

The *NEVADA PLAN* For School Finance An Overview



**Fiscal Analysis Division
Legislative Counsel Bureau**

2015 Legislative Session

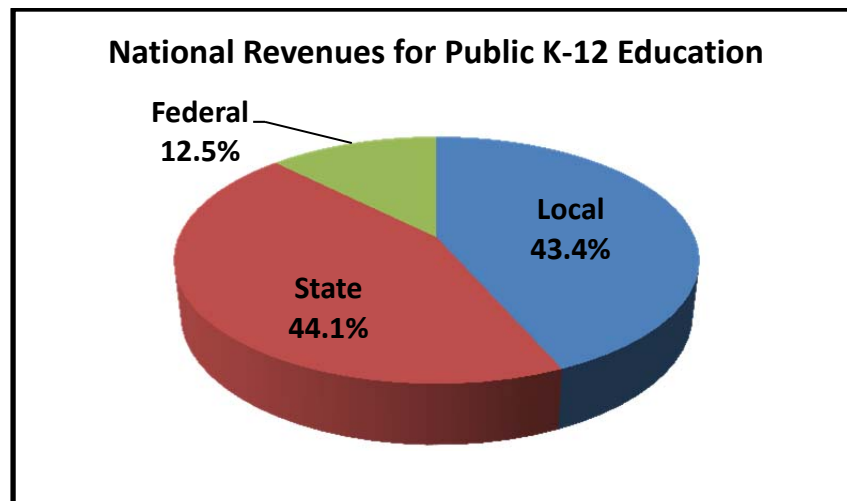


Nevada Plan for School Finance

I. Overview of Public K-12 Education Finance

National Overview

The National Center for Education Statistics (NCES) reports that approximately \$604.3 billion was collected in revenues for public elementary and secondary education in the United States in FY 2011 (the most recent year for which data is available). These revenues are used to support the operations of schools, as well as capital construction, equipment costs, and debt financing, and come from a combination of local, state, and federal sources. The greatest percentage of revenues came from state and local governments, which together provided \$528.8 billion, or approximately 87.5 percent of all revenues; the federal government's contribution was \$75.5 billion, or approximately 12.5 percent of all revenues.



Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey (NPEFS)," FY 2011, preliminary Version 1a.

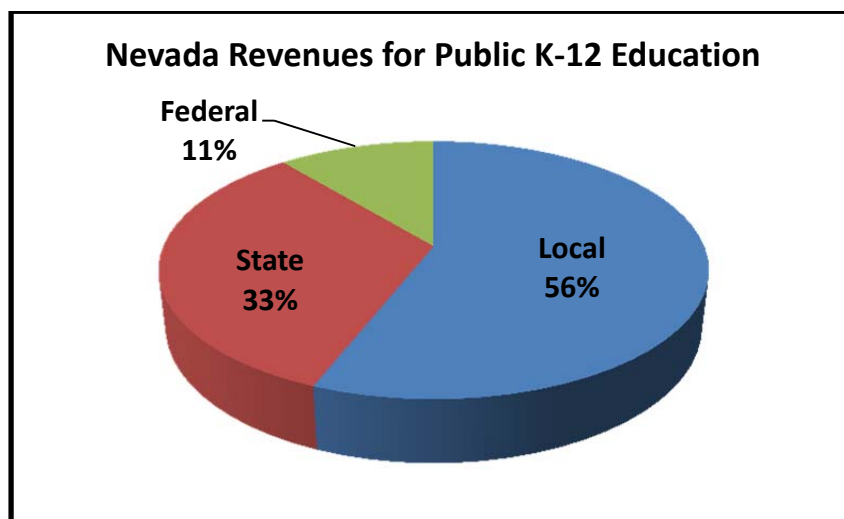
Between FY 2005 and FY 2011, total revenues for public elementary and secondary education in the United States have increased by 23.9 percent, from \$487.8 billion in FY 2005 to \$604.3 billion in FY 2011. However, not all revenue sources have increased at the same rate. The largest percentage increase has occurred in revenue provided by the federal government, which has increased from \$44.8 billion in FY 2005 to \$75.5 billion in FY 2011, a 68.5 percent increase. Over the same time period, local revenue for public K-12 education increased from \$214.4 billion to \$262.0 billion and state revenue increased from \$228.6 billion to \$266.8 billion, a 22.2 percent and 16.7 percent increase, respectively. See Appendix A for a chart showing changes in national revenues for public elementary and secondary education between FY 2005 and FY 2011.

Due to the differing financing mechanisms utilized in each of the states, there are tremendous differences between the revenue mix used to fund public elementary and secondary education. For example, among states with more than one school district, local contributions to the public K-12 education funding mix in FY 2011 varied from 7.6 percent in Vermont to 57.2 percent in Illinois. Similarly, state contributions to public K-12 education in FY 2011 varied from 29.1 percent in South Dakota to 81.7 in Vermont. As a result of these differences in funding mixes, meaningful comparisons across states of public elementary and secondary education revenue is difficult.

Nevada Overview

According to NCES, revenues in support of Nevada's public K-12 schools for FY 2011 were approximately \$4.21 billion. This represents a decrease of 5.2 percent from FY 2009 when revenues totaled \$4.44 billion. However, when compared to the FY 2005 total revenue of \$3.40 billion, revenue for public elementary and secondary education in Nevada has increased by 23.8 percent between FY 2005 and FY 2011. This percentage increase in K-12 public education revenue is nearly identical to the national increase of 23.9 percent over the same time period. See Appendix B for a chart showing changes in Nevada revenues for public elementary and secondary education between FY 2005 and FY 2011.

Like the nationwide support for education, financial support of Nevada's public elementary and secondary schools is a shared responsibility. In FY 2011 the local share of public K-12 education revenue totaled 56 percent (\$2.4 billion), while revenue from the state totaled 33 percent (\$1.4 billion). Total revenue for public elementary and secondary schools in Nevada in FY 2011 was rounded out by an 11 percent (\$0.5 billion) contribution from the federal government, which was below the national average of 12.5 percent.



Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey (NPEFS)," FY 2011, preliminary Version 1a.

It should be noted that a large portion of the local funding in Nevada is derived from the state-mandated Local School Support Tax (LSST) and Ad Valorem Property/Mining Tax (property tax). As a result, the local share of public K-12 education revenue in Nevada

has historically been one of the highest in the nation. However, the Great Recession impacted the amount of local revenue collected for public elementary and secondary education, which caused a higher percentage of state funding to flow toward education. In FY 2006, the local share of K-12 public education revenue in Nevada topped out at 66.9 percent, the highest in the nation at that time (excluding the District of Columbia). By FY 2011, the local revenue share had dropped to 56 percent, the sixth highest percentage nationally (excluding the District of Columbia). Over the same time period, the state share of public elementary and secondary education revenue in Nevada increased from 25.9 percent to 33 percent. See Appendix C for a chart showing the percentage distribution of revenues for public elementary and secondary education in Nevada and the United States between FY 2005 and FY 2011.

Just as there are differences between the national averages and Nevada’s sources of revenue for public education, there are differences between Nevada’s averages and what might be found in any given Nevada school district. For example, due to the wealth created by the mining industry in Eureka County, approximately 2 percent of total revenue in the Eureka County School District came from state aid in FY 2014. On the other hand, the Lincoln County School District received approximately 71.3 percent of its total revenue from state aid in FY 2014. It is important to note that the funding percentage distribution varies between the Nevada school districts as a result of an equity allocation process, which factors in wealth and operating and transportation costs to determine the amount of state support for each school district.

Nevada K-12 Public Education Revenues and Percentage Distribution – FY 2014							
District	Revenues* (Millions of \$)				Percentage Distribution		
	Local	State	Federal	Total	Local	State	Federal
Carson City	37.9	37.2	9.2	84.3	45.0%	44.1%	10.9%
Churchill	16.0	20.2	3.9	40.1	39.9%	50.4%	9.7%
Clark	1761.6	955.2	282.6	2999.4	58.7%	31.8%	9.4%
Douglas	39.2	20.5	5.0	64.7	60.6%	31.7%	7.7%
Elko	71.3	31.6	6.5	109.4	65.2%	28.9%	5.9%
Esmeralda	1.2	0.9	0.1	2.2	54.5%	40.9%	4.5%
Eureka	9.3	0.2	0.4	9.9	93.9%	2.0%	4.0%
Humboldt	26.0	3.3	2.6	31.9	81.5%	10.3%	8.2%
Lander	10.3	0.7	0.8	11.8	87.3%	5.9%	6.8%
Lincoln	3.0	10.2	1.1	14.3	21.0%	71.3%	7.7%
Lyon	26.9	50.4	8.4	85.7	31.4%	58.8%	9.8%
Mineral	2.3	4.9	1.1	8.3	27.7%	59.0%	13.3%
Nye	19.3	29.0	6.7	55.0	35.1%	52.7%	12.2%
Pershing	4.1	6.9	0.8	11.8	34.7%	58.5%	6.8%
Storey	5.6	1.5	0.4	7.5	74.7%	20.0%	5.3%
Washoe	325.2	210.6	65.0	600.8	54.1%	35.1%	10.8%
White Pine	8.1	8.8	1.0	17.90	45.3%	49.2%	5.6%
State Sponsored Charter Schools	11.8	167.5	6.3	185.6	6.4%	90.2%	3.4%
Statewide	2,379.1	1,559.6	401.9	4,340.6	54.8%	35.9%	9.3%

Source: NRS 387.303 Report, Major Funds tab, FY 2014 (unaudited)

*Revenues exclude bond proceeds, fund transfers, opening fund balance, and all other revenue not categorized as local, state, or federal.

II. History of Public K-12 Education Funding in Nevada

For nearly 50 years, changes in Nevada's tax policy have impacted the share of revenue each level of government contributes to fund our schools. This section includes a brief overview and discussion of some of the major tax policy and other changes that have impacted public elementary and secondary education funding in Nevada. Please note, this section should not be read as an exhaustive history of public K-12 education funding changes, but rather a brief introduction to the major adjustments, reforms, and revisions to education funding in Nevada.

- **1967** – The Legislature approves the creation of the Local School Support Tax (LSST), which is added to the sales and use tax at a rate of 1 percent.
- **1979** – To provide relief to taxpayers, the Legislature approves a reduction in the property tax rate for the support of schools from \$1.50 (70 cents mandatory and 80 cents optional) to 50 cents per \$100 of assessed valuation. General Fund appropriations to the state's Distributive School Account (DSA) were increased to offset the effects of reducing property tax and removing sales tax on food (see the next bullet concerning the food exemption from the sales and use tax).
- **1979** – Voters amend the sales and use tax to provide for the exemption of food for home consumption.
- **1981** – To reduce the cost of K-12 public education on the State General Fund, the LSST increases from 1 percent to 1.5 percent.
- **1983** – As a result of the 1981 "Tax Shift," which changed the primary revenue source of local governments from the property tax to the sales and use tax, local governments are hit hard when the national recession causes sales and use tax revenues to fall short of estimates. In response, the Legislature increases the property tax rate by 25 cents (from 50 cents to 75 cents) and places the extra 25 cents inside the *Nevada Plan* formula to offset state General Fund appropriations for K-12 public education.
- **1991** – The LSST rate increases from 1.5 percent to 2.25 percent, which reduces the need for state General Fund appropriations for K-12 public education.
- **1999** – The Legislature combines the Class-Size Reduction (CSR) program with the DSA. Historically, the CSR program had been funded as a categorical grant with revenues from estate taxes and state General Fund appropriations.
- **2001** – As a result of the passage of the federal Economic Growth and Tax Relief Reconciliation Act of 2001, estate tax revenues in the DSA begin to decline. Nevada's allowable "pick-up tax" credit is reduced by 25 percent in 2002, 50 percent in 2003, 75 percent in 2004, and repealed in 2005. During the same time period Nevada also realizes a reduction in revenue from the estate tax because of changes to the exemption threshold, which increased from \$675,000 in 2001 to \$1 million in 2002, and to \$1.5 million in 2004.

