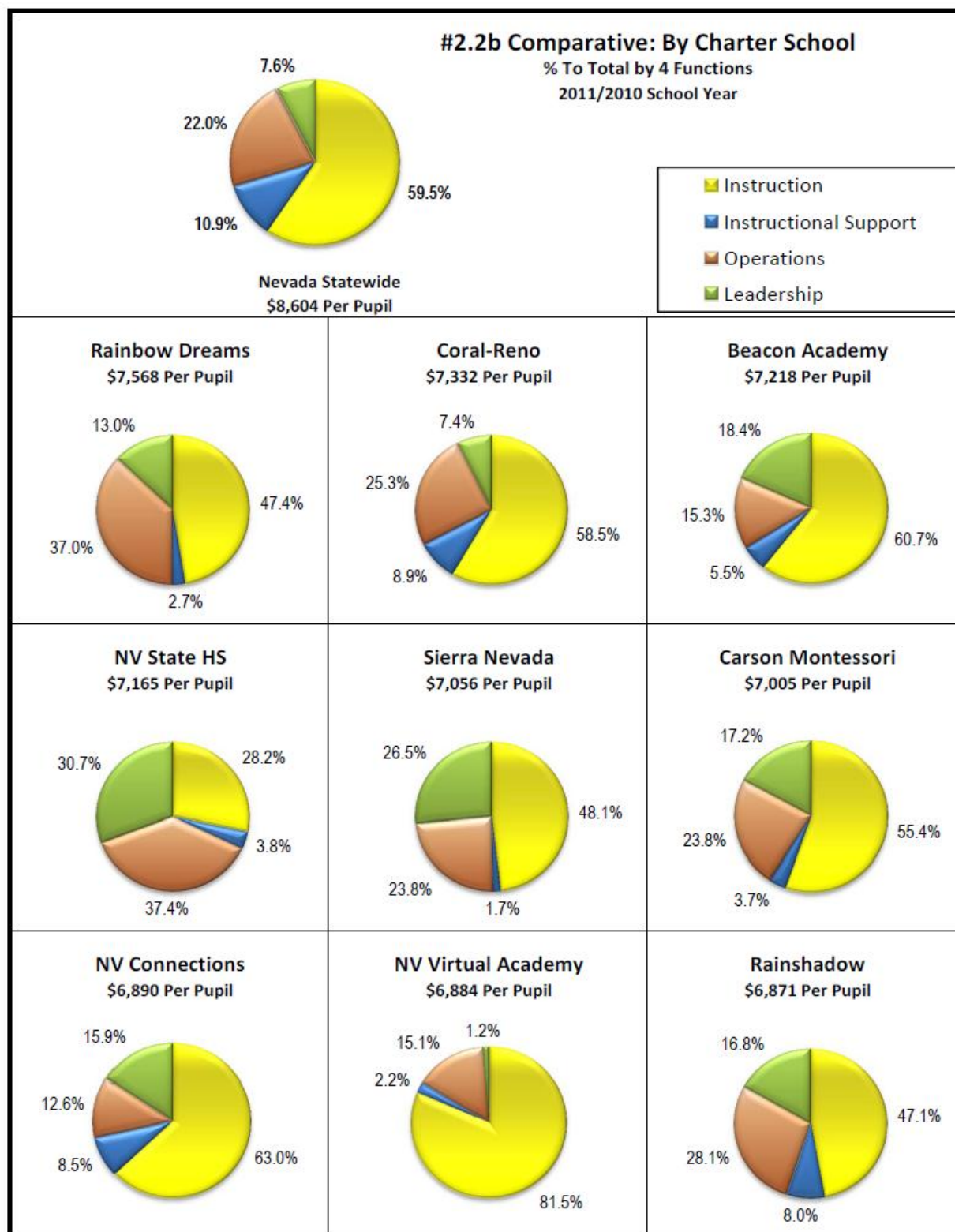
Public School Expenditures In\$ite Financial Analysis System (*continued*)

