

Nebraska Department of Education  
School Finance & Organization Services

# **Tax Equity and Educational Opportunities Support Act Certification of 2018/19 State Aid**

**This Document Contains:**

**Part I.  
Data Sources for the 2018/19 State Aid Calculations**

**Part II.  
2018/19 Concept Summary**

**Part III.  
Questions and Answers Related to the 2018/19 State Aid Calculation**

**March 2018**

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For comments regarding this document contact [nde.guidance@nebraska.gov](mailto:nde.guidance@nebraska.gov)"

# Part I. DATA SOURCES FOR THE 2018/19 STATE AID CALCULATIONS

## SYSTEM FORMULA NEEDS

Is the sum of:

Basic Funding + Poverty Allowance + Limited English Proficiency Allowance + Focus School & Program Allowance + Summer School Allowance + Special Receipts Allowance + Transportation Allowance + Elementary Site Allowance + Distance Education & Telecommunications Allowance + System Averaging Adjustment + New School Adjustment + Student Growth Adjustment + Community Achievement Plan Adjustment + Limited English Proficiency Allowance Correction + Poverty Allowance Correction + Non Qualified Limited English Proficiency Adjustment + Student Growth Adjustment Correction

✓ Formula Needs Stabilization:

2018/19 District Formula Need that is less than 100% of 2017/18 Year End Recalculated Formula Need is increased to 100% of 2017/18 Year End Recalculated Formula Need.

AND

2018/19 District Formula Need that is greater than 112% of 2017/18 Year End Recalculated Formula Need is decreased to 112% of 2017/18 Year End Recalculated Formula Need, except that the Formula Need for Districts receiving a student growth adjustment is not decreased.

## FORMULA STUDENTS

Students educated by the district and students for which tuition is paid.

### DATA SOURCES:

As defined for the March 1, 2018 Certification of 2018/19 State Aid:

- ✓ Fall Membership in grades Kindergarten (KDG); Full-Day Kindergarten (FDK)-6; 7-8; and 9-12 from the 2017 Student Snapshot Template in the Nebraska Staff and Student Record System (NSSRS).
- ✓ The Fall Membership is adjusted based on the historical ratio of Average Daily Membership (ADM) to Fall Membership using the ratios from 2014/15, 2015/16 and 2016/17.
- ✓ Qualified Early Childhood Fall Membership is multiplied by the ratio of the planned instructional hours of the program divided by 1032 then multiplied by .6.
- ✓ Contracted Students in grades KDG; FDK-6; 7-8; and 9-12 are taken from the 2017 School Enrollment Template in the NSSRS.

As defined for the year-end recalculation of 2018/19 State Aid:

- √ Average Daily Membership (ADM) in Qualified Early Childhood Programs and grades KDG; FDK-6; 7-8; and 9-12 from the 2017 Student Summary Attendance in the NSSRS.
- √ Contracted Students from the 2017 School Enrollment Template in the NSSRS.

**GENERAL FUND OPERATING EXPENDITURES**

Each district's General Fund Operating Expenditures for the most recently available complete data year.  
 Calculated from the 2016/17 Annual Financial Report (AFR) as follows:

Total General Fund Expenditures .....	1-2-20400-000
	Minus
Tuition Paid..... 1-2-1125-364, 1-2-1160-364, 1-2-1150-364, 1-2-1100-364, 1-2-1115-364, 1-2-1195-364, 1-2-1200-360 & 370, 1-2-1280-360 & 370, 1-2-1291-360 & 370, .....	1-2-1292-360 & 370
Adult Education.....	1-2-7000-000
Transfers from Other Funds.....	1-1-5500-000
Community Services.....	1-2-3000-000
Redemption of General Fund Debt Service Principal .....	1-2-5000-605, 607 & 610
Transportation Paid to Other Districts.....	1-2-2750-333, 1-2-2755-333, 1-2-2760-333 & 1-2-2765-333
Categorical Grants from Corporations & Other Private Interest.....	1-2-3400-000
State Categorical Programs.....	1-2-3500-000
Retirement Incentive Plan.....	1-2-2200-281
Staff Development Assistance.....	1-2-2200-282
Transfers to Bond Fund .....	1-2-8000-754
Tuition Received from Other Educational Entities (Distance Education) .....	1-1-1215-000
Summer School Tuition and Fees.....	1-1-1250-000
Preschool Tuition and Fees .....	1-1-1270-000
Contributions and Donations.....	1-1-1920-000
Textbook Loan .....	1-1-3155-000
Medicaid Administrative Activities (MAAPS).....	1-1-4455-000
Impact Aid.....	1-1-4500-000
Johnson O'Malley .....	1-1-4600-000
Legal Services (in excess of .0015 of the 2016/17 formula need) .....	1-2-2330-000
Levy Override Receipts .99 ((Total General Fund Levy – \$1.05) x (Assessed Value/100)).....	(Calculated Amt)
Increase in Retirement Contribution .....	Object Code 221 Functions (1000, 2000 & 6000)
Voluntary Termination (per statute).....	Object Code 285 Functions (1000, 2000 & 6000)
Lobbyist Fees and Expenses.....	1-2-2310-314, 1-2-2320-314 & 1-2-2510-314

## ADJUSTED GENERAL FUND OPERATING EXPENDITURES

(General Fund Operating Expenditures X 1.03) – (Transportation Allowance + Special Receipts Allowance + Poverty Allowance + Limited English Proficiency Allowance + Distance Education & Telecommunications Allowance + Elementary Site Allowance + Summer School Allowance + Focus School & Program Allowance + Non Qualified Limited English Proficiency Adjustment)

## COST GROWTH FACTOR

For school fiscal year 2018/19, the cost growth factor shall equal the sum of: (1) the basic allowable growth rate 1.5% for the school fiscal year in which the aid is to be distributed; plus (2) the basic allowable growth rate 1.5% for the school fiscal year immediately preceding the school fiscal year in which the aid is to be distributed.

## BASIC FUNDING

A comparison group is established for each District consisting of:

- (i) The 10 larger districts that are closest in size to the District, measured by formula students, and
- (ii) The 10 smaller districts that are closest in size to the District, measured by formula students

- If there are not 10 Districts that are larger than the District for which basic funding is being calculated or if there are not 10 Districts that are smaller than the District, the comparison group would consist of only as many districts as fit the criteria.
- If more than 1 District has exactly the same number of formula students as the largest or smallest District in the comparison group, all of the Districts with exactly the same number of formula students as the largest or smallest Districts in the comparison group shall be included in the comparison group.
- If 1 or more Districts have exactly the same number of formula students as the District for which basic funding is being calculated, all such Districts would be included in the comparison group in addition to the 10 larger and the 10 smaller Districts.
- The comparison group remains the same for the final calculation of State Aid.
- School Districts with less than 900 formula students;  
Basic Funding = Average of Adjusted General Fund Operating Expenditures for each District in the comparison group excluding both the Districts with the two highest Adjusted General Fund Operating Expenditures and the Districts with the two lowest Adjusted General Fund Operating Expenditures in the comparison group.
- School Districts with 900 or more formula students;  
Basic Funding = District formula students X Average Adjusted General Fund Operating Expenditures per formula student excluding both the Districts with the two highest Adjusted General Fund Operating Expenditures per formula student and the Districts with the two lowest Adjusted General Fund Operating Expenditures per formula student.

