



NEBRASKA

Description of the Formula

Needs – Resources = Equalization Aid \Rightarrow Formula Needs

1. The fall membership count of students is adjusted by the average ratio of average daily membership (ADM) to fall membership from three prior years for the certification of state aid; and ADM for the final calculation of state aid.
2. Formula students include students educated by the district and students for which the district pays tuition. Kindergarten student that attend school less than 400 hours per year are counted as .5. Formula students also includes four year old students in qualified early childhood programs multiplied by the ratio of planned instructional hours of the program divided by 1,032 hours then multiplied by .6.
3. Basic funding is determined based on a comparison group that is established for each district consisting of the ten larger districts that are closest in size to the district and the ten smaller districts that are closest in size to the district as measured by formula students. The highest two spending districts and lowest two spending districts are eliminated with the remaining 17 districts spending being averaged to determine basic funding.
4. Basic funding is adjusted by adding Allowances and Adjustments. Allowances are district specific and will increase needs for that district but allowances do reduce the basic funding for all school districts in the comparison group (as Basic Funding is an average). Adjustments are added- on or subtracted from the individual districts' needs.
 - a. Poverty Allowance is calculated by taking the lesser of the maximum poverty allowance designated by the district or by the calculated amount based on the number of low income students (progressive percentages between .05 and .30 multiplied by students qualified for free lunches/milk or low income children under 19 years of age living in a household having an annual adjusted gross income 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, whichever is greater). If school districts do not expend at least 117.65% of the allowance in the year provided future need calculations will be reduced.

If school districts do not spend at least 50% of their allowance in the year provided they will not be eligible for the allowance two years later.

b. Limited English Proficiency (LEP) Allowance is calculated by taking the lesser of the maximum LEP allowance designated by the school district or a calculation based on the number of LEP students. If school districts do not expend at least 117.65% of the allowance in the year provided future need calculations will be reduced. If school districts do not spend at least 50% of their allowance in the year provided they will not be eligible for the allowance two years later.

c. Focus School & Program Allowance for in schools in a learning community and the allowance is based on the number of students in the Focus School. (Currently there is only one learning community in Nebraska and it includes 11 school districts in the Omaha metropolitan area. Learning Communities were established by statute in 2006. The Nebraska statutory references are in sections 79-2101 to 79-2120).

e. Summer School Allowance is calculated based on the number of students attending summer school for at least 12 days for at least three hours per day but less than six hours per day. Additional weights are given to summer school students that are in remedial math or reading, and for each summer school student that qualifies for free lunch or milk services. Schools receive the lesser of the calculated amount or what they actually spent for summer school.

f. Special Receipts Allowance includes district specific special education, state ward, and accelerated or differentiated curriculum program receipts from the most recently available complete data year.

g. Transportation Allowance is the lesser of actual transportation expenditures from the most recently available complete data year or a calculated transportation expenditures based on regular route miles and mileage paid to parents.

h. Elementary Site Allowance is calculated for any district that has multiple elementary attendance sites that are not within seven miles of another attendance site or is the only public elementary attendance site located in an incorporated city or village.

i. Distance Education & Telecommunication Allowance is calculated by taking the difference of 85% of a school district's telecommunication cost, the cost for accessing data transmission networks and the cost of transmitting data minus receipts from the Federal Universal Services Fund (e-Rate).

j. Instructional Time Allowance is calculated if an individual school district provides more than 175 days of instruction. If a district qualifies they receive a portion of \$10 million allocated based on number of days over 175 and number of formula students.

k. Teacher Education Allowance is available to school districts that have teachers with a master or doctorate degree. The calculation is based on individual district's percentage of

teachers with a masters or doctorate degree compared to the state with \$15 million being allocated for this purpose.

l. System Averaging Adjustment is available to school districts with over 900 formula students when their basic funding per formula student is less than the statewide average basic fund per formula student for districts with more than 900 formula students and with a levy of at least \$1.00 per \$100 of valuation. The calculation is based on the number of formula students and the difference between the district's basic funding per student and the statewide average for districts over 900 formula students.

m. Two-Year New School Adjustment is available to school districts that add buildings to the district that would increase the school district's student capacity. The calculation is based the district's basic funding per formula student times a percentage of the estimated increase in student capacity.

n. Student Growth Adjustment is calculated for school districts that have student growth of at least one percent or 25 students. The calculation is based on the basic funding per formula student multiplied by the number of increased students.

o. New Learning Community Transportation Adjustment is available to school districts in a learning community (see d. above) for two years. The calculation is based on each school district's estimate of their increase transportation cost as required by the learning community. The actual costs are reported and any necessary adjustments are made to future needs.