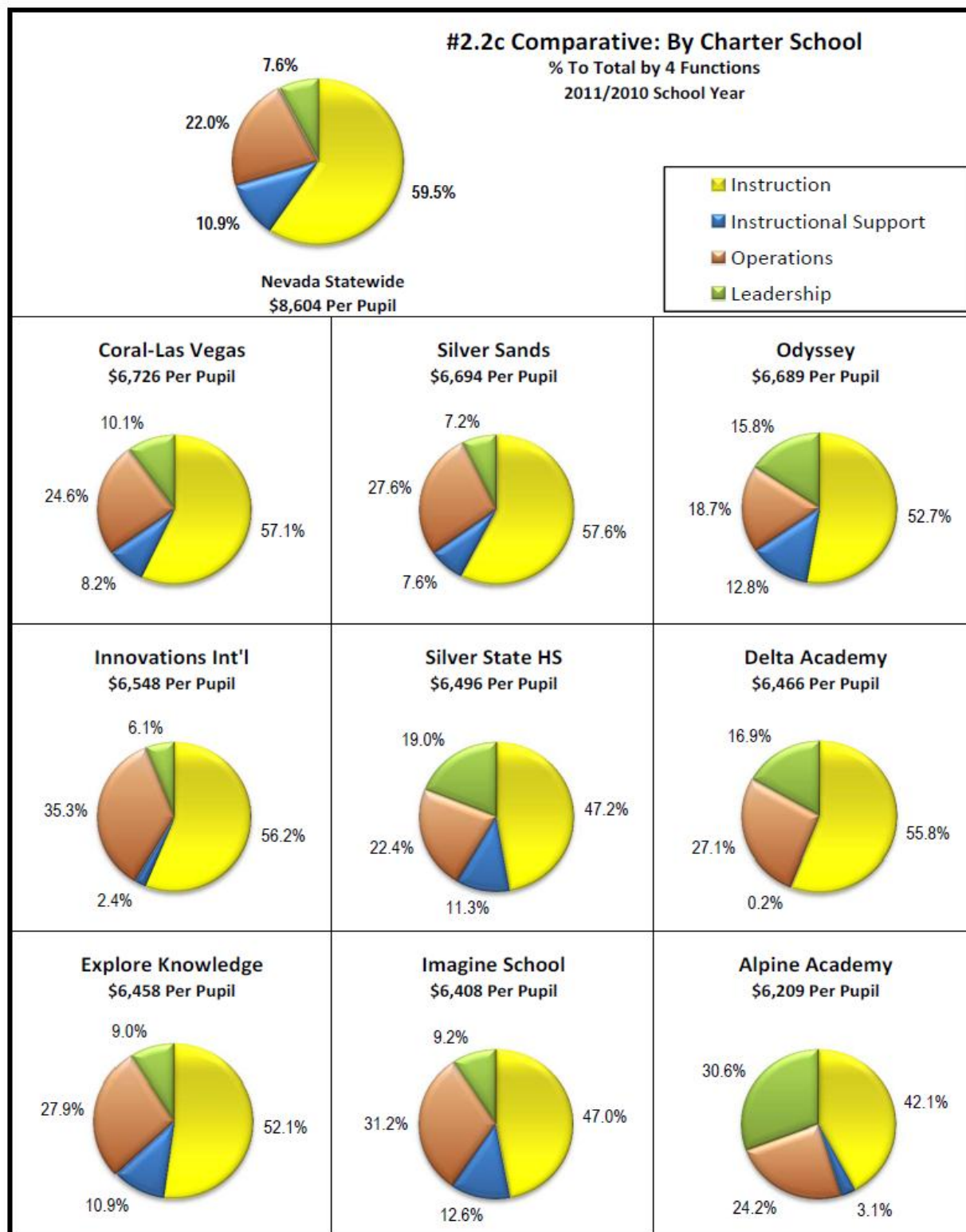
4-COMP-2.2a

In\$ite, U. S. Patent No. 5,991,741

Source: <http://edmin.com>



Public School Expenditures In\$ite Financial Analysis System (*continued*)Source: <http://edmin.com>

Public School Expenditures In\$ite Financial Analysis System (*continued*)

4-COMP-2.2c

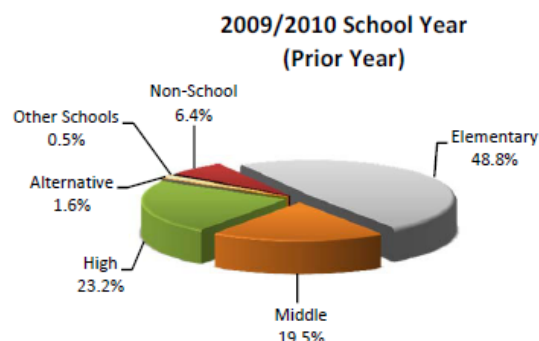
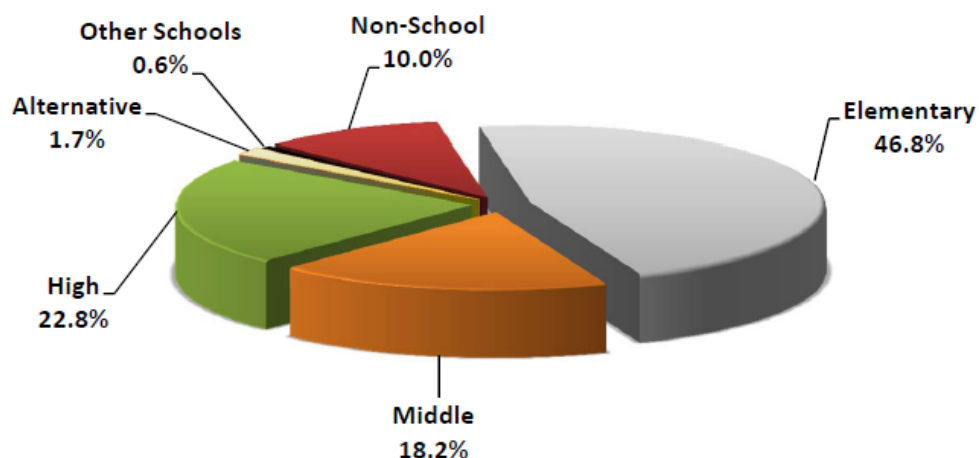
In\$ite, U. S. Patent No. 5,991,741