## POVERTY ALLOWANCE

Poverty Student = number of low income students or the number of students who are free lunch and free milk students whichever is greater + (poverty students – 3 year average of poverty students) if greater than 0.

Low Income Students = number of low income children within the local system X ratio of formula students/total children under 19.

Low Income Child = a child under 19 living in a household having an annual adjusted gross income in 2016 tax year/ 2016/17 school year equal to or less than the maximum household income for a household of that size that would have allowed the child to meet the income qualifications to be a free lunch and free milk student during the 2016/17 school year.

2018/19 Statewide Average General Fund Operating Expenditures per Formula Student = 10,846.89

The lesser of:

Maximum Poverty Allowance designated by the school district

OR

Poverty Adjustment Calculation

Local System Formula Students = (Stu)

Poverty Students = (Poverty)

Poverty Adjustment = (Povadj)

Stu X .05 = a

Stu X .10 = b

Stu X .15 = c

Stu X .20 = d

Stu X .25 = e

Stu X .30 = f

- If (Poverty) is less than or equal to a, then (Povadj) = 0
- If (Poverty) is greater than a, and (Poverty) is less than or equal to b, then  $((\text{Poverty}) - a) \times (.0375 \times \text{Statewide Average GFOE per formula student}) = (\text{Povadj})$
- If (Poverty) is greater than b, and (Poverty) is less than or equal to c, then  $((b-a) \times (.0375 \times \text{Statewide Average GFOE per formula student})) + (((\text{Poverty}) - b) \times (.075 \times \text{Statewide Average GFOE per formula student})) = (\text{Povadj})$
- If (Poverty) is greater than c, and (Poverty) is less than or equal to d, then  $((b-a) \times (.0375 \times \text{Statewide Average GFOE per formula student})) + ((c-b) \times (.075 \times \text{Statewide Average GFOE per formula student})) + (((\text{Poverty}) - c) \times (.1125 \times \text{statewide average GFOE per formula student})) = (\text{Povadj})$
- If (Poverty) is greater than d, and (Poverty) is less than or equal to e, then  $((b-a) \times (.0375 \times \text{Statewide Average GFOE per formula student})) + ((c-b) \times (.075 \times \text{Statewide Average GFOE per formula student})) + ((d-c) \times (.1125 \times \text{Statewide Average GFOE per formula student})) + (((\text{Poverty}) - d) \times (.15 \times \text{Statewide Average GFOE per formula student})) = (\text{Povadj})$
- If (Poverty) is greater than e, and (Poverty) is less than or equal to f, then  $((b-a) \times (.0375 \times \text{Statewide Average GFOE per formula student})) + ((c-b) \times (.075 \times \text{Statewide Average GFOE per formula student})) + ((d-c) \times (.1125 \times \text{Statewide Average GFOE per formula student})) + ((e-d) \times (.15 \times \text{Statewide Average GFOE per formula student})) + (((\text{Poverty}) - e) \times (.1875 \times \text{Statewide Average GFOE per formula student})) = (\text{Povadj})$
- If (Poverty) is greater than f, then  $((b-a) \times (.0375 \times \text{Statewide Average GFOE per formula student})) + ((c-b) \times (.075 \times \text{Statewide Average GFOE per formula student})) + ((d-c) \times (.1125 \times \text{Statewide Average GFOE per formula student})) + ((e-d) \times (.15 \times \text{Statewide Average GFOE per formula student})) + ((f-e) \times (.1875 \times \text{Statewide Average GFOE per formula student})) + (((\text{Poverty}) - f) \times (.225 \times \text{Statewide Average GFOE per formula student})) = (\text{Povadj})$

### **LIMITED ENGLISH PROFICIENCY (LEP) ALLOWANCE**

The lesser of:

Maximum Limited English Proficiency Allowance designated by the school district

-Or-

25% of the statewide average general fund operating expenditures per formula student (2,711.72) multiplied by (the number of limited English proficient students + (limited English proficient students – 3 year average of limited English proficient students)) if greater than 0.

If the number of limited English proficient students is greater than or equal to 1 but less than 12, the number of limited English proficient students used in the calculation is 12.

DATA SOURCES:

√ 2017 School Enrollment Template in the NSSRS.

### **FOCUS SCHOOL & PROGRAM ALLOWANCE**

Applies to school districts in a learning community.

1<sup>st</sup> year (Statewide Average General Fund Operating Expenditures per Formula Student X.10) X Number of Students in Focus School

2<sup>nd</sup> year (Statewide Average General Fund Operating Expenditure per Formula Student X.10) X [(Fall Membership Participating in Focus School X 2) – estimated number of students used in prior year calculation]

3<sup>rd</sup> year (Statewide Average General Fund Operating Expenditure per Formula Student X.10) X (Fall Membership Participating in Focus School)

DATA SOURCES:

√ 2017 Student Snapshot Template in NSSRS

√ 2016/17 Annual Financial Report

**SUMMER SCHOOL ALLOWANCE**

Lesser of Actual Summer School Expenditures (6000's) or (.025 X Summer School Student Units) X (.85 X Statewide Average General Fund Operating Expenditure per Formula Student (10,846.89))

Summer School Student Units = each student enrolled in summer school for at least 12 days, whether or not the student is in the membership of the school district.

The initial number of units for each student =

Sum of the ratios, each rounded down to the nearest whole number, number of days the student attended summer school for at least 3 hours and less than 6 hours per day ÷ by 12

+

2 X the number of days the student attended summer school classes for 6 or more hours per day ÷ 12

Additional Summer School Units for each summer school student attributed to a remedial math or reading programs, and for each summer school student attributed to a free lunch or free milk.

Summer school student units shall not be calculated for school districts which collect fees for summer school from students who qualify for free or reduced-price lunches.

**SPECIAL RECEIPTS ALLOWANCE**

DATA SOURCES:

- √ Special Receipts Allowance includes district specific special education, state ward, and accelerated or differentiated curriculum program receipts included in local system formula resources reported on the 2016/17 Annual Financial Report (1-1-1230-000, 1-1-1235-000, 1-1-1240-000, 1-1-1330-000, 1-1-3120-000, 1-1-3125-000, 1-1-3135-000, 1-1-3160-000, 1-1-3161-000, 1-1-3165-000 & 1-1-3166-000) and receipts from the Medicare Catastrophic Coverage Act of 1988 - to the extent the district would have received payment pursuant to the Special Education Act (taken from NDE records) for 2016/17.