- **2009** – Due to the Great Recession, the Legislature temporarily increases the LSST rate by 0.35 percentage points (from 2.25 percent to 2.60 percent) for the period beginning July 1, 2009, through June 30, 2011.
- **2009** – Initiative Petition (IP) 1, though not signed by the Governor, becomes law pursuant to Article 4, Section 35, of the Nevada Constitution. The initiative imposes an additional tax on the gross receipts from the rental of transient lodging in certain counties. Pursuant to the language of the initiative, the proceeds from this tax are credited to the state General Fund between July 1, 2009, and June 30, 2011.
- **2011** – The Legislature votes to maintain the LSST rate at 2.60 percent and extend the sunset to June 30, 2013, at which time the rate would revert back to 2.25 percent.
- **2011** – Pursuant to the language of IP 1, beginning July 1, 2011, the proceeds of the transient lodging tax are supposed to be credited to the State Supplemental School Support Account to be distributed proportionally among all school districts and charter schools in the state to improve student achievement and to retain qualified teachers and non-administrative employees. However, the Legislature approves the transfer of all IP 1 revenue over the 2011-13 biennium (FY 2012 and FY 2013) from the State Supplemental School Support Account to the DSA.
- **2011** – The Legislature approves Senate Bill 11, which instructs the Legislative Commission to appoint a committee (known as the Committee to Study a New Method for Funding Public Schools) to conduct an interim study concerning the development of a new method for funding public schools in Nevada. After contracting with a consultant to assist with the study, the committee makes various recommendations, including, but not limited to, a bill draft request to include the definition of the data modules of the school finance formula and the basis for the allocation of special education funding in statute; a recommendation that the state consider moving to a weighted-funding formula that considers individual needs and characteristics of student populations; and a recommendation that the state consider alternatives to the single count day approach for determining enrollment for apportionment purposes.
- **2013** – The Legislature again votes to maintain the LSST rate at 2.60 percent and extend the sunset to June 30, 2015, at which time the rate would revert back to 2.25 percent.
- **2013** – The Legislature again votes to transfer all IP 1 revenue from the State Supplemental Support Account to the DSA for the 2013-15 biennium (FY 2014 and FY 2015).
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- **2013** – The Legislature approves Senate Bill 500, which creates the Task Force on K-12 Public Education Funding to conduct a review of the consultant's report to the Committee to Study a New Method for Funding Public Schools; survey the weighted

pupil public education funding formulas used in other states; and develop a plan for revising and implementing the state’s public education funding formula in a manner that equitably accounts for the needs of, and the costs to educate, students based upon their individual educational needs and demographic characteristics, including students from low-income families, students with disabilities, and students who have limited proficiency in the English language. Recommendations from the Task Force on K-12 Public Education funding include, but are not limited to, implementing a weighted student funding model that would apply a weight of not less than 1.5 for students identified as English Language Learners (ELLs) or at-risk of low academic achievement and replacing the current unit-funding methodology for students with disabilities with a weighted student-funding model that would apply a 2.0 weight to all students with disabilities.

- **2014** – Ballot Question 3, known as The Education Initiative, appears on the statewide general election ballot. The initiative asks voters to approve the creation of a 2 percent tax on a margin of the gross revenues of Nevada businesses with total revenue exceeding \$1 million, with the proceeds being allocated to the DSA. The ballot question is defeated by the voters 79 percent to 21 percent.
- **2015-17 Biennium** - The Governor recommends the continuation of the transfer of the IP 1 revenues as a revenue source in the DSA budget for the 2015-17 biennium and the LSST rate permanently remain at the 2.60 percent rate and not revert back to the 2.25 percent rate.

III. The Nevada Plan

The 1967 Legislature approved Senate Bill 15 (*Statutes of Nevada, 889*), which revised the method the state uses to finance elementary and secondary education in the state’s public schools and created the *Nevada Plan*. In creating the *Nevada Plan*, the Legislature declared “that the proper objective of state financial aid to public education is to ensure each Nevada child a reasonably equal educational opportunity.”

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NRS 387.121
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The *Nevada Plan* is a statewide, formula-based funding mechanism for public K-12 education. Stated as a formula, the *Nevada Plan* calls for state financial aid to school districts to equal the difference between school district basic support guarantee and local available funds produced by mandatory taxes minus all the local funds attributable to pupils who reside in the county but attend a charter school or a university school for profoundly gifted pupils (NRS 387.121).

The *Nevada Plan* has not been markedly changed in approximately 40 years, and it does not include targeted, formula-based funding for individual student differences. However, some student-specific state categorical funding is provided outside the *Nevada Plan*, such as Class-Size Reduction, Full-Day Kindergarten, Career and

Technical Education programs, Adult High School Diploma and Special Education programs.

How the Nevada Plan Works

Under the *Nevada Plan*, the state develops a guaranteed amount of funding for each of the local school districts and charter schools. 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' and charter schools' general fund resources. *Nevada Plan* funding for school districts and charter schools consists of state support received through the DSA and locally collected revenues from the LSST and one-third of the proceeds from the 75-cent property tax imposed pursuant to NRS 387.195.

To determine the level of guaranteed funding for each school district and charter school, a basic per-pupil support amount for each district is established in law each legislative session. The amount is determined by a formula that considers the demographic characteristics of each school district. Average operating and transportation costs, as well as a wealth adjustment, are also considered to determine the basic per-pupil support amount for each school district. The wealth adjustment is based on a district's ability to generate revenues in addition to the guaranteed funding. It should be noted that the basic per-pupil support amount for charter schools varies and is determined by the school district of origin for each student. For example, a virtual charter school that enrolls students from multiple Nevada school districts will receive differing basic per-pupil support amounts for each student depending on the home school district of each student.