Source: <http://edmin.com>

Public School Expenditures In\$ite Financial Analysis System (*continued*)

## Nevada School Districts &amp; Charter Schools

**#8 Total Expenditures  
by Education Level  
By Four Major Functions  
2010/2011 School Year**



Education Level	Weighted Enrollment	Amount	\$ Per Pupil	%-To-Total
Elementary	199,219	\$1,700,037,560	\$8,534	46.8%
Middle	96,975	\$661,712,103	\$6,824	18.2%
High	123,110	\$830,157,086	\$6,743	22.8%
Alternative	3,107	\$60,353,826	\$19,425	1.7%
Other Schools <sup>1</sup>	221	\$20,878,125	N/A	0.6%
Non-School	N/A	\$363,009,919	N/A	10.0%
<b>Total</b>	<b>422,632</b>	<b>\$3,636,148,619</b>	<b>\$8,604</b>	<b>100.0%</b>

2011-NV-10-08 (4)

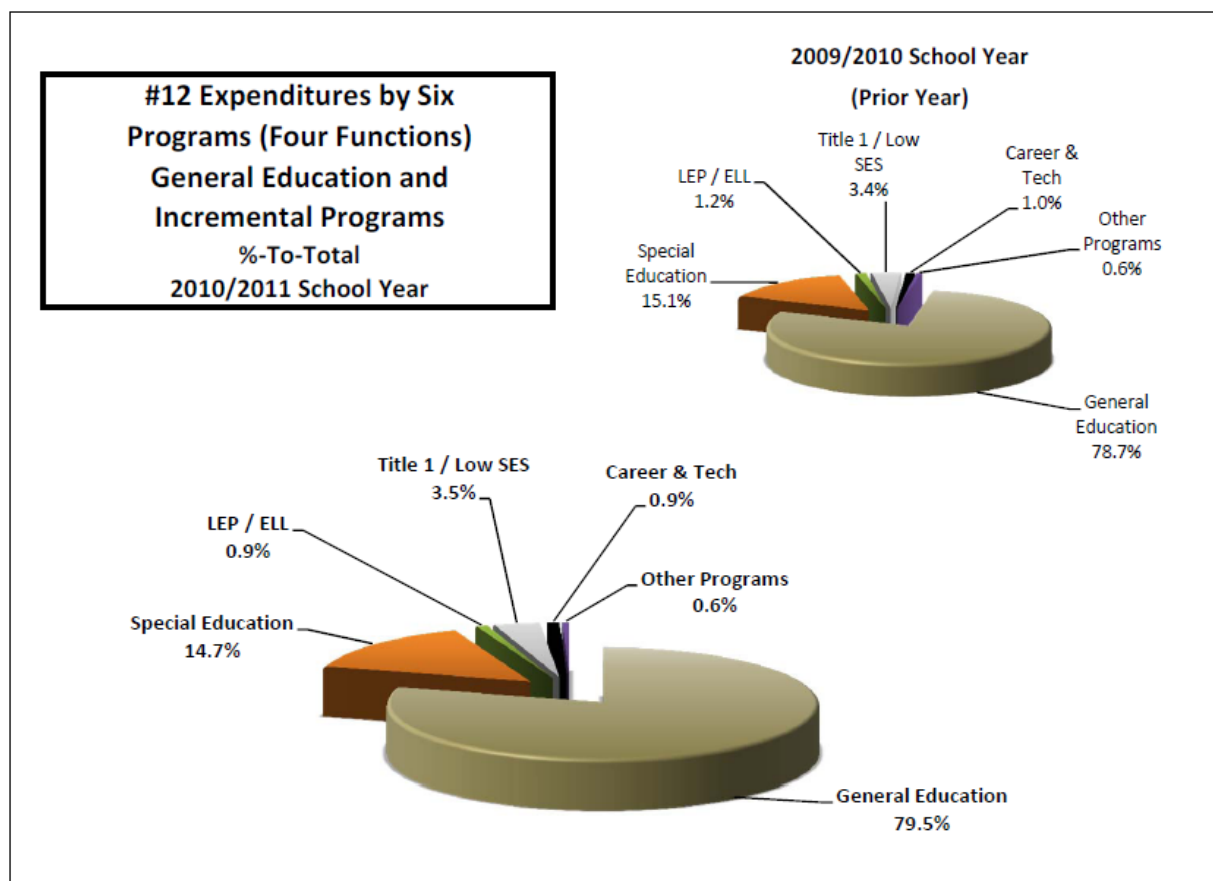
In\$ite, U. S. Patent No. 5,991,741

<sup>1</sup> Other Schools enrollment is a combination of enrollment for a few schools classified as Other and of locations for Summer School or Adult Education with enrollment of 0 per location. \$ per pupil is not calculated for this category.