**TRANSPORTATION ALLOWANCE**

The lesser of actual specific transportation costs or a calculated amount based on the miles transported (excluding activities) plus in-lieu-of transportation for the most recently available complete data year.

DATA SOURCES:

- √ District specific transportation expenditures reported on the 2016/17 Annual Financial Report: Total Regular Pupil Transportation minus Transportation Paid to Another District (1-2-2750-000 + 1-2-2755-000 – 1-2-2750-333 – 1-2-2755-333).
- Or-
- √ District specific calculated transportation expenditures based on: Route miles reported on the 2016/17 Pupil Transportation Report in CDC, (Part I) x .535 x 400% + In-Lieu-of Transportation (1-2-2750-332) reported on the 2016/17 Annual Financial Report.

## ELEMENTARY SITE ALLOWANCE

Elementary Site Allowance is calculated for any district that has at least one qualifying elementary site, which submits an application.

A qualifying elementary attendance site:

1. Is in a District with multiple elementary attendance sites
2. Does not have another elementary attendance site within 7 miles in the same school district **OR**
3. Is the only public elementary attendance site located in an incorporated city or village
4. Each District determines which grades are elementary grades
5. Building where majority of formula students attend is the primary elementary site
6. The primary elementary site shall not be a qualifying elementary attendance site
7. All grades designated as elementary grades shall be offered in each elementary attendance site
8. Elementary grades shall not include grades 9, 10, 11 or 12

The Elementary Site Allowance = Sum of Elementary Site Allowances for each qualifying elementary attendance site in the district.

(Statewide Average General Fund Operating Expenditure per Formula Student X 500% (54,234.45)) X Fall membership per building divided by 8 (result is rounded up to a whole number)

If the whole number is greater than the number of elementary site grades, the whole number is equal to the number of elementary site grades.

## DISTANCE EDUCATION & TELECOMMUNICATIONS ALLOWANCE

Is equal to 85% of the difference of the costs for (a) telecommunications services, (b) access to data transmission networks that transmit data to and from the school district, and (c) the transmission of data on such networks paid by the school districts in the local system minus the receipts from the Federal Universal Service Fund.

DATA SOURCES:

- √ District specific distance education and telecommunications expenditures on the 2016/17 Annual Financial Report (1-2-1100-382, 1-2-1115-382, 1-2-1125-382, 1-2-1150-382, 1-2-1160-382, 1-2-1190-382, 1-2-1195-382, 1-2-1200-382, 1-2-1280-000, 1-2-1291-000, 1-2-1292-000, 1-2-2100-382, 1-2-2150-382, 1-2-2200-382, 1-2-2213-382, 1-2-2214-382, 1-2-2310-382, 1-2-2320-382, 1-2-2330-382, 1-2-2400-382, 1-2-2510-382, 1-2-2520-382, 1-2-2600-382, 1-2-2750-382, 1-2-2755-000, 1-2-2760-000, 1-2-2765-000, 1-2-2755-382, 1-2-2760-382, 1-2-2765-382, 1-2-3000-382, 1-2-3400-382, 1-2-3500-382, 1-2-6000-382, 1-2-3000-000, 1-2-3400-000, 1-2-3500-000, 1-2-6000-000, 1-2-7000-382) – Universal Service Fund (E-Rate) (1-1-4850-000).

## SYSTEM AVERAGING ADJUSTMENT

System Averaging Adjustment is calculated for any district with more than 900 formula students and a lower basic funding per formula student than the average basic funding per formula student for all districts with 900 or more formula students (8,345.84).

System Averaging Adjustment = ((Avg Basic Funding per formula student for districts with 900 or more formula students – Districts Basic Funding Per Formula student) X 90 Percent X Districts Formula Students



## **TWO-YEAR NEW SCHOOL ADJUSTMENT**

1<sup>st</sup> year

District Basic Funding per formula student X (.20 X Estimated Student Capacity)

2<sup>nd</sup> year

District Basic Funding per formula student X (.10 X Estimated Student Capacity)

## **STUDENT GROWTH ADJUSTMENT**

District Basic Funding per formula student X (Approved Student Growth – (greater of 25 or 1% X Fall Membership)) + .5 X (District Basic Funding per formula student X greater of 25 or 1% of the Fall Membership)

## **STUDENT GROWTH ADJUSTMENT CORRECTION**

Student Growth Adjustment Correction = (Actual Growth – Estimated Growth) X district's recalculated basic funding per formula student

Actual Growth = 2016/17 ADM – 2015/16 Fall Membership

*The absolute value of negative correction shall not exceed the original adjustment.*

## **COMMUNITY ACHIEVEMENT PLAN ADJUSTMENT**

Only applies to school districts that are members of a Learning Community. District participants will receive an adjustment equal to the aid.

An approved plan shall remain in effect for three years except as revised with the approval of the state board. The learning community shall submit a report on the success of the plan, evaluation results, and proposed revisions by December 1 immediately following the completion of the first two years of implementation and every three years thereafter.

For community achievement plans to be implemented beginning with school year 2017-18 and on or before January 1 immediately preceding the school year when the plan or plan renewal will be implemented. The student achievement coordinator or other department staff designated by the commissioner shall return the plan or plan renewal with any suggestions or comments on or before the immediately following February 15 to allow the plan to be revised prior to submission on or before March 15 for final approval by the state board at the state board's April meeting. If the state board rejects a plan or plan renewal, the reasons for the rejection shall be included with the notice of rejection and an opportunity shall be provided to revise the plan or plan renewal and for participating collaborators to appear before the board prior to a reconsideration of approval.

**POVERTY CORRECTION**

If poverty allowance expenditures do not equal 117.65% or more of the poverty allowance for the most recently available complete data year (2016/17), a correction will be calculated as follows:

$$\text{Poverty Allowance Correction} = \text{Poverty Allowance for 2016/17} - 85\% \text{ Poverty Allowance Expenditures}$$

If school district does not meet the required elements (as stated above) of the poverty plan for the most recently available complete data year (2016/17), the poverty allowance correction will be equal to 5% of the poverty allowance for such school fiscal year.

Any correction calculated pursuant to this requirement shall be added to any poverty correction calculated pursuant to requirements stated for 2018/19 to arrive at the total poverty correction.

**LIMITED ENGLISH PROFICIENCY (LEP) CORRECTION**

If the LEP poverty allowance expenditures do not equal 117.65% or more of the LEP allowance for the most recently available complete data year (2016/17) a correction will be calculated as follows:

$$\text{LEP Allowance Correction} = \text{LEP Allowance for 2016/17} - 85\% \text{ LEP Allowance Expenditures}$$

If school district does not meet the required elements (as stated above) of the LEP plan for the most recently available complete data year (2016/17), the LEP allowance correction will be equal to 50% of the LEP allowance for such school fiscal year and the school district shall also be disqualified from receiving an LEP allowance for the school fiscal year for which aid is being calculated.

