

FREQUENTLY ASKED QUESTIONS (FAQs) AND ANSWERS RELATED TO THE STATE AID CONCEPT AND THE 2026/27 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 + Special Receipts Allowance + Transportation Allowance + Elementary Site Allowance + Distance Education & Telecommunications Allowance + System Averaging Adjustment + New School Adjustment + Student Growth Adjustment + Community Achievement Plan Allowance + Limited English Proficiency Allowance Correction + Student Growth Adjustment Correction + Poverty Allowance Correction + Non-Qualified Limited English Proficiency Adjustment

- ✓ Formula Needs Stabilization:

District Formula Need that is less than 100% of 2025/26 Year End Recalculated Formula Need is increased to 100% of 2025/26 Year End Recalculated Formula Need.

AND

District Formula Need that is greater than 112% of 2025/26 Year End Recalculated Formula Need is decreased to 112% of 2025/26 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 (4 & 5 yr olds), 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 2026/27 State Aid calculation?

- ▶ K-12 Fall Membership from the 2025/26 ADVISER October 1, Fall Membership count adjusted by an ADM to Fall Membership ratio using the average of the ratios from 2022/23, 2023/24, and 2024/25.

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- 4 and 5-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 0.6.

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- K-12 Contracted Out Students from the 2025/26 ADVISER October 1, Fall Membership count.

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- Kindergarten students in programs under 1,032 instructional hours multiplied by 0.5.

How are Adjusted General Fund Operating Expenditures determined?

- ▶ General Fund Operating Expenditures multiplied by the cost growth factor (1.05) 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 + Community Achievement Plan Allowance)

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 2026/27 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 2024 tax year 2024/25 school year equal to or less than the maximum household income that would allow a student to be a free lunch or free milk student during the 2024/25 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 2026/27 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 (.725) 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 an 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.

How is the Learning Community Achievement Plan Allowance determined?

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

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.

RESOURCES

How are Resources determined?

- ▶ Resources = Yield from Local Effort Rate + Net Option Funding + Allocated Income Tax Funds + Other Actual Receipts + Community Achievement Aid + Foundation Aid within Resources (only 60% of \$1,500)

How is the Yield from Local Effort Rate determined?

- ▶ Yield from Local Effort Rate = Adjusted Valuation divided by 100 X Local Effort Rate of \$1.00.
- ▶ 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	4) Yield from Local Effort Rate
2) Allocated Income Tax Funds	5) Community Achievement Plan Aid
3) Other Actual Receipts	6) Foundation Aid within Resources (60% of \$1,500)
	7) Equalization Aid (provided through the calculation process)

What source data was used to determine the Adjusted Valuation for the 2026/27 State Aid Calculation?

- ▶ For 2026/27 State Aid, the adjusted valuation reflects 2025 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
 - personal property other than motor vehicles is at net book value as defined by statute.
- ▶ 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.

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 100% of the statewide average Basic Funding per formula student. A Net Option Reduction of \$1500 will be calculated per the positive net number of option students and subtracted from the Net Option Funding.
 - 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 2025/26 net enrollment option students, as reported to the Department of Education on the 2025/26 ADVISER October 1, Fall Membership count, 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 2026/27 State Aid calculation incorporates Allocated Income Tax Funds based on the 2024 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 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 2018/19 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.

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 Foundation Aid?

- ▶ Foundation Aid is calculated by multiplying the school district's Formula Student x \$1500. Only 60% (\$900) of the total Foundation Aid shall be included as a formula resource.

What is Equalization Aid?

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

STATE AID CALCULATION

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 2026/27 payments primarily reflect the recalculation of 2025/26 State Aid based on the incorporation of 2024/25 ADM data in place of 2024/25 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: Equalization Aid + Net Option Funding + Income Tax Rebate + Community Achievement Plan Allowance + Foundation Aid + Prior Year Correction.

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