Source: <http://edmin.com>

Public School Expenditures In\$ite Financial Analysis System (*continued*)

## Nevada School Districts &amp; Charter Schools



Program	Program Enrollment <sup>1</sup>	Amount	Incremental \$ Per Pupil <sup>3</sup>	Total \$ Per Pupil <sup>3</sup>	%To-Total
General Education	422,624.60	\$2,889,521,759	\$6,837	<b>\$6,837</b>	79.5%
Special Education	48,062.00	\$534,758,354	\$11,126	\$17,964	14.7%
LEP / ELL	65,100.00	\$31,138,506	\$478	\$7,315	0.9%
Title 1 / Low SES	167,336.00	\$126,629,035	\$757	\$7,594	3.5%
Career & Tech	50,631.00	\$33,289,856	\$657	\$7,495	0.9%
Other Programs <sup>2</sup>	N/A	\$20,811,110	N/A	N/A	0.6%
<b>Total</b>	<b>422,632</b>	<b>\$3,636,148,619</b>	<b>N/A</b>	<b>\$8,604</b>	<b>100.0%</b>

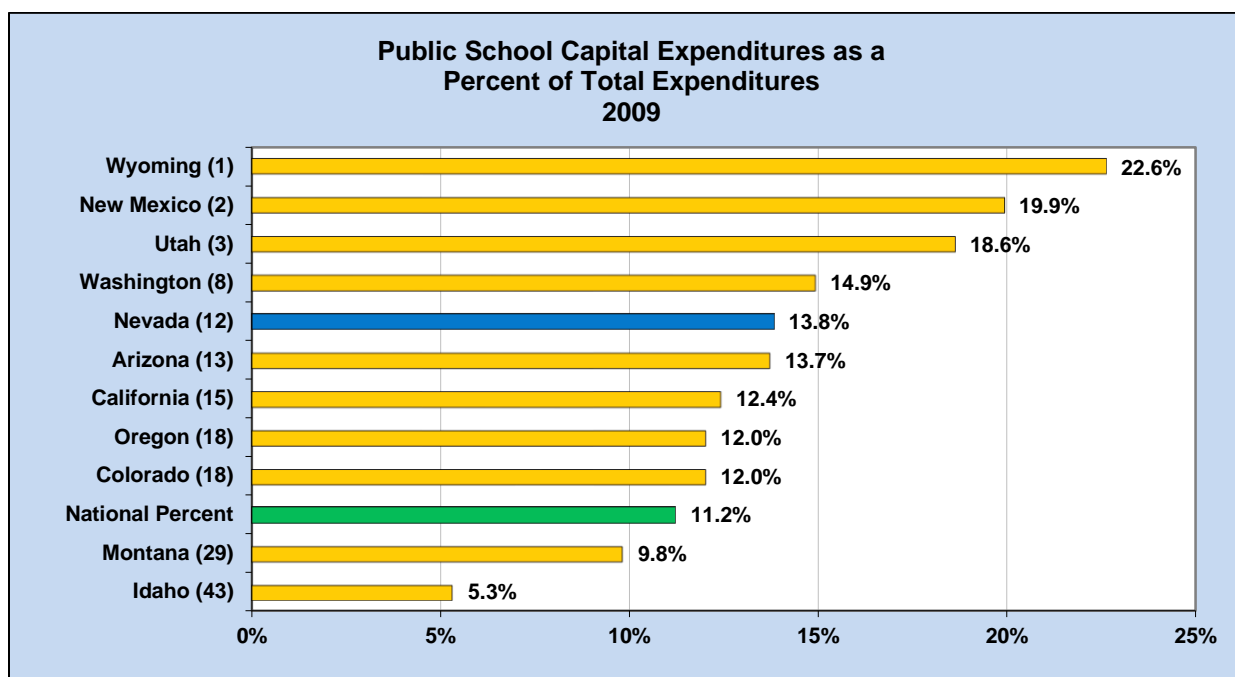
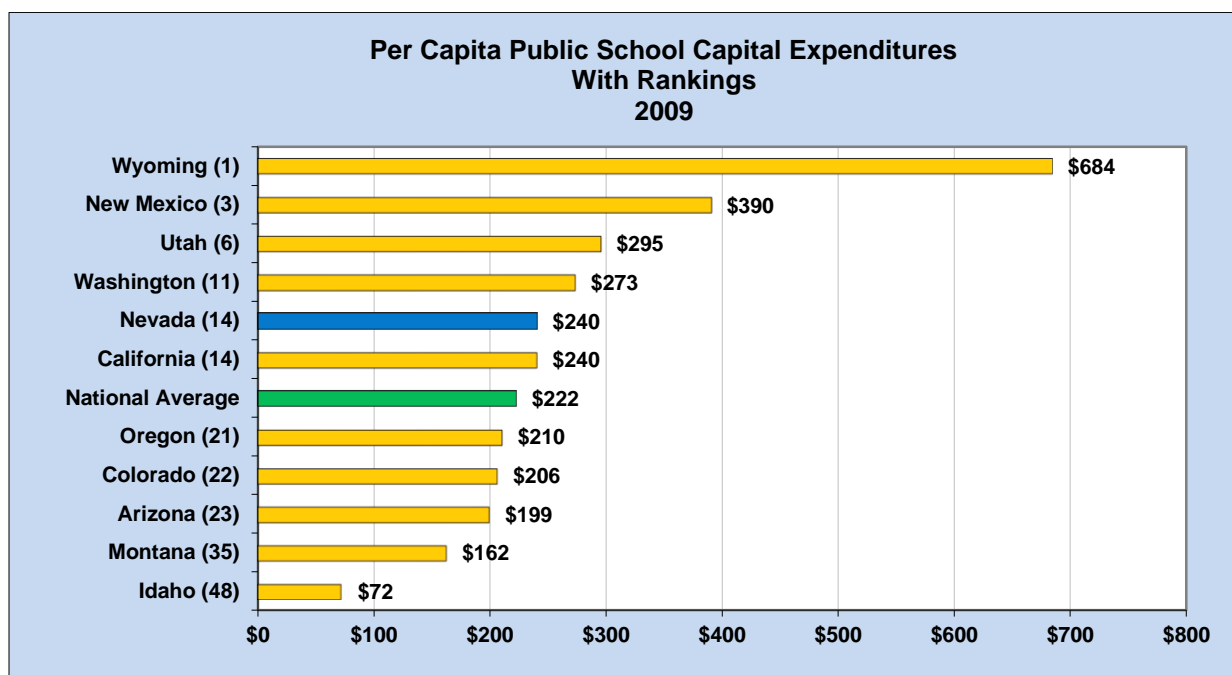
2011-NV-15-12 (4)