Any correction calculated pursuant to this requirement shall be added to any LEP correction calculated pursuant to requirements stated for 2018/19 to arrive at the total LEP correction.

**NON QUALIFYING LIMITED ENGLISH PROFICIENCY (LEP)**

If the LEP allowance expenditures do not equal 50% or more of the allowance for school fiscal year, the school district shall be disqualified from receiving an LEP allowance for the school fiscal year for which aid is being calculated.

**RESOURCES**

The sum of the Yield from Local Effort Rate + Net Option Funding + Allocated Income Tax Funds + Other Receipts Actually Received by the District + Community Achievement Plan Aid

**YIELD FROM LOCAL EFFORT RATE**

Adjusted Valuation divided by 100 multiplied by the Local Effort Rate of \$1.0203. Each district's adjusted valuation for tax year 2017 is provided by the Property Tax Administrator (certified October 2017). Real property was adjusted to 96% of actual value and agricultural land was adjusted to 72% of actual value.

**LOCAL EFFORT RATE**

Set at \$.0297 below the maximum levy per §77-3442.

**NET OPTION FUNDING**

Net Enrollment Option/Open students (students opting in minus students opting out) as of the day of the fall membership count, multiplied by 95.5% of the statewide average Basic Funding per formula student (9,412.94).

Net Option Funding is equal to each Local System's:

Net Enrollment Option Students X 95.5% of the Statewide Average Basic Funding per formula student

Except that a Local System's Net Option Funding cannot be less than zero.

DATA SOURCES:

√ 2017 School Enrollment Template in the NSSRS

**ALLOCATED INCOME TAX FUNDS**

A percent calculated annually of the net Nebraska income tax liability of each school district's resident individuals in tax year 2016 provided by the Department of Revenue (certified November 17, 2017). Each local system's allocated income tax funds shall be calculated by multiplying the local system's income tax liability certified by 2.23%.

**OTHER RECEIPTS ACTUALLY RECEIVED BY THE DISTRICT**

Each Local System's other actual receipts for the most recently available complete data year.

Other Actual Receipts are taken from the 2016/17 Annual Financial Report as follows:

Public Power District Sales Tax .....	1-1-1120-000
Fines and License Fees .....	1-1-1610-000, 1-1-1620-000 & 1-1-2110-000
Tuition Receipts .....	1-1-1235-000, 1-1-1210-000, 1-1-1220-000, 1-1-1230-000, 1-1-1240-000 & 1-1-1950-000
Transportation Receipts .....	1-1-1310-000, 1-1-1320-000, 1-1-1325-000 & 1-1-1330-000
Interest .....	1-1-1410-000
Other Miscellaneous Local/County Receipts .....	1-1-1115-000, 1-1-1910-000, 1-1-1990-000, 1-1-2130-000 & 1-1-2210-000
Special Education/Flex Funding .....	1-1-3120-000, 1-1-3125-000, 1-1-3166-000 & 1-1-3165-000
Payments for Wards of the State/Wards of the Court .....	1-1-3160-000 & 1-1-3161-000
Receipts from the Temporary School Fund for State Apportionment and Property leased for a Public Purpose .....	1-1-3200-000 & 1-1-3300-000
Motor Vehicle Receipts .....	1-1-1125-000
Pro-Rate Motor Vehicle .....	1-1-3180-000
Other State Receipts .....	1-1-3990-000
Federal Impact Aid included to the extent allowed by Federal Law .....	1-1-4500-000
Other Non-Categorical Federal Receipts .....	1-1-4620-000, 1-1-4640-000 & 1-1-4690-000
Receipts from Medicare Catastrophic Coverage Act of 1988-to the extent the district would have received payment pursuant to the Special Education Act (taken from NDE records)	
Receipts for Accelerated or Differentiated Curriculum Programs .....	1-1-3135-000
Nameplate Capacity Tax .....	1-1-3133-000

For the final calculation of State Aid, other actual receipts shall be as reported in the 2016/17 Annual Financial Report.

### **COMMUNITY ACHIEVEMENT PLAN AID**

Only applies to school districts in a learning community.

Is equal to 2% of the learning community districts Poverty allowance + 2% of the learning community districts LEP allowance + Poverty students over 40% x 3% x Statewide average GFOE per Formula Students. This determines the districts fully funded community achievement plan adjustment. Then the learning community's formula students x statewide average GFOE per formula student x 0.004643 (per State Statute) = an allocation percentage. That allocation percentage x the districts fully funded community achievement plan adjustment = the calculated community achievement plan adjustment for that year. Plans not approved by September 1, 2018, will be removed for the fall State Aid Recalculation.

### **EQUALIZATION AID**

Formula Needs – Formula Resources = Equalization Aid

### **LEARNING COMMUNITY TRANSITION AID**

Only applies to school districts that are members of a Learning Community.

The Learning Community Transition Aid is equal to:

Total Resources = Total Aid + Other Receipts + 99% of Levy Proceeds at \$0.95 Transition Difference (Change in Resources) = Total Resources with Common Levy - Total Resources as Individual Districts.

Transition Aid = 50% of the Transition Difference for 2018/19; 25% for 2019/20

## Part II. 2018/19 CONCEPT SUMMARY

### 2018/19 Calculated State Aid to Nebraska's Public Schools:

Consists of one or a combination of the following items:

- Allocated Income Tax Funds
- Equalization Aid
- Community Achievement Plan Aid
- Net Option Funding
- Prior Year Correction
- Learning Community Transition Aid

### Nebraska Equalization Aid Formula Concept:

Calculated Needs - Calculated Resources = State Equalization Aid

#### SYSTEM FORMULA NEED

Is the sum of:

Basic Funding + Poverty Allowance + Limited English Proficiency Allowance + Focus School & Program Allowance + Summer School Allowance + Special Receipts Allowance + Transportation Allowance + Elementary Site Allowance + Distance Education & Telecommunications Allowance + System Averaging Adjustment + New School Adjustment + Student Growth Adjustment + Community Achievement Plan Adjustment + Limited English Proficiency Allowance Correction + Poverty Allowance Correction + Non Qualified Limited English Proficiency Adjustment + Student Growth Adjustment Correction

Formula Needs Stabilization:

2018/19 District Formula Need that is less than 100% of 2017/18 Year End Recalculated Formula Need is increased to 100% of 2017/18 Year End Recalculated Formula Need.

AND

2018/19 District Formula Need that is greater than 112% of 2017/18 Year End Recalculated Formula Need is decreased to 112% of 2017/18 Year End Recalculated Formula Need, except that the Formula Need for Districts receiving a student growth adjustment is not decreased.