The corresponding basic per-pupil support amount is then multiplied by a school district's or charter school's weighted apportionment enrollment. The official enrollment count for apportionment purposes is taken on the last day of the first school month (count day) for each district and charter school. The number of kindergarten children and disabled three- and four-year-olds is multiplied by 0.6 percent and added to the total number of all other children enrolled, net of transfers, to derive the total weighted apportionment enrollment.

Special Provisions Related to Enrollment Changes

To protect school districts and charter schools during times of declining enrollment, the *Nevada Plan* contains a hold-harmless provision (NRS 387.1233). Pursuant to statute, if a school district or charter school enrollment is less than the prior year's enrollment, funding from the DSA is apportioned to the school district or charter school based on enrollment from the immediately preceding school year. In cases of significant enrollment decrease (when school district or charter school enrollment is less than or equal to 95 percent of the prior year's enrollment), the highest enrollment number from the immediately preceding two school years must be used for purposes of apportioning funding from the DSA. It should be noted that the hold-harmless provision does not apply to school districts or charter schools that deliberately cause a decline in the enrollment by eliminating grade levels, moving into smaller facilities, or other means.

An additional provision of the *Nevada Plan* assists school districts and charter schools that experience significant growth in enrollment within a school year (NRS 387.1243). If enrollment at a school district or charter school grows by at least 3 percent or more but less than 6 percent after the second month of school, a growth increment consisting of an additional 2 percent of basic support is added to the guaranteed level of funding for the school district or charter school. If enrollment at a school district or charter school grows by 6 percent or more after the second month of school, the total growth increment applied is 4 percent of basic support.

Special Education is funded on a “unit” basis, with the amount per unit established by the Legislature. These units provide funding for 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 amount.

Determining State Aid

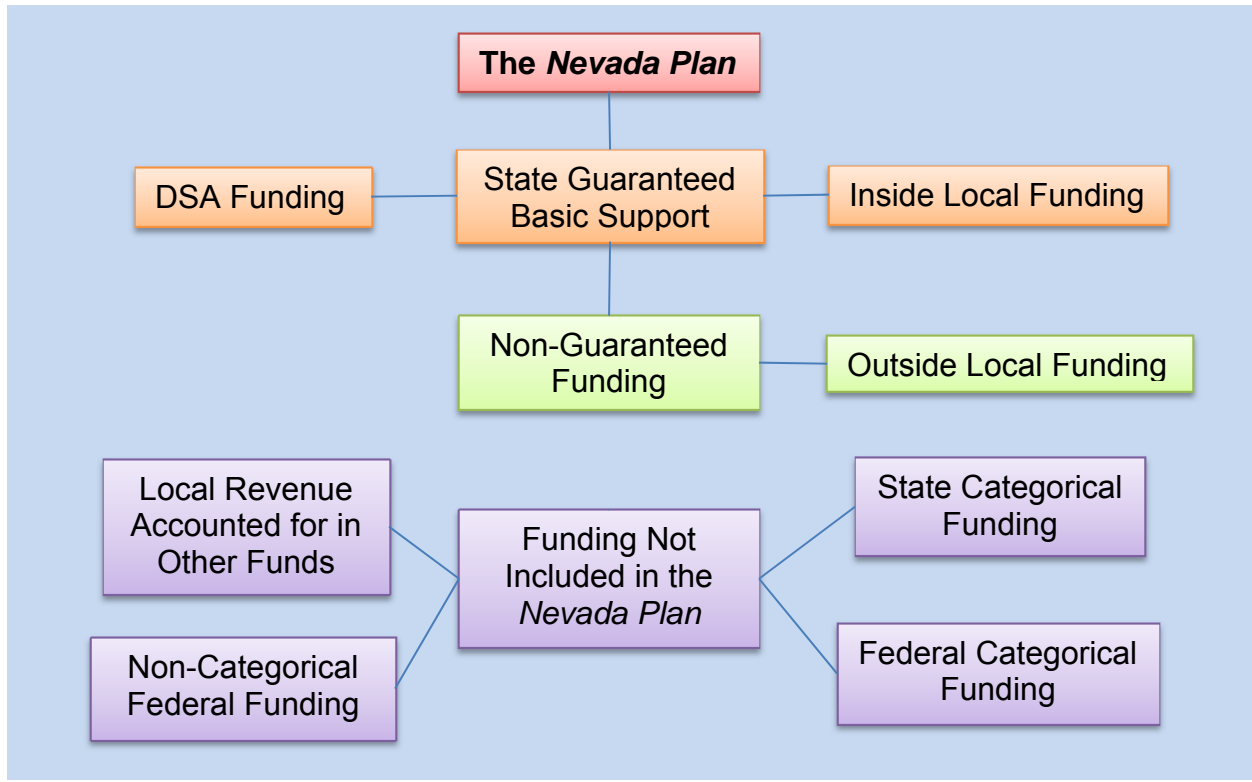
The difference between the total guaranteed support (as approved by the Legislature) and local resources is state aid, which is funded through the DSA. Revenue received by the school district from the LSST derived from in-state sales and from one-third of the proceeds from the 75-cent property tax is deducted from the school district’s or charter school’s total basic support guarantee to determine the amount of state aid the district or charter school will receive. If local revenues from these two sources are less than anticipated, state aid is increased to cover the shortfall in total guaranteed support. Conversely, if these two local revenues exceed projected levels, state aid is reduced.

In addition to revenue guaranteed through the *Nevada Plan*, school districts receive other local revenues considered “outside” the *Nevada Plan* that are not built into the state guarantee. Local revenues outside the *Nevada Plan* include two-thirds of the proceeds from the 75-cent property tax; the share of basic government services tax distributed to school districts; franchise tax revenue; interest income; tuition revenue; unrestricted federal revenue, and other local revenues. Because these other local revenues are not guaranteed, state aid is not increased or decreased based on actual realized revenue from local revenue sources outside the *Nevada Plan*. Again, it should be noted that charter schools are allocated outside revenues proportionally by the district in which a charter school is located.

In addition to revenues both “inside” and “outside” the *Nevada Plan*, school districts and charter schools may 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, Career and Technical Education, and Education Technology. Examples of federally-funded programs include the Title I program for disadvantaged pupils, 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).