In\$ite, U. S. Patent No. 5,991,741

- 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 only 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).

Source: <http://edmin.com>

## Expenditures—Capital

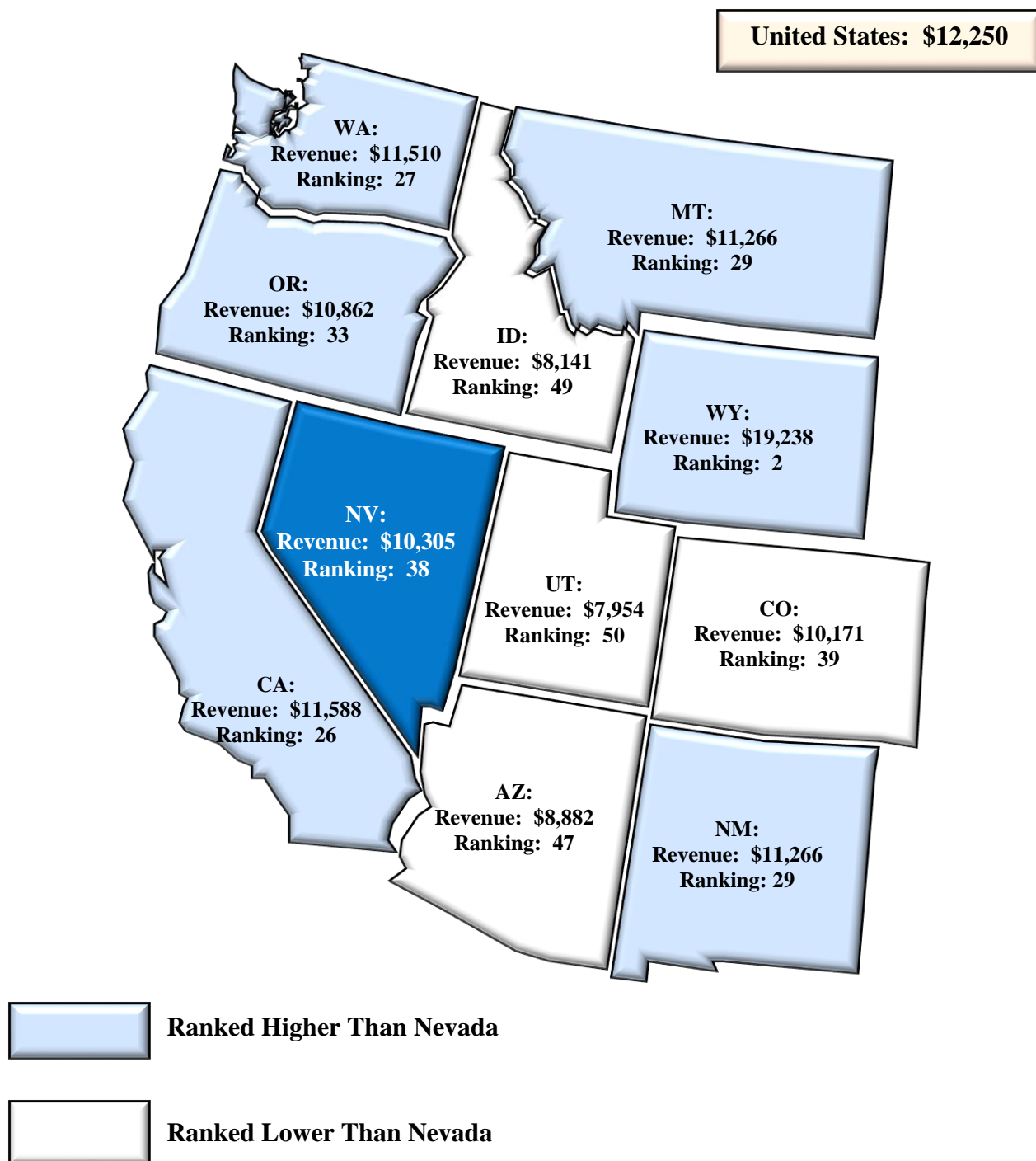


Source: *Education State Rankings 2011–2012*, CQ Press, 2012.