**FORMULA STUDENTS**

- Students educated by the district and students for which the district pays tuition.
- The Fall Membership count adjusted by the average ratio of ADM to Fall Membership from three prior years for the certification of State Aid; and ADM for the final calculation of State Aid.
- Students in Qualified Early Childhood Programs multiplied by the ratio of planned instructional hours of the program divided by 1,032 then multiplied by .6.

**GENERAL FUND OPERATING EXPENDITURES**

Each district's General Fund Operating Expenditures for the most recently available complete data year.

Calculated from the 2016/17 Annual Financial Report (AFR) as follows:

Total General Fund Expenditures .....	1-2-20400-000
	Minus
Tuition Paid..... 1-2-1125-364, 1-2-1160-364, 1-2-1150-364, 1-2-1100-364, 1-2-1115-364, 1-2-1195-364, 1-2-1200-360 & 370, 1-2-1280-360 & 370, 1-2-1291-360 & 370, .....	1-2-1292-360 & 370
Adult Education.....	1-2-7000-000
Transfers from Other Funds.....	1-1-5500-000
Community Services .....	1-2-3000-000
Redemption of General Fund Debt Service Principal.....	1-2-5000-605, 607 & 610
Transportation Paid to Other Districts .....	1-2-2750-333, 1-2-2755-333, 1-2-2760-333 & 1-2-2765-333
Categorical Grants from Corporations & Other Private Interest .....	1-2-3400-000
State Categorical Programs .....	1-2-3500-000
Retirement Incentive Plan .....	1-2-2200-281
Staff Development Assistance .....	1-2-2200-282
Transfers to Bond Fund .....	1-2-8000-754
Tuition Received from Other Educational Entities (Distance Education).....	1-1-1215-000
Summer School Tuition and Fees.....	1-1-1250-000
Preschool Tuition and Fees .....	1-1-1270-000
Contributions and Donations.....	1-1-1920-000
Textbook Loan .....	1-1-3155-000
Medicaid Administrative Activities (MAAPS) .....	1-1-4455-000
Impact Aid .....	1-1-4500-000
Johnson O'Malley .....	1-1-4600-000
Legal Services (in excess of .0015 of the 2016/17 formula need) .....	1-2-2330-000
Levy Override Receipts .99 ((Total General Fund Levy – \$1.05) x (Assessed Value/100)).....	(Calculated Amount)
Increase in Retirement Contribution.....	Object Code 221 Functions (1000, 2000 & 6000)
Voluntary Termination (per statute).....	Object Code 285 Functions (1000, 2000 & 6000)
Lobbyist Fees and Expenses.....	1-2-2310-314, 1-2-2320-314 & 1-2-2510-314

### ADJUSTED GENERAL FUND OPERATING EXPENDITURES

- 1.03 multiplied by general fund operating expenditures minus (transportation allowance + special receipts allowance + poverty allowance + limited English proficiency allowance + distance education and telecommunications allowance + elementary site allowance + summer school allowance + focus school and program allowance + non qualified limited English proficiency adjustment)

### BASIC FUNDING

- School Districts with less than 900 formula students:

Basic Funding = Average of adjusted general fund operating expenditures for each District in the comparison group excluding both the Districts with the two highest adjusted general fund operating expenditures and the Districts with the two lowest adjusted general fund operating expenditures in the comparison group.

- School Districts with 900 or more formula students:

Basic Funding = District formula students multiplied by average of adjusted general fund operating expenditures per formula student excluding both the Districts with two the highest adjusted general fund operating expenditures per formula student and the Districts with the two lowest adjusted general fund operating expenditures per formula student in the comparison group.

### POVERTY ALLOWANCE

- The lesser of:  
District designated poverty expenditures for the 2018/19 school year or the sum of the statewide average general fund operating expenditures per formula student (10,846.89) multiplied by graduated percentages and then multiplied by student weightings based on free lunch/milk students or students under 19 residing in homes with adjusted gross income in 2016 tax year 2016/17 school year equal to or less than the maximum household income that would allow a student to meet income qualifications to be a free lunch or free milk student during the 2016/17 school year.

### LIMITED ENGLISH PROFICIENCY (LEP) ALLOWANCE

- The lesser of:  
District designated limited English proficiency expenditures for 2018/19 or 25% of the statewide average general fund operating expenditures per student (2,711.72) multiplied by the number of limited English proficiency students.

### FOCUS SCHOOL & PROGRAM ALLOWANCE

- 1<sup>st</sup> Year - Ten percent of the statewide average general fund operating expenditures per formula student (1,084.69) multiplied by the number of students participating in a focus school or program. Applies only to school districts in a learning community.
- 2<sup>nd</sup> Year – Ten percent of the statewide average general fund operating expenditures per formula student (1,084.69) multiplied by [(fall membership participating in focus school X 2) – estimated number of students used in prior year calculation].
- 3<sup>rd</sup> Year – Ten percent of the statewide average general fund operating expenditure per formula student (1,084.69) multiplied by fall membership participating in focus school.

### **SUMMER SCHOOL ALLOWANCE**

- The lesser of actual expenditures or 85% percent of the statewide average general fund operating expenditures per formula student (10,846.89) multiplied by 2.5% of the summer school student units.

### **SPECIAL RECEIPTS ALLOWANCE**

- District specific special education receipts reported on the Annual Financial Report and receipts from the Medicare Catastrophic Coverage Act of 1988, to the extent the district would have received payment pursuant to the Special Education Act (taken from NDE records).
- Each district's special education receipts for the most recently available complete data year.

### **TRANSPORTATION ALLOWANCE**

The lesser of:

- Actual specific transportation costs or a calculated amount based on the miles transported (excluding activities) plus in lieu of transportation for the most recently available complete data year.

### **ELEMENTARY SITE ALLOWANCE**

- Five hundred percent of the statewide average general fund operating expenditures per formula student (54,234.45) multiplied by the number of students per qualified building divided by eight (rounded up to a whole number). If the whole number is greater than the number of elementary site grades, the whole number is equal to the number of elementary site grades.

### **DISTANCE EDUCATION AND TELECOMMUNICATIONS ALLOWANCE**

- Eighty-five percent of district specific distance education and telecommunication costs reported on the Annual Financial Report minus receipts from Federal Universal Service Fee Fund (E-Rate).

### **SYSTEM AVERAGING ADJUSTMENT**

- System Averaging Adjustment is calculated for any district with more than 900 formula students and a lower basic funding per formula student than the average basic funding per formula student for all districts with 900 or more formula students (8,345.84).

### **TWO-YEAR NEW SCHOOL ADJUSTMENT**

- The first year new school adjustment for each approved district is equal to the district's basic funding per formula student multiplied by twenty percent of the approved estimated additional student capacity. The second year new school year adjustment for each approved district is equal to the school district's basic funding per formula student multiplied by ten percent of the approved estimated additional student capacity.

### **STUDENT GROWTH ADJUSTMENT**

- For each approved district is equal to the sum of the product of the district's basic funding per formula student multiplied by the difference of the approved student growth minus the greater of twenty five students or one percent of fall membership, plus the product of fifty percent of the district's basic funding per formula student multiplied by the greater of twenty five students or one percent of fall membership.