5. Needs Stabilization is calculated so that the needs of a school district will not be less than 100% of the needs as calculated for the previous year.

⇒Formula Resources:

1. Yield from Local Effort Rate (adjusted valuation provided by the Property Tax Administrator divided by 100 multiplied by the Local Effort Rate of \$1.00).

2. Net Option Funding is calculated by taking the net enrollment option students (students opting into the district minus the students opting out of the district) and multiplying by the statewide average basic funding per formula student.

3. Allocated Income Tax Funds (a percent calculated annually of the net Nebraska income tax liability of each school district's resident individuals).

4. Minimum Levy Adjustment (applied to any system that has a general fund common levy that is less than \$0.95 [ten cents below the \$1.05 maximum levy]).

5. Other Actual Receipts from the most recently available complete data year which include general fund state, county and local receipts.

District-Based Components

Density/Sparsity of Small Schools

No response provided.

Grade Level Differences

No response provided.

Declining Enrollment or Growth

There is a student growth adjustment which may provide additional resources to a school district that is growing.

For school districts that have less than 900 formula students basic funding is based on total expenditures not on a per pupil cost basis and that does help school districts with declining enrollments.

Capital Outlay and/or Debt Service

There are no limits on school districts.

Transportation

Transportation Allowance is the lesser of:

Actual transportation expenditures from the most recently available complete data year.

Calculated transportation expenditures based on regular route miles and mileage paid to parents.

Charter Schools

No response provided.

Student-Based Components

Special Education

Special Receipts Allowance includes district specific special education, state ward, and accelerated or differentiated curriculum program receipts from the most recently available complete data year.

Low Income / Comp Ed / At-Risk

Poverty Allowance is calculated by taking the lesser of the maximum poverty allowance designated by the district or by the calculated amount based on the number of low income students (progressive percentages between .05 and .30 multiplied by students qualified for free lunches/milk or low income children under 19 years of age living in a household having an annual adjusted gross income 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 mild student, whichever is greater).

English Language Learner/Bilingual Education

Limited English Proficiency (LEP) Allowance is calculated by taking the lesser of the maximum LEP allowance designated by the school district or a calculation based on the number of LEP students.

Gifted and Talented Education

Does not apply.

Career and Technical Education

Does not apply

Preschool Education

Four year old students in qualified early childhood programs are counted in formula students which is used to determine state aid. The qualified four year old students are multiplied by the ratio of planned instructional hours of the program divided by 1,032 hours then multiplied by .6 to determine how many early childhood formula students will be added to the total.

Other

N/A

Revenue and Expenditure Information

State Mandates Restricting Revenue or Expenditure Increases

Funding of Education – Background

Locally elected school boards govern public school districts. All public school districts are fiscally independent with revenue raising and expenditure authority vested in its elected board. The biggest single source of revenue is local property tax. Other significant sources of local revenue include city fines and license fees, and proceeds from sales tax on public power districts. General state aid is funded through state sales and income taxes and is distributed through an equalization formula. Property taxes are budgeted and requested by the elected local school boards but are levied, collected and distributed by county government which also determines the taxable value of most property in the county. Valuation used in the state aid formula is adjusted by the Property Tax Administrator for real property to 100% of market value, and agricultural and horticultural land to 75% of market value. School districts are subject to spending limitations for general fund purposes. School districts are subject to a levy limitation of \$1.05 per \$100 of assessed valuation with exclusions for voluntary termination agreements with certificated employees, special building fund projects commenced prior to April 1, 1996, judgments not covered by liability insurance, lease-purchase contracts approved prior to July 1, 1998, and bonded indebtedness.

Property Assessment Ratios Used/Legal Standards For Property Assessment

Valuation used in the state aid formula is adjusted by the Property Tax Administrator for real property to 100% of market value, and agricultural and horticultural land to 75% of market value.

Measure of Local Ability To Support Schools

The sum of: Property valuation per \$100 of assessed valuation; state aid; certain accountable receipts, state apportionment insurance premium tax, fines and licenses, transportation receipts and tuition.

School District Budget and Tax Rate Procedures/Sources of Local Revenue

All districts are fiscally independent. In the budgeting process, total funding requirements are calculated. Federal, state and local anticipated receipts are deducted from the total. The balance is a total dollar amount certified to the County. The County sets the levy necessary to collect the dollars needed. The amount of the levy is limited by state statute although there are some exclusions to the limitation.

State Support for Nonpublic Schools

Does not apply.