

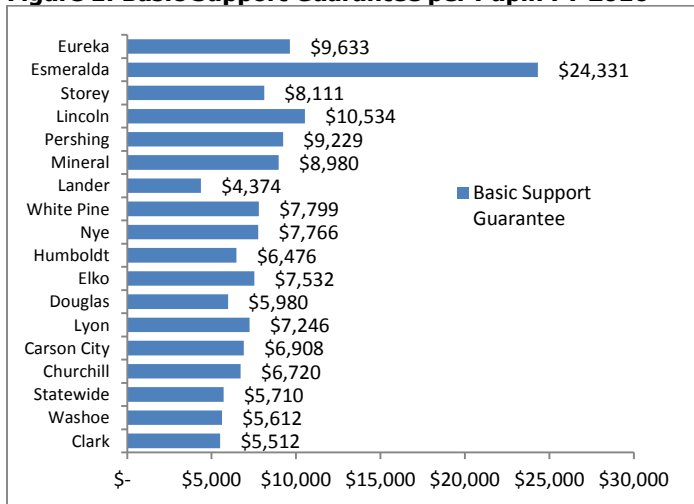
K-12 Education Finance 101

WHAT IS THE NEVADA PLAN FOR SCHOOL FINANCE?

The primary funding mechanism for K-12 education is called the Nevada Plan for School Finance. It was created in 1967 to provide a mechanism to equalize differences in local funding received by school districts.

Each school district has its own **basic support guarantee** per pupil based on historic costs. The guarantee is the sum of three separate calculations: basic support, the wealth factor, and the transportation factor. The guarantee varies substantially throughout Nevada. As shown in Figure 1, the basic support guarantee for FY 2016 ranges from \$5,512 in Clark County to \$24,331 in Esmeralda County. This funding is unrestricted and goes into each school district's General Fund. The basic support guarantee in Clark County and Washoe County are lower than the statewide average (of \$5,710).

Figure 1: Basic Support Guarantee per Pupil: FY 2016



Source: SB 515, Chapter 536, Statutes of Nevada 2015

The guarantee is funded by both State and local revenue. State funding is provided through the Distributive School Account (DSA). Local funding includes the 2.6 percent Local School Support Tax (LSST) and 1/3 of the \$0.75 ad valorem tax (which includes Property Taxes and Net Proceeds of Minerals Taxes). The Local School Support State aid is the *difference* between the basic support guarantee and local funds. School districts with local revenue exceeding the basic support guarantee are able to retain the additional funds.

WHAT UNRESTRICTED FUNDING DO SCHOOLS RECEIVE OUTSIDE OF THE NEVADA PLAN?

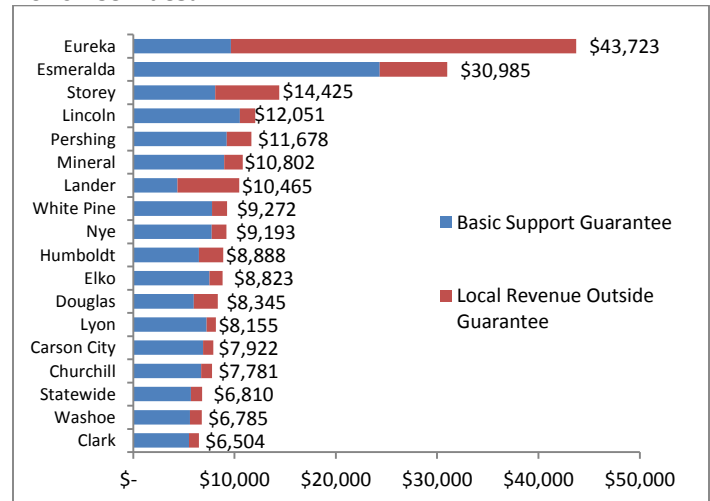
School districts also receive substantial General Fund revenue outside the Nevada Plan. Although this money is unrestricted, it is not part of the basic support guarantee. The primary sources

are 2/3 of the \$0.75 ad valorem tax, governmental services taxes, and franchise fees. These taxes vary significantly by district and have been volatile in recent years for districts that receive significant revenues from the Net Proceeds of Minerals tax. Districts also receive unrestricted Federal funds. In FY 2016, the estimated "outside" revenue per pupil ranges from \$759 per pupil in Lyon County to \$10,689 per pupil in Eureka County.

HOW MUCH UNRESTRICTED FUNDING WILL EACH DISTRICT RECEIVE IN FY 2016?

Figure 2 combines the funding from the basic support guarantee with local revenue outside the guarantee to show estimated total General Fund revenue per pupil for each school district in FY 2016. Per pupil funding ranges from \$6,504 in Clark County to \$43,723 in Eureka County. Per pupil funding for Clark and Washoe County are lower than the statewide average (of \$6,810).

Figure 2: School General Fund Tax Revenue per Pupil: FY 2016 Estimated



Source: Nevada Dept. of Education, DSA Payment Workbook

WHAT IS THE SHARE OF STATE VS. LOCAL TAXES?