### **STUDENT GROWTH ADJUSTMENT CORRECTION**

- Student Growth Adjustment Correction = (Actual Growth – Estimated Growth) X district's recalculated basic funding per formula student  
*The absolute value of negative correction shall not exceed the original adjustment.*

### **COMMUNITY ACHIEVEMENT PLAN ADJUSTMENT**

- Only applies to school districts that are members of a Learning Community. District participants will receive an adjustment equal to the aid.

An approved plan shall remain in effect for three years except as revised with the approval of the state board. The learning community shall submit a report on the success of the plan, evaluation results, and proposed revisions by December 1 immediately following the completion of the first two years of implementation and every three years thereafter.

For community achievement plans to be implemented beginning with school year 2017-18 and on or before January 1 immediately preceding the school year when the plan or plan renewal will be implemented. The student achievement coordinator or other department staff designated by the commissioner shall return the plan or plan renewal with any suggestions or comments on or before the immediately following February 15 to allow the plan to be revised prior to submission on or before March 15 for final approval by the state board at the state board's April meeting. If the state board rejects a plan or plan renewal, the reasons for the rejection shall be included with the notice of rejection and an opportunity shall be provided to revise the plan or plan renewal and for participating collaborators to appear before the board prior to a reconsideration of approval.

### **POVERTY CORRECTION**

- Correction is equal to the poverty allowance minus eighty-five percent of the poverty allowance expenditures if expenditures do not equal at least 117.65% of the Poverty allowance for the most recently available complete data year. Also, if district did not meet requirements of the plan, an amount equal to 5% of the poverty allowance for such school fiscal year will be added to the above correction. Any correction calculated pursuant to this requirement shall be added to any poverty correction calculated pursuant to requirements above to arrive at the total poverty correction.

### **LIMITED ENGLISH PROFICIENCY (LEP) CORRECTION**

- Correction is equal to the LEP allowance minus eighty-five percent of the LEP allowance expenditures if expenditures do not equal at least 117.65% of the LEP allowance for the most recently available complete data year. Also, if district did not meet requirements of the plan, an amount equal to 50% of the LEP allowance for such school fiscal year will be added to the above correction and the school district shall be disqualified from receiving the LEP allowance for the school fiscal for which aid is being calculated. Any correction calculated pursuant to this requirement shall be added to any LEP correction calculated pursuant to requirements above to arrive at the total LEP correction.

### **NON QUALIFYING LIMITED ENGLISH PROFICIENCY (LEP)**

- If the LEP allowance expenditures do not equal 50% or more of the allowance for school fiscal year, the school district shall be disqualified from receiving an LEP allowance for the school fiscal year for which aid is being calculated.

## CALCULATED RESOURCES

THE SUM OF:

- Yield from Local Effort Rate (a calculated measure of Local Property Resources)
- Net Option Funding
- Allocated Income Tax Funds
- Other Receipts Actually Received by the District
- Community Achievement Plan Aid

### YIELD FROM LOCAL EFFORT RATE (LOCAL PROPERTY RESOURCES)

- Adjusted Property Valuation divided by 100 X Local Effort Rate
- √ Local Effort Rate (LER) is \$1.0203.

### NET OPTION FUNDING

- The positive net number of Enrollment Option/Open students (students opting in minus students opting out), as of the day of the Fall Membership count, is multiplied by 95.5% of the statewide average Basic Funding per formula student (9,412.94).
- Net Option Funding cannot be less than zero.

### ALLOCATED INCOME TAX FUNDS (MEASURE OF LOCAL INCOME)

- Nebraska income tax liability of each school district's resident individuals "in tax" year is multiplied by 2.23%.

### OTHER RECEIPTS ACTUALLY RECEIVED BY THE DISTRICT

(As Reported on the Annual Financial Report; see page 11 of this document for a complete listing):

- Examples:
  - √ Fines and License Fees
  - √ Interest
  - √ Special Education School Age
  - √ Pro-Rate Motor Vehicle

**COMMUNITY ACHIEVEMENT PLAN AID**

- The Community Achievement Plan Adjustment for each learning community member shall equal 0.4643% of the product of the statewide average general fund operating expenses per formula student multiplied by the total learning community formula students. Distribution to leaning community members is based on 2% of the Poverty/LEP allowances calculated and 3% of the statewide average general fund operating expenditures per formula student for the poverty student exceeding 40% of the formula students (3% of the product of the statewide average general fund operating expenditures per formula student by the difference of poverty students minus 40% of the formula students for such a learning community school district). Counted as a formula resource.

An approved plan shall remain in effect for three years except as revised with the approval of the state board. The learning community shall submit a report on the success of the plan, evaluation results, and proposed revisions by December 1 immediately following the completion of the first two years of implementation and every three years thereafter.

For community achievement plans to be implemented beginning with school year 2017-18 and on or before January 1 immediately preceding the school year when the plan or plan renewal will be implemented. The student achievement coordinator or other department staff designated by the commissioner shall return the plan or plan renewal with any suggestions or comments on or before the immediately following February 15 to allow the plan to be revised prior to submission on or before March 15 for final approval by the state board at the state board's April meeting. If the state board rejects a plan or plan renewal, the reasons for the rejection shall be included with the notice of rejection and an opportunity shall be provided to revise the plan or plan renewal and for participating collaborators to appear before the board prior to a reconsideration of approval.

**EQUALIZATION AID**

- Needs - Resources = Equalization Aid

**LEARNING COMMUNITY TRANSITION AID**

The learning community transition aid is equal to 50% of the transition difference (change in resources) for 2018/19; 25% for 2019/20.

<b>ADDITIONAL COMPONENTS OF STATE AID</b>
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**2018/19 STATE AID FUNDING**

- On or before March 1, 2018, the Department must determine the amounts to be distributed to each Local System pursuant to the Tax Equity and Educational Opportunities Support Act based on \$1.0203 Local Effort Rate.

**Part III.**  
**QUESTIONS AND ANSWERS RELATED TO THE STATE AID  
CONCEPT AND THE 2018/19 STATE AID CALCULATION**

**NEEDS**

***How are Needs determined?***

- ▶ The Needs of a Local System are based on:

The sum of the District's Basic Funding + Poverty Allowance + Limited English Proficiency Allowance + Focus School & Program Allowance + Summer School Allowance + Transportation Allowance + Special Receipts Allowance + Elementary Site Allowance + Distance Education & Telecommunications Allowance + System Averaging Adjustment + New School Adjustment + Student Growth Adjustment + Community Achievement Plan Adjustment + Limited English Proficiency Allowance Correction + Poverty Allowance Correction + Non Qualified Limited English Proficiency Adjustment + Student Growth Adjustment Correction

- ✓ Formula Needs Stabilization:

District Formula Need that is less than 100% of 2017/18 Year End Recalculated Formula Need is increased to 100% of 2017/18 Year End Recalculated Formula Need.