IV. Components of the Nevada Plan

The *Nevada Plan* is made up of various funding components. The following chart illustrates the combination of funding components that make up the *Nevada Plan*, as well as other K-12 education funding sources that are not part of the *Nevada Plan*:



The list below outlines the various revenue components:

DSA Funding

- State General Fund
- A share of the annual slot tax
- Investment income from the permanent school fund
- Federal mineral land lease receipts
- Out-of-state LSST revenue that cannot be attributed to a particular county
- Medical marijuana excise tax (75 percent)
- Transfers of IP 1 (2009) room tax revenues

“Inside” Local Funding

- LSST
- One-third of the proceeds from the 75-cent property tax

“Outside” Local Funding

- Two-thirds of the proceeds from the 75-cent property tax
- Share of basic government services tax distributed to school districts
- Franchise taxes

“Outside” Local Funding - continued

- Interest income
- Tuition
- Rent
- Opening General Fund balance

Non-Categorical Federal Funding

- Impact received in lieu of taxes for federally impacted areas
- Forest reserves

Federal Categorical Funding

- Nutrition Education (e.g., National School Lunch Program)
- Title I Program
- Special Education Programs
- Vocational Education Programs
- Other School Improvement Programs, including programs under the No Child Left Behind Act of 2001

Other Funding

- Capital Projects – General Obligation Bonds
- “Pay as You Go” Debt Service

V. Biennial DSA Budget Preparation

To prepare a biennial budget for Nevada’s public schools, estimated General Fund and Special Education expenditures for charter schools and each of the 17 school districts funded by state or local revenues are combined into a single, statewide budget for each year of the upcoming biennium.

It is important to recognize that the DSA budget does not include the entire funding for K-12 public education, but rather includes only the state’s portion of the school district and charter school operating funds that provide the basic support guarantee and other state-supported programs. Federal categorical funds, such as those received through Title I or IDEA, as well as most state categorical funds, are not included in this budget of General Fund expenditures, but do contribute significantly to the total amount of funding available to local schools.

Schools’ opening fund balances and projected local revenues considered outside the funding formula, are then deducted from the total statewide operating expenditures. Because outside local revenues are deducted from the funding formula at this point, they are not built into the state guarantee.

Next, the costs of programs which are not allocated to schools on the basis of enrollment, such as the costs of special education program units, are subtracted to yield statewide basic support which, in turn, is divided by the estimated (weighted) enrollment for the year to determine the guaranteed statewide average basic support per pupil for each fiscal year in the coming biennium. In summary, the estimated need, minus local

revenues “outside” the *Nevada Plan*, is divided by the number of pupils to determine a statewide average basic support per pupil that will be guaranteed by the combination of state DSA funding and local revenues “inside” the *Nevada Plan*.

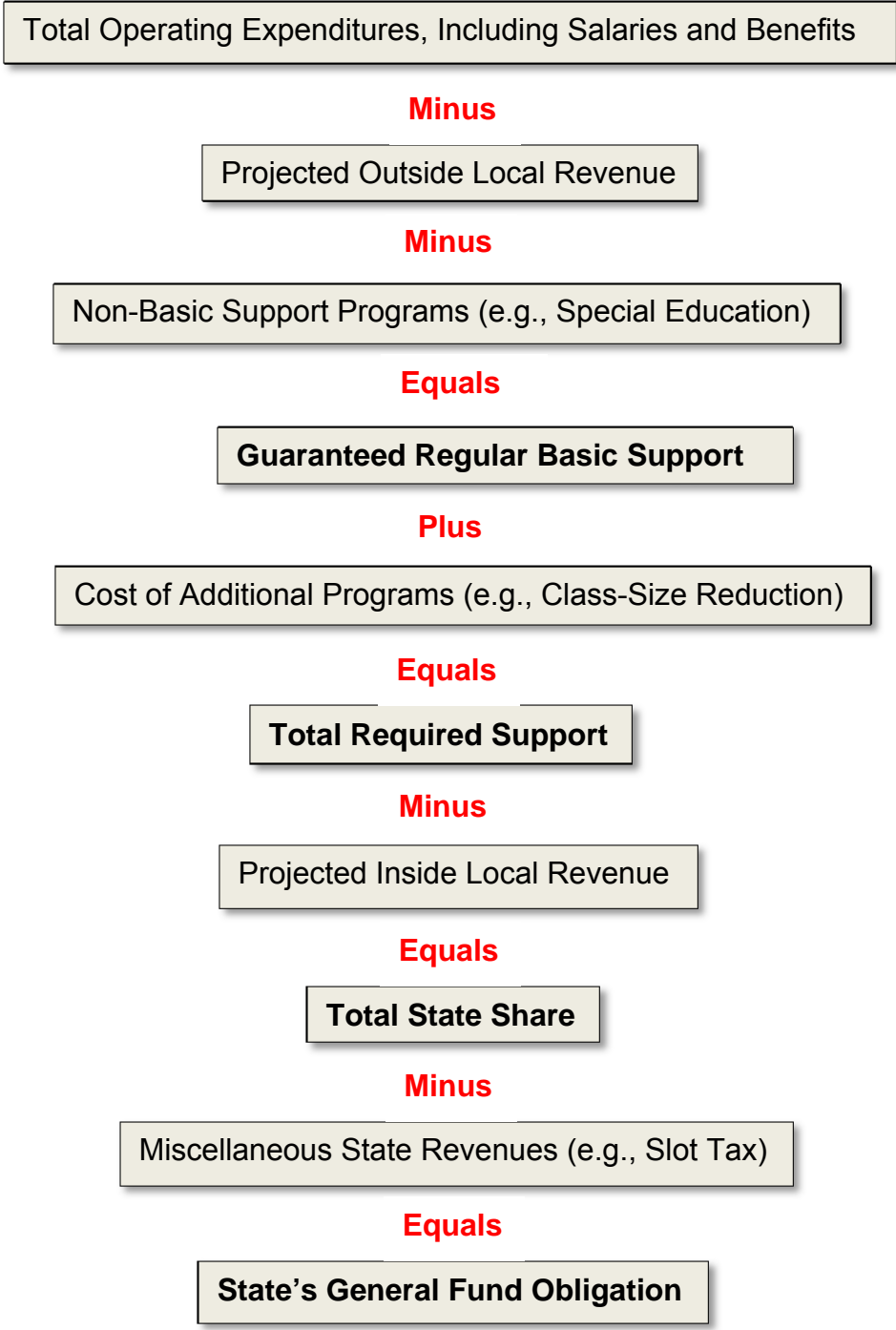
From the statewide average basic support per pupil, the State Department of Education calculates a separate basic support per pupil figure for each school district, using a formula that considers the economic and geographic characteristics of each school district. The dollar amount of basic support differs across school districts due to variations in the cost of living, differences in the costs of providing education as a result of school size, and the cost per pupil of administration and support services. The funding formula also recognizes each school district’s transportation costs by including 85 percent of actual, historical costs adjusted for inflation using the Consumer Price Index (CPI). A wealth adjustment, based on each district’s ability to generate revenue in addition to the guaranteed level of funding, is also included in the funding formula.