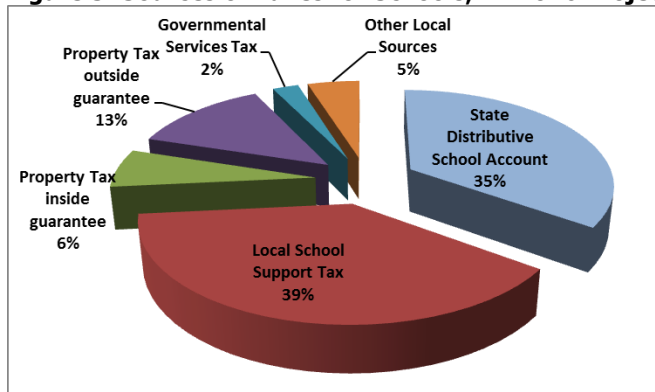
Total statewide unrestricted revenue to schools is projected to amount to \$3.2 billion in FY 2016. This includes the basic support guarantee as well as revenue outside of the Nevada Plan. As shown in Figure 3 (page 2), the largest source of funding is the Local School Support Tax (LSST) (39 percent), followed by State taxes provided through the DSA (35 percent).

Property Taxes received inside and outside the school basic support guarantee account for 19 percent of revenue (13 percent outside of the Nevada Plan; 6 percent inside the Nevada Plan).

Actual percentages from each revenue source vary significantly by school district. Some school districts receive only local funds

while others are heavily reliant on State funds. For example, Eureka County and Lander County received no unrestricted funding from the DSA in FY 2014 because they had high Net Proceeds of Minerals taxes, and local revenue exceeded the basic support guarantee. In contrast, Lincoln County received 79 percent of its revenue from the DSA in FY 2014.

Figure 3: Sources of Taxes for Schools, FY 2016 Projected



Source: Nevada Department of Education, DSA Workbook

HOW DID THE LEGISLATURE CHANGE THE NEVEDA PLAN IN 2015?

The Nevada State Legislature approved Senate Bill (SB) 508 in 2015, which makes changes to K-12 finance and sets a path towards creating a weighted funding formula. The SB 508 legislation does the following:

- Articulates the intent of the Legislature to provide additional resources to the Nevada Plan by creating a weighted funding formula that provides additional funding for students with disabilities, English Language Learners, at-risk students, and gifted and talented pupils.
- Requires the Nevada Department of Education to submit a plan to the Legislative Committee on Education during the 2015-16 interim to implement the funding weights, with full implementation completed by FY 2021-22.
- Requires the Legislative Committee on Education to submit a report on the plan by October 1, 2016 to be considered during the 2017 session of the Legislature.
- Effective 2016-17, discontinues the current unit-based Special Education funding method, and instead creates a funding multiplier for students with disabilities. This will be a uniform funding rate per special education pupil, capped at 13 percent of enrollment. Funding will be adjusted to ensure each school district meets its Federal Special Education maintenance of effort requirement.
- Creates a \$5 million contingency account in 2016-17 for extraordinary program expenses for students with significant disabilities.

- Modifies the hold harmless funding formula for school districts and charter schools with declining enrollment from two years to one year.
- Changes the way enrollment is calculated from a single count day to average daily enrollment, which will be reported quarterly.
- Effective 2017-18, modifies the weight for kindergarten funding from 0.6 per pupil to 1.0 per pupil.

HOW DID THE LEGISLATURE CHANGE STATE CATEGORICAL FUNDS IN 2015?

In 2015, the Legislature approved a significant new State investment of \$346 million for the 2015-2017 biennium for expenditures outside of the Nevada Plan. Most of this funding is for categorical programs, which are targeted at specific populations or require implementation of a specific program. To focus on accountability, many of these programs include evaluations to determine the impact on student achievement.

Expanded programs for the 2015-2017 biennium:

- Increase funding for full-day kindergarten by \$54.5 million.
- Increase funding for special education by \$54.5 million.
- Expand Zoom Schools targeting English Language Learners from \$50 million to \$100 million.
- Increase funding for Career Technical Education by \$16.5 million.

Major new programs for the 2015-2017 biennium:

- Provide \$50 million for Victory Schools to target low-income students.
- Provide \$27.1 million for Read by 3 to help ensure all students read proficiently by the end of third grade.
- Provide \$25 million for teacher incentives and scholarships.
- Provide \$22 million for technology programs.
- Provide \$16.8 for mental health workers in schools.
- Provide \$10.3 million for Gifted and Talented Education.
- Provide \$9.8 for the Great Teaching and Leading Fund to provide professional development and improve the teacher pipeline.

The categorical funding for Zoom, Victory and GATE may be transitioned to funding weights in the future for English Language Learners, at-risk students, and gifted students.

For more about the Guinn Center, visit www.guinncenter.org, call 702-522-2178, or email: info@guinncenter.org.