## Per-Pupil Revenue

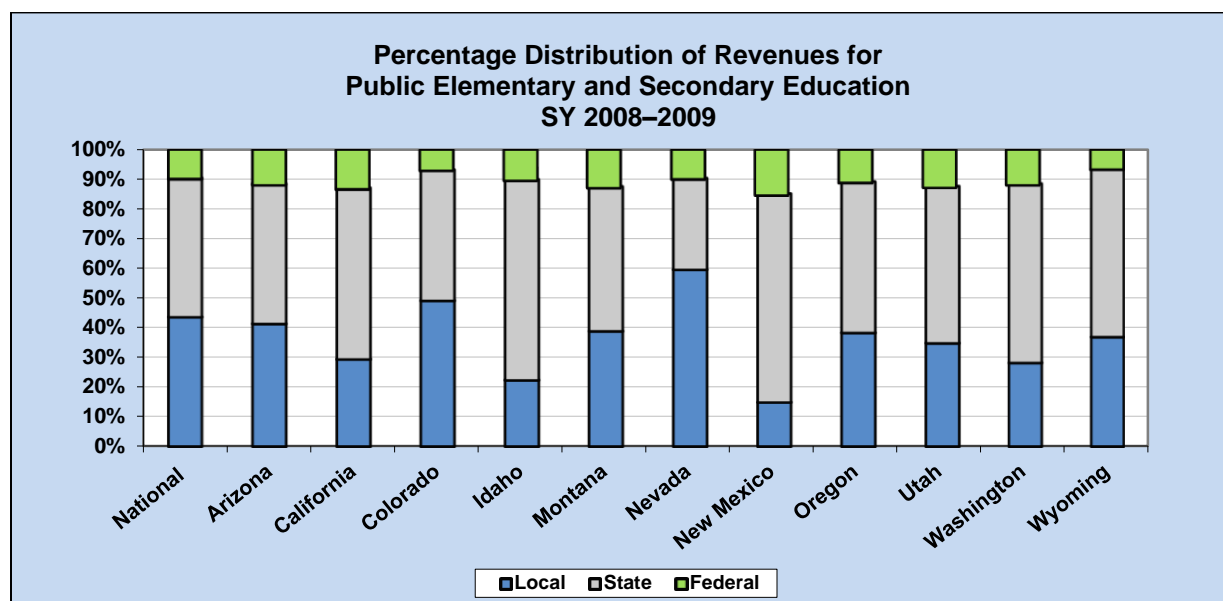
### Per-Pupil Revenue Rankings SY 2008–2009



Source: *Education State Rankings 2011–2012*, CQ Press, 2012.



## Revenue Sources—Nevada and Western States



LOCATION	LOCAL	STATE	FEDERAL
<b>National Average</b>	<b>43.7%</b>	<b>46.7%</b>	<b>9.6%</b>
Arizona	41.4%	47.0%	11.6%
California	29.6%	57.4%	13.0%
Colorado	49.2%	43.9%	6.9%
Idaho	22.5%	67.3%	10.2%
Montana	39.0%	48.5%	12.5%
<b>Nevada</b>	<b>59.6%</b>	<b>30.6%</b>	<b>9.8%</b>
New Mexico	15.1%	70.0%	14.9%
Oregon	38.4%	50.7%	10.9%
Utah	35.0%	52.6%	12.4%
Washington	28.4%	60.0%	11.6%
Wyoming	37.0%	56.4%	6.6%