AND

District Formula Need that is greater than 112% of 2017/18 Year End Recalculated Formula Need is decreased to 112% of 2017/18 Year End Recalculated Formula Need, except that the Formula Need for Districts receiving a student growth adjustment is not decreased.

***What are Formula Students?***

- ▶ Formula Students include students educated by the district and those for which the district is paying tuition.
- ▶ Formula Students are grouped in the following manner: Qualified Early Childhood programs, Kindergarten (KDG = programs under 1,032 instructional hours), Full-Day Kindergarten (FDK = programs of 1,032 or more instructional hours) through Grade 6, Grades 7-8, and 9-12.

***What source data was used to determine the Formula Students for the 2018/19 State Aid calculation?***

- ▶ K-12 Fall Membership from the 2017 Student Snapshot Template in the NSSRS adjusted by an ADM to Fall Membership ratio using the average of the ratios from 2014/15, 2015/16 & 2016/17.  
  
+
- 4 year-olds in Qualified Early Childhood Education Fall Membership multiplied by the ratio of planned instructional hours of the program divided by 1,032 then multiplied by .6.  
  
+
- K-12 Contracted Out Students from the 2017 School Enrollment Template in the NSSRS.  
  
-
- Kindergarten students in programs under 1,032 instructional hours multiplied by .5.

***How are Adjusted General Fund Operating Expenditures determined?***

- ▶ General Fund Operating Expenditures multiplied by the cost growth factor (1.03) minus Allowances (Transportation Allowance + Special Receipts Allowance + Poverty Allowance + Limited English Proficiency Allowance + Distance Education & Telecommunications Allowance + Elementary Site Allowance + Summer School Allowance + Focus School & Program Allowance + Non Qualified Limited English Proficiency Adjustment)

***How is Basic Funding determined?***

- ▶ A comparison group is established for each District consisting of the 10 larger districts that are closest in size to the District, measured by formula students and the 10 smaller districts that are closest in size to the District, measured by formula students.
  - For School Districts with less than 900 formula students, Basic Funding is the average of adjusted general fund operating expenditures for each District in the comparison group, excluding both the Districts with the two highest adjusted general fund operating expenditures and the Districts with the two lowest adjusted general fund operating expenditures in the comparison group.
  - For School Districts with 900 or more formula students, Basic Funding is the average of adjusted general fund operating expenditures per formula student for each District in the comparison group, excluding both the Districts with the two highest adjusted general fund operating expenditures per formula student and the Districts with the two lowest adjusted general fund operating expenditures per formula student in the comparison group, multiplied by the District's formula students.

***How is the Poverty Allowance determined?***

- ▶ The Poverty Allowance is the lesser of:
  - The amount the District designates they will spend on poverty for the 2018/19 school year.
  - The sum of the statewide average general fund operating expenditures per student multiplied by graduated percentages then multiplied by student weightings based on free lunch/milk students or students under 19 residing in homes with adjusted gross income in 2016 tax year 2016/17 school year equal to or less than the maximum household income that would allow a student from a family of four people to be a free lunch or free milk student during the 2016/17 school year.

***How is the Limited English Proficiency Allowance determined?***

- ▶ The Limited English Proficiency Allowance is the lesser of:
  - The amount the District designates they will spend on students with limited English proficiency for the 2018/19 school year.
  - 25% of the statewide average general fund operating expenditures per student multiplied by the number of limited English proficiency students.

***How is the Summer School Allowance determined?***

- ▶ The lesser of actual expenditures or 85% of the statewide average general fund operating expenditures per formula student is multiplied by 2.5% of summer school student units. Summer school student units equal to the sum of the ratios of:
  - Number of days the student attended summer school for at least 3 hours and less than 6 hours per day divided by 12.
  - Two times the number of days the student attended summer school for 6 or more hours per day divided by 12.

***How is the Special Receipts Allowance determined?***

- ▶ Special Receipts are from the most recently available complete data year.
  - Special Receipts Include:
    - √ State Receipts for School-Age Special Education
    - √ State Receipts for School-Age Special Education Transportation
    - √ Payments for Wards of the State/Wards of the Court
    - √ Receipts for Accelerated or Differentiated Curriculum Programs
    - √ Flex Funding: Support Services
    - √ Special Education Tuition Received from other Districts
    - √ Special Education Tuition Received from Individuals
    - √ Special Education Transportation Receipts from other Districts
    - √ Receipts from Medicare Catastrophic Coverage Act of 1988 to the extent the district would have received payment pursuant to the Special Education Act.

***How is the Transportation Allowance determined?***

- ▶ The transportation allowance is the lesser of:
  - The actual transportation expenditures from the most recently available complete data year.
  - Regular route miles traveled multiplied by 400% of the mileage rate established by the Department of Administrative Services (DAS) as of January 1 of the most recently available complete data year (.535) plus in lieu of transportation.

***How is the Elementary Site Allowance determined?***

- ▶ The statewide average general fund operating expenditures per formula student multiplied by 500% is then multiplied by the number formula students in buildings that qualify for the Allowance divided by 8. An Elementary Site Allowance is provided if a School District:
  - Is in a District with multiple elementary attendance sites
  - Does not have another elementary attendance site within 7 miles in the same school district **OR**
  - Is the only public elementary attendance site located in a incorporated city or village
  - Each District determines which grades are elementary grades

- Building where majority of formula students attend is the primary elementary site
- The primary elementary site shall not be a qualifying elementary attendance site
- All grades designated as elementary grades shall be offered in each elementary attendance site
- Elementary grades shall not include, grades 9, 10, 11 or 12

***How is the Distance Education and Telecommunications Allowance determined?***

- ▶ Distance Education and Telecommunications is equal to 85% the difference of:
  - Actual expenditures for distance education and telecommunications from the most recently available complete data year minus receipts from the Universal Service Fee Fund (E-Rate) from the most recently available complete data year.

***Who qualifies for the System Averaging Adjustment?***

- ▶ Districts with 900 or more formula students, basic funding per formula student less than the average basic funding per formula student for all districts with 900 or more formula students.

***How is the Two Year New School adjustment determined?***

- ▶ The first year of the new school adjustment for each approved district is equal to the district's basic funding per formula student multiplied by twenty percent of the approved estimated additional student capacity.
- ▶ The second year of the new school adjustment for each approved district is equal to the district's basic funding per formula student multiplied by ten percent of the estimated student capacity.

***How is the Student Growth Adjustment determined?***

- ▶ The district's basic funding per formula student is multiplied by the approved student growth minus the greater of twenty five students or one percent of fall membership. That amount is then added to fifty percent of the district's basic funding per formula student multiplied by the greater of twenty five students or one percent of the fall membership.