Since funding through the *Nevada Plan* is based on a guaranteed amount of basic support per pupil set forth in law during each legislative session, the only way to increase the total amount to be received through the *Nevada Plan* is if enrollment increases. If, on the other hand, enrollment fails to meet projections, schools will receive less money than expected, because a given dollar amount per pupil is guaranteed only for those pupils enrolled.

The funding for additional programs that are not allocated to schools on the basis of enrollment (e.g., Class-Size Reduction programs) is then added to the total regular basic support guarantee amount to arrive at the total required support. This figure represents the amount of funding, through a combination of inside local revenues, state General Fund appropriations, and other non-General Fund state revenues, that the school districts and charter schools will receive.

To determine the state’s share of the total guaranteed support, projected local revenues considered inside the funding formula are deducted. The remaining amount is the state’s share, and after subtracting the amount of projected revenues from the slot tax and other non-General Fund state funding sources, the state’s General Fund obligation is established. Because the total guaranteed support is made up of both inside local revenues and state General Fund appropriations, if actual realized inside local revenues are higher than projected, state General Fund appropriations are reduced. Similarly, if actual realized inside local revenues are less than projected, state General Fund appropriations are increased to meet the guaranteed support amount.

The chart on the following page illustrates the steps that are taken to prepare the DSA budget and determine the state’s General Fund obligation:



VI. The Nevada Plan – An Example

To better understand how the *Nevada Plan* works, a step-by-step summary is provided below. The bolded number(s) at the end of each step corresponds to step(s) of a numerical example of a hypothetical school district that is presented following the step-by-step summary.

1. **Enrollment** – The count of pupils for apportionment purposes is the number of children enrolled in grades 1 through 12 on the last day of the first school month in regular or

special education programs Children enrolled in kindergarten, as well as disabled or gifted and talented children under the age of five, are counted (weighted) as six-tenths of a pupil. In instances of declining enrollment, the hold harmless provision described in NRS 387.1233 is applied **(1)**.

2. Guaranteed Regular Basic Support – The weighted enrollment total is multiplied by the legislatively approved per-pupil support guarantee for the school district to determine the school district’s guaranteed basic support **(2 and 3)**.
3. Special Education Allocation – The number of special education units allocated to the district is multiplied by the per-unit amount established by the Legislature, and the product is added to the guaranteed basic support to obtain the school district’s total guaranteed support. This sum is the amount of total funding guaranteed to the school district from a combination of state and local funds **(4 and 5)**.
4. Inside Local Resources – Revenue received by the school district from the LSST and one-third of the proceeds from the 75-cent property tax is deducted from the school district’s total guaranteed basic support to determine the amount of state aid the district will receive. If actual realized local revenues from these two sources are less than projected, state aid is increased to cover the total basic support guarantee. On the other hand, if revenues come in higher than projected, state aid is reduced. The difference between the total guaranteed support and local resources is state aid, which is funded through the DSA **(6 and 7)**.
5. Other State-Funded Programs – An amount for any specific programs funded by the Legislature through the DSA, such as the Class-Size Reduction program, is added to the school district’s total state aid to determine the total amount of revenue the school district will receive from the DSA **(8 and 9)**.
6. Outside Local and Federal Resources – Sources of revenue outside the funding formula, such as two-thirds of the proceeds from the 75-cent property tax and unrestricted federal funding, are added to the total guaranteed support and the amount provided for other legislatively-approved programs to determine the school district’s total available resources **(10 through 16)**.