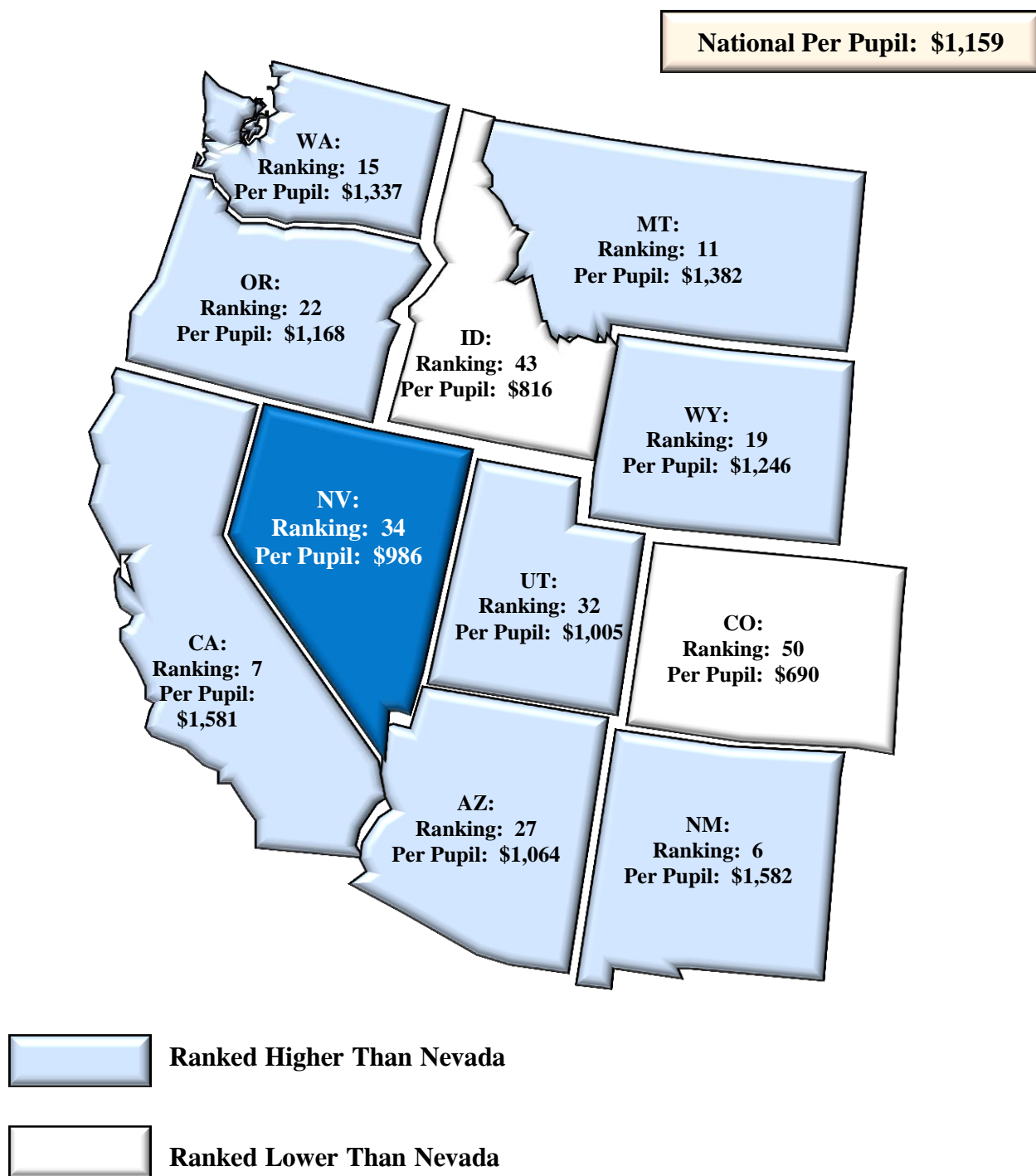
**Source:** U.S. Department of Education, National Center for Education Statistics, *Digest of Education Statistics, 2011*.

**Note:** The revenues raised in support of public elementary and secondary education in the U.S. are used to support the operations of schools, as well as capital construction, equipment costs, and debt financing. These revenues come from a combination of federal, state, and local sources, with most coming from state and local tax revenues. The figure above demonstrates the approximate percentage of funding contributed by each of these sources in the State of Nevada, nationwide, and in the western states.

When reviewing the information, note that due to the differing financing mechanisms utilized in each state, there are tremendous differences between the nationwide averages and the percentages found in some states, thus making it difficult to make meaningful comparisons. For example, among states with more than one school district, local contributions to the funding mix vary from 15.1 percent in New Mexico to 59.6 percent in Nevada. However, a large portion of the local funding in Nevada is derived from the State-mandated sales tax—Local School Support Tax—and property and mining taxes.