***How is the Student Growth Adjustment Correction determined?***

- ▶ The district's actual growth is compared to their estimated growth. The difference is multiplied by the districts recalculated basic funding per formula student.

***How is the Learning Community Achievement Plan Adjustment determined?***

- ▶ Only applies to districts that are members of the learning community. District participants will receive an adjustment equal to the learning community achievement plan aid.

## RESOURCES

### *How are Resources determined?*

- ▶ Resources = Yield from Local Effort Rate + Net Option Funding + Allocated Income Tax Funds + Other Actual Receipts + Community Achievement Aid

### *How is the Yield from Local Effort Rate determined?*

- ▶ Yield from Local Effort Rate = Adjusted Valuation divided by 100 X Local Effort Rate of \$1.0203.
- ▶ The Local Effort Rate is determined by statute as part of the State Aid calculation process.
- ▶ The statewide Needs for all Local Systems as determined above can be funded from seven sources:
  - 1) Net Option Funding
  - 2) Allocated Income Tax Funds
  - 3) Other Actual Receipts
  - 4) Yield from Local Effort Rate
  - 5) Equalization Aid (provided through the calculation process)
  - 6) Community Achievement Plan Aid
  - 7) Learning Community Transition Aid

### *What source data was used to determine the Adjusted Valuation for the 2018/19 State Aid Calculation?*

- ▶ For 2018/19 State Aid, the adjusted valuation reflects 2017 levels. The Property Tax Administrator adjusts the values to assure that for State Aid purposes:
  - real property other than agricultural land is at 96% of market value;
  - agricultural land is at 72% of market value as provided by statute; and
  - personal property other than motor vehicles is at net book value as defined by statute.
- ▶ The State Aid appropriation is the “balancing factor” in funding the Statewide Needs. All of the Statewide Needs that are not funded by items 1 through 4 must be funded by the State Aid appropriation.
- ▶ As Statewide Needs increase, unless the amount provided from items 1 through 4 increase, the State Aid appropriation must increase. Once the Adjusted Valuation is provided by the Property Tax Administrator, the Yield from Local Effort Rate is a known amount. The Local Effort Rate applied against the Adjusted Valuation is the component which cannot vary to produce a Yield from Local Effort Rate amount.

### *How is the Net Option/Open Enrollment Funding determined?*

- ▶ For each district, the students opting out are subtracted from the students opting in at each grade level (K-12). The positive net number of students are then multiplied by 95.5 % of the statewide average Basic Funding per formula student.
  - The total for the district cannot be less than zero.
- ▶ Since option students are included in the ADM counts of students used to determine a Local System’s Needs, the inclusion of the amount as a Resource prevents a Local System which generates Equalization Aid from receiving both Equalization Aid and Net Option Funding based on the impact the students have on Needs.



***What source data was used to determine Net Option Funding?***

- ▶ The 2017/18 net enrollment option students, as reported to the Department of Education on the 2017 School Enrollment Template in the NSSRS, was used to determine the net number of students.

***How are the Allocated Income Tax Funds determined?***

- ▶ The Allocated Income Tax Funds provide a mechanism through which the income tax base of the local system is included in the Resources of the Local System. Therefore, the distribution of Equalization Aid responds to the income tax base as well as the potential property tax base of the Local System.
- ▶ Two and twenty-three hundredths percent of the Nebraska income tax liability of residents of the Local System is provided to the Local System as Allocated Income Tax Funds. The income tax liability information is provided by the Department of Revenue based on data submitted on Nebraska income tax forms. (The Nebraska Income Tax Form requests each filer to indicate the high school district in which they reside.)
- ▶ The 2018/19 State Aid calculation incorporates Allocated Income Tax Funds based on the 2016 Income Tax year.

***What are Other Actual Receipts?***

- ▶ Other Actual Receipts are calculated using information reported on the Annual Financial Report for the most recently available complete data year.

***How are Other Actual Receipts determined?***

- ▶ Other Actual Receipts are taken primarily from the Annual Financial Report submitted by the each district. Receipt information related to the Medicare Catastrophic Coverage Act of 1988 and Impact Aid, if applicable, are taken from other source documents on file with the Department of Education. Other Actual Receipts include various local, state, and noncategorical federal receipts.

***Who qualifies for the Community Achievement Plan Aid and how is it determined?***

- ▶ Only those districts who are in the Learning Community are eligible for this adjustment.

***How is the Community Achievement Plan Aid determined?***

- ▶ The districts participating in the community achievement plan will also receive a community achievement plan aid. Member school districts must participate in the plan as part of their accreditation under Rule 10.

An approved plan shall remain in effect for three years except as revised with the approval of the state board. The learning community shall submit a report on the success of the plan, evaluation results, and proposed revisions by December 1 immediately following the completion of the first two years of implementation and every three years thereafter.

For community achievement plans to be implemented beginning with school year 2017-18 and on or before January 1 immediately preceding the school year when the plan or plan renewal will be implemented. The student achievement coordinator or other department staff designated by the commissioner shall return the plan or plan renewal with any suggestions or comments on or before the immediately following February 15 to allow the plan to be revised prior to submission on or before March 15 for final approval by the state board at the state board's April meeting. If the state board rejects a plan or plan renewal, the reasons for the rejection shall be included with the notice of rejection and an opportunity shall be provided to revise the plan or plan renewal and for participating collaborators to appear before the board prior to a reconsideration of approval.

If the plan is not approved by September 1, 2018, the adjustment and aid will be removed from the fall state aid recalculation. Such amount shall be subtracted from the state aid appropriation by the legislature for the determination of the LER.

The community achievement aid for each learning community shall equal 0.4643% of the product of the statewide average general fund operation expenditures per formula student multiplied by the total Learning Community formula students. Distribution to member districts is based on 2% of the poverty/LEP allowances calculated and 3% of the statewide average general fund operating expenditures per formula student for the poverty students exceeding 40% of the formula students (3% of the product of the statewide average general fund operating expenditures per formula student multiplied by the difference of the poverty students minus 40% of the formula students for such school district).

***What is Equalization Aid?***

- ▶ The amount that the total formula needs exceed total formula resources.

<b>STATE AID CALCULATION</b>
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***What are Corrections for the Prior Year?***

- ▶ In addition to the items that make up a Local System's calculated State Aid for a given year, each year's actual State Aid payments may include adjustments to the prior year's State Aid calculations in accordance with statutory provisions. The corrections to the 2018/19 payments primarily reflect the recalculation of 2017/18 State Aid based on the incorporation of 2016/17 ADM data in place of 2016/17 Fall Membership and allowing the local effort rate to "float" during the recalculation process.

***How is Total State Aid determined?***

- ▶ Total State Aid is the sum of: Net Option Funding + Income Tax Rebate + Community Achievement Plan Adjustment + Equalization Aid + Learning Community Transition Aid + Prior Year Correction.

Revised: February 28, 2018