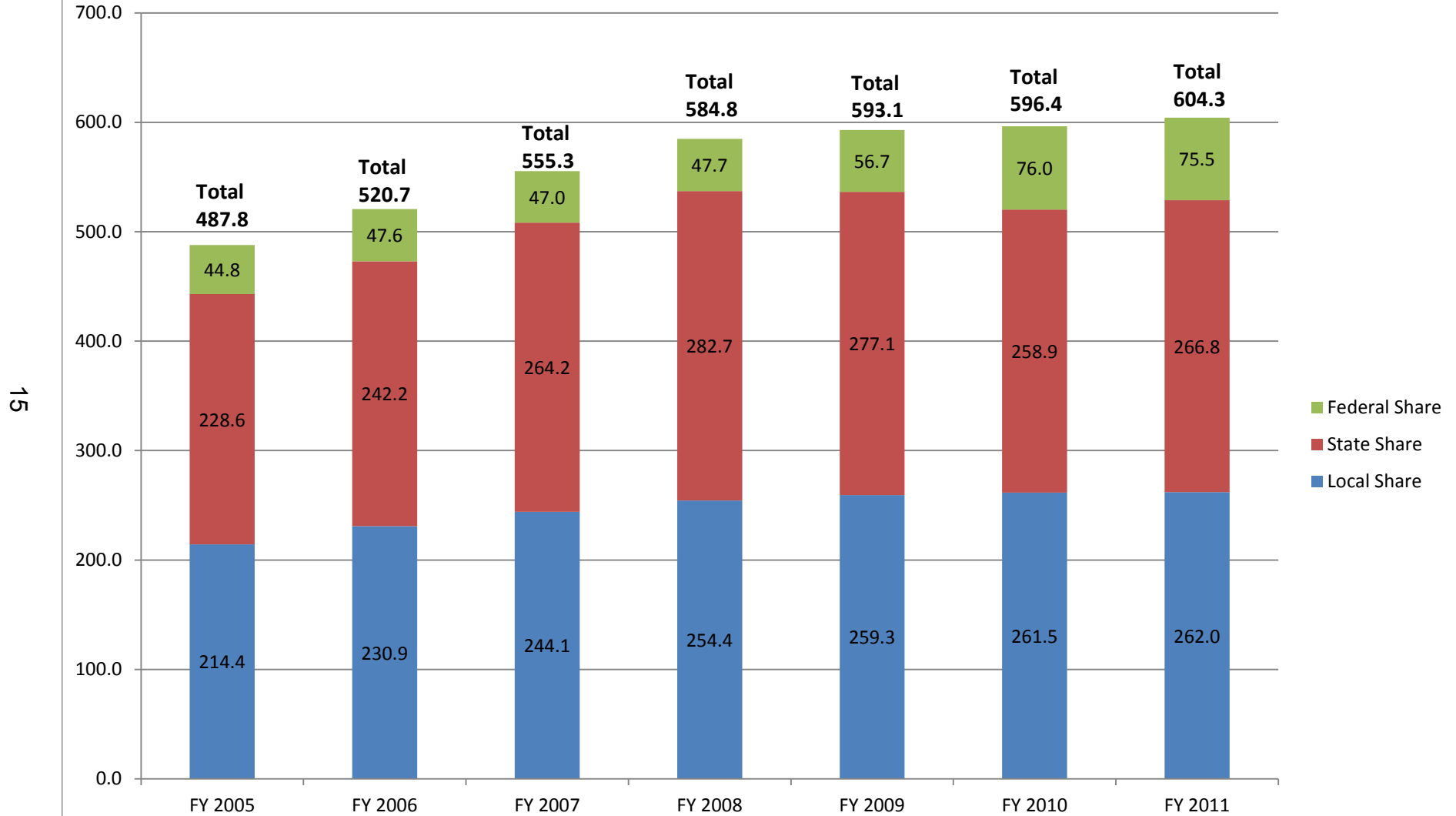
The following numerical example illustrates the guaranteed funding process based on the revenue of a hypothetical school district and, in addition, shows other revenue outside of the guarantee, making up the total resources included in a school district’s operating budget.

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 percent LSST** 1/3 of the proceeds from 75-cent property tax	(\$ 15,540,000) <u>(\$ 4,600,000)</u>
7	= State Responsibility	\$ 18,740,000
8	+ Other State Programs funded through the DSA (e.g., Class-Size Reduction Funding)	<u>\$ 35,000</u>
9	= Total Revenue from Distributive School Account (DSA)	\$ 18,775,000
Resources in Addition to Basic Support		
10	2/3 of the proceeds from 75-cent property tax	\$ 9,200,000
11	Government Services Tax (GST)	\$ 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)	\$ 51,975,000

*Weighted apportionment enrollment includes six-tenths of the count of pupils enrolled in kindergarten, six-tenths of the count of 3- and 4-year-olds who are receiving special education, 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 (NRS 387.1233)

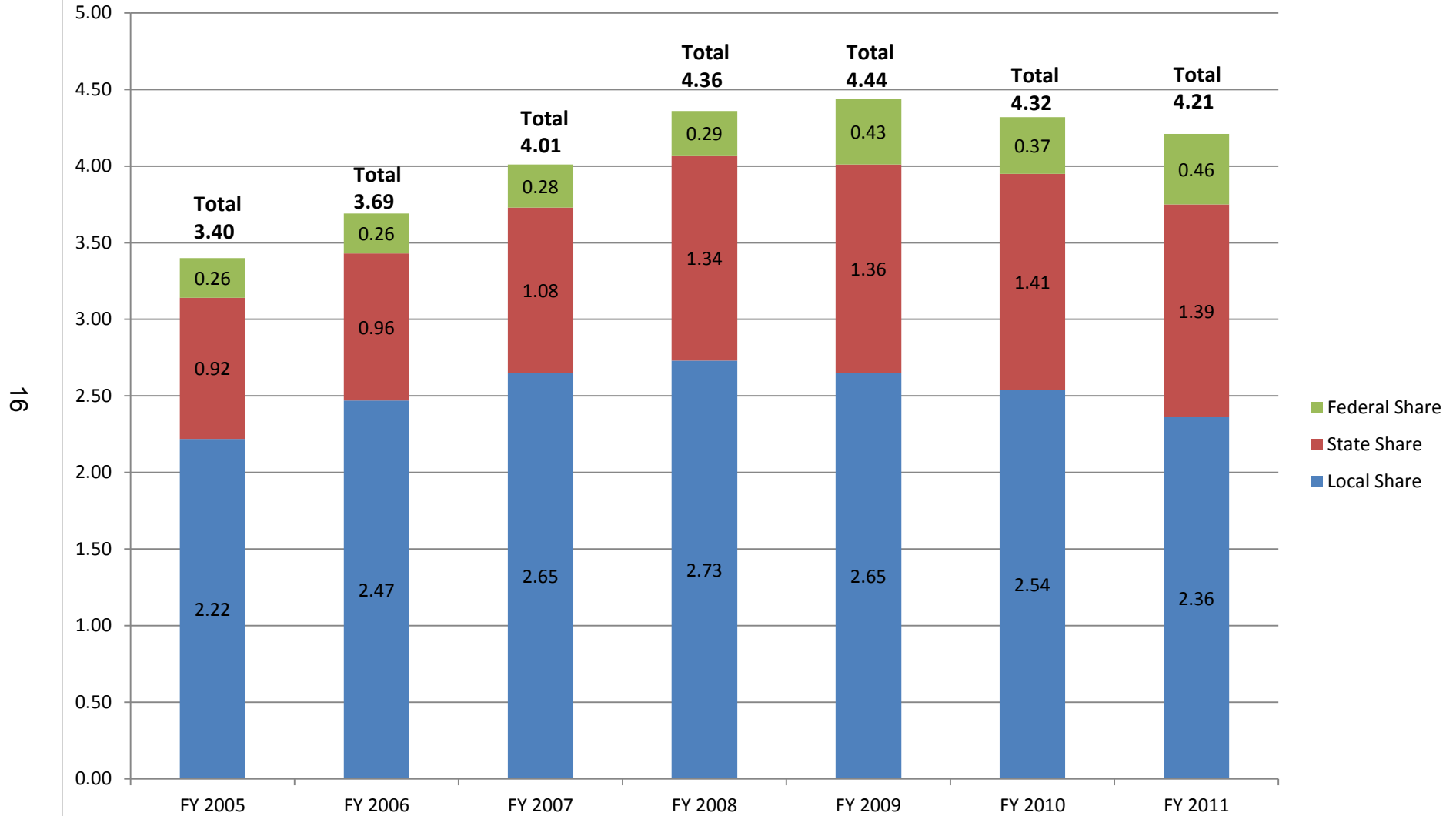
**The Local School Support Tax (LSST) rate of 2.60 percent reverts back to 2.25 percent on July 1, 2015 (NRS 374.111). However, the Governor's budget for the 2015-17 biennium recommends the continuation of the 2.60 percent LSST rate permanently.