## Revenue Sources—Federal

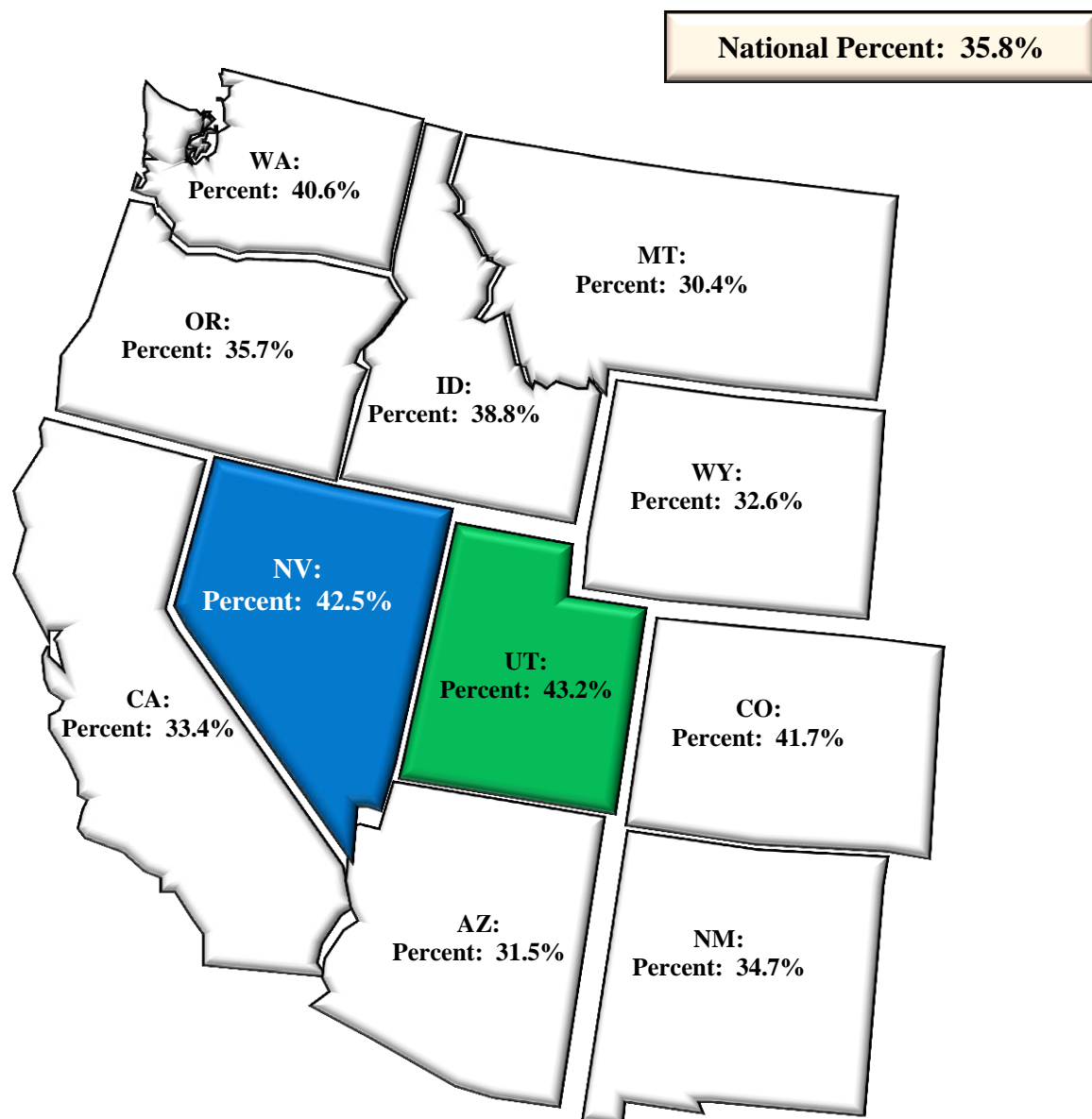
### Per-Pupil Revenue From Federal Sources Western States With Rankings SY 2008–2009



Source: *Education State Rankings 2011–2012*, CQ Press, 2012.

## State General Expenditures Dedicated to Education

Percent of State General Expenditures Dedicated to Education  
Western States  
SY 2009–2010



**Higher Percentage Than Nevada**



**Lower Percentage Than Nevada**

**Source:** Capitol Research, *Where the Money Goes: State-by-State General Expenditures by Function*, The Council of State Governments, August 2012.

## Local Government Indebtedness

### General Obligation Bonds of School Districts and Other Local Government Entities in Nevada June 30, 2012

County	Counties G.O. Bonds	Schools G.O. Bonds	Cities G.O. Bonds	Total	Percentage of G.O. Bonds for Schools
<b>Carson City</b>		\$56,725,000		\$56,725,000	100
<b>Churchill</b>		\$24,745,000		\$24,745,000	100
<b>Clark</b>	\$38,850,000	\$2,781,545,000	\$26,785,000	\$2,847,180,000	98
<b>Douglas</b>		\$20,665,000		\$20,665,000	100
<b>Elko</b>				\$0	0
<b>Esmeralda</b>				\$0	0
<b>Eureka</b>				\$0	0
<b>Humboldt</b>		\$2,740,000		\$2,740,000	100
<b>Lander</b>				\$0	0
<b>Lincoln</b>		\$5,804,000		\$5,804,000	100
<b>Lyon</b>		\$76,810,000		\$76,810,000	100
<b>Mineral</b>		\$2,365,000		\$2,365,000	100
<b>Nye</b>	\$23,935,000	\$94,975,000		\$118,910,000	80
<b>Pershing</b>		\$4,890,000	\$368,542	\$5,258,542	93
<b>Storey</b>		\$9,490,000		\$9,490,000	100
<b>Washoe</b>	\$43,655,000	\$499,990,000		\$543,645,000	92
<b>White Pine</b>		\$3,015,000		\$3,015,000	100
<b>Statewide</b>	<b>\$106,440,000</b>	<b>\$3,583,759,000</b>	<b>\$27,153,542</b>	<b>\$3,717,352,542</b>	<b>96</b>

Source: Department of Taxation, *Annual Local Government Indebtedness as of June 30, 2012*.