United States Revenues for Public Elementary and Secondary Education (Billion \$, by Source, FY 2005 - FY 2011)



Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey (NPEFS)," Fiscal Years 2005-2011

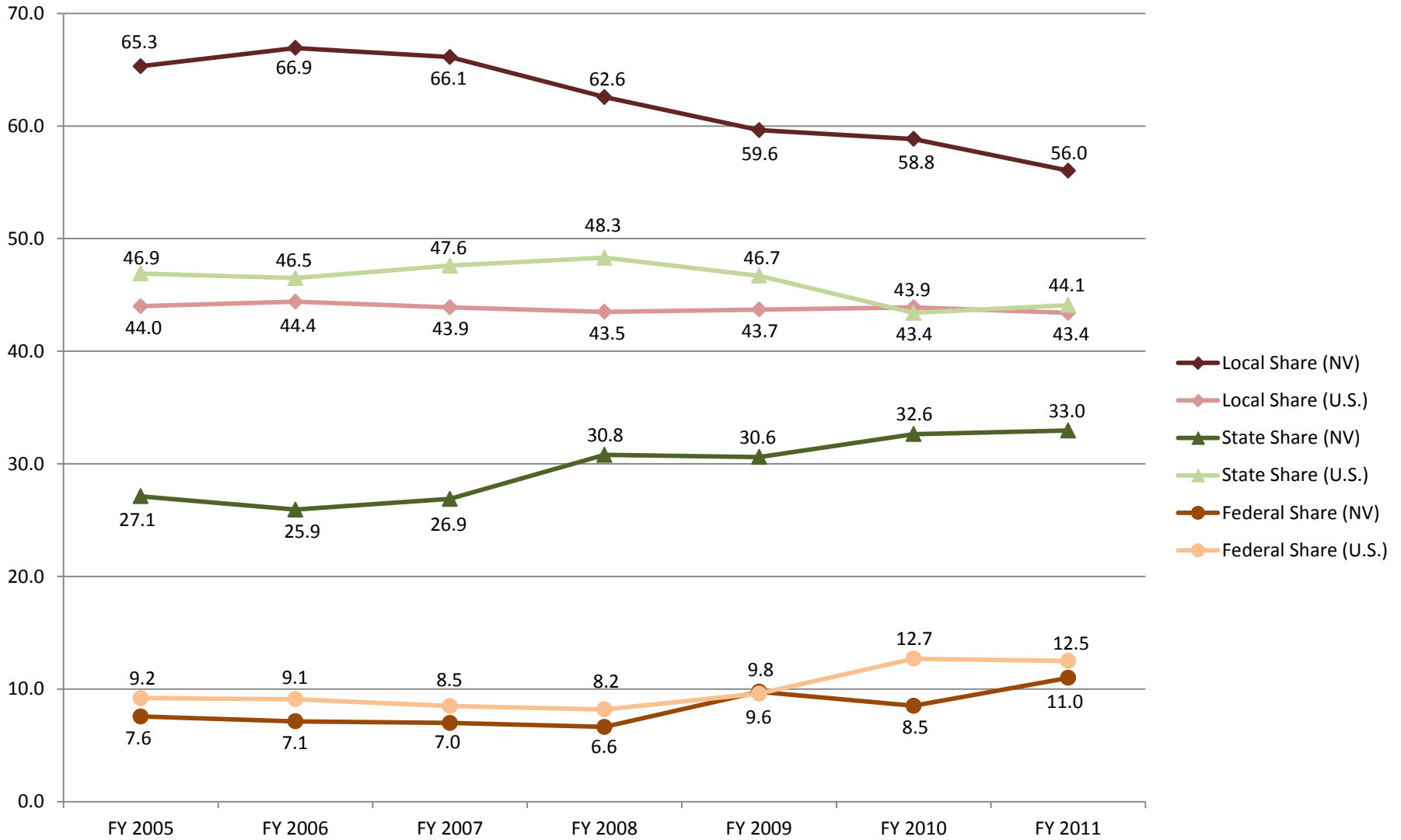
Nevada Revenues for Public Elementary and Secondary Education (Billion \$, by Source, FY 2005 - FY 2011)



Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey (NPEFS)," Fiscal Years 2005-2011

Percentage Distribution of Revenues for Public Elementary and Secondary Education (%, by Source, FY 2005 - FY 2011)

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Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "National Public Education Financial Survey (NPEFS)," Fiscal Years 2005-2011

