



2015 Labor Relations

School Finance:
A Better Understanding
Bryce Wilson, CPA

School Fund Review



- User's Manual – When you are unsure what fund to use check the user's manual.
- Building Projects (Cannot use General Fund)
 - Bond Proceeds
 - FEMA/NEBA receipts
 - Donations
- Cooperative Fund
 - Teacher
 - Facilities shared with City
- Making the funds work for your situation.
 - Example: Roof, Track

Borrowing Funds




- Issue promissory notes
 - Up to 70% of districts unexpended balance of anticipated receipts for the current and following year.
 - Must be repaid within 2 years.
- Loans from financial institutions.
 - Up to 70% of districts unexpended balance of current levy.
 - Must be repaid within 1 year.
- Lease Purchase
 - 7 year max repayment period.
 - May be paid from Special Building or General Fund
 - Levy to repay will be counted towards the \$1.05 max levy.


Innovative Grants



- School Districts and ESU's are eligible.
- Applications must describe the following:
 - Specific measurable objectives for improving education outcomes.
 - Method for annual evaluation or measurable objective.
 - The potential for the project to be both scalable and replicable.
 - Any cost savings that could be achieved by reductions in other programs if funded program is successful.
- Best practices will be incorporated into the state aid calculation as allowances starting in 2021.

 **Special Hearing and Tax Request Resolution**

- Must be filed with County Clerk on or before October 13
- List the tax dollars requested in each fund
- Property tax requests final on Nov 5th.

 **Miscellaneous**


- Financial statement preparation by auditors.
 - District must have an individual capable of overseeing f/s preparation.
- Indirect cost rates
 - Due to Fed changes to calculation the indirect cost rates were high this year and will be next year as well.
- Deadline for the Annual Financial Report submission is Nov 2.
- Deadline for audit submissions is Nov 5.



2015 Labor Relations

State Aid
Jen Utemark

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 **T.E.O.S.S.A.**

Tax
Equity and
Educational
Opportunities
Support
Act

1990s statute that **defines** State Aid through LB 1059

Creates the **basic concept** for the present state aid formula

Equalization Aid – **largest component** of State Aid (important if an equalized district)

Known as T.E.E.O.S.A.

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Equalization Aid Formula

A cost-sharing formula that incorporates:

Number of Students to Educate

Spending

Property Value

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Equalization Aid

Basic Concept....

= **Needs** *minus* **Resources**

...intended to make up some of the gap between needs and resources

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Equalization Aid

NEEDS *minus* RESOURCES *equals* EQUALIZATION AID

...becomes more complex as needs & resources are defined
 ...accounts for spending, students and valuations for 245 districts

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State Aid – TEEOSA Document

Questions on the components – *call and we can review*

Nebraska Department of Education
School Finance & Organization Services

**Tax Equity and Educational Opportunities Support Act
Certification of 2014/15
State Aid**

This Document Contains:

Part I.
Data Sources for the 2014/15 State Aid Calculations

Part II.
2014/15 Concept Summary

Part III.
Questions and Answers Related to the 2014/15 State Aid Calculation

April 2014

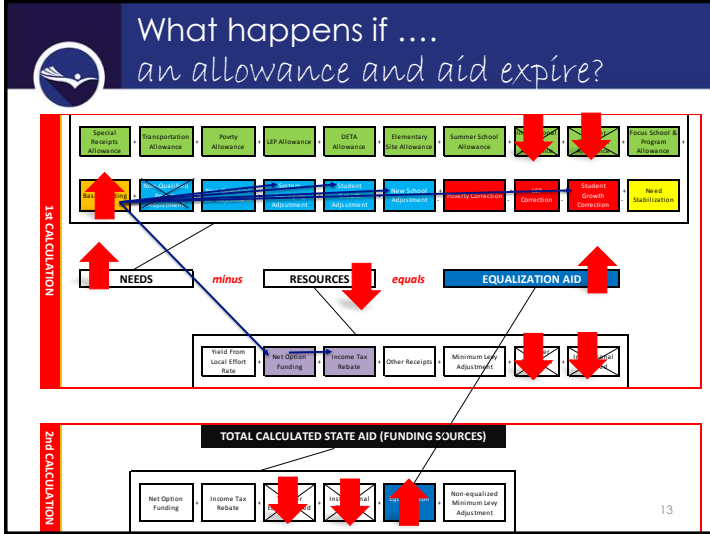
Decodes the components of Equalization Aid

Resource for more detailed information

Available on NDE's website

<http://www.education.ne.gov/FOS/SchoolFinance/StateAid/Index.html>

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State Aid Projections & Impact on Aid

Projected
2016/17 \$981.0 million 0.8%

- 3% growth in spending
- 5% growth in usable valuation
- elimination of the teacher education and instructional time aid

...results in a flat aid amount.

Potential Legislation LB 522

Proposed legislation to add aids to all allowances:

Important for non-equalized districts to complete collections this fall...if legislation is passes it could become effective for the 2016/17 state aid:

Poverty and LEP Plans
GMS (Sept 1 - Oct 15)

AND

Summer School Student Unit
CDC (Sept 1 - Oct 15)

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Make the formula fit the budget?

NEEDS minus RESOURCES

Local Effort Rate (LER)

- Hypothetical tax rate
- Holds property accountable as a resource
- Rate \$0.05 below maximum levy (\$1.05)
- **Certification - \$1.00**
- Example: **Respin - \$0.999988214 or \$1.00008312**
- floats to redistribute same pot of money (\$973 Million)

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**2015/16 State Aid
2014/15 Prior Year Correction**

Minus **2014/15 Recalculated State Aid
2014/15 Certified State Aid**
= **Prior Year Correction**
on **2015/16 Certification**

Positive or Negative
Prior Year Correction
Receive combined
with 2015/16 State Aid in
10 equal payments
(Sept 2015 – June 2015)

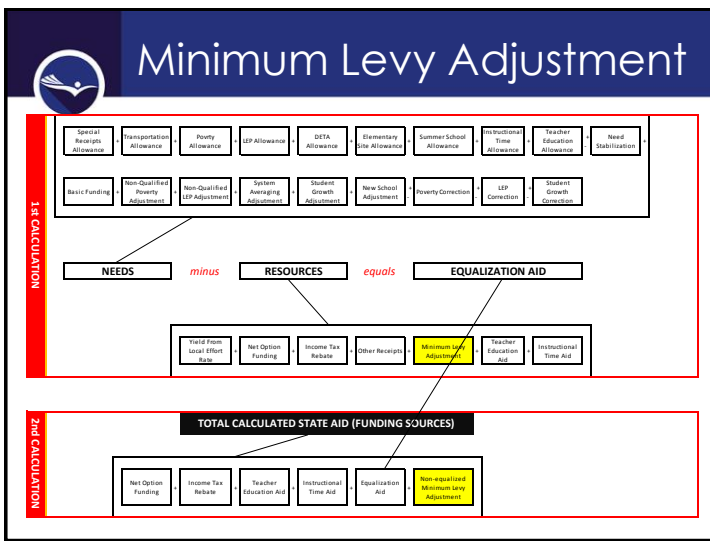
Positive
Prior Year Correction
Receive as a LUMP SUM
with first 2015/16 State Aid
payment (Sept 2015)
Money owed the prior year

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Common Questions

Does my general fund levy rate have any effect on state aid?

- As long as your general fund levy is **\$0.95 or greater** it has **no effect** on state aid.
- Equalized and your levy is set **below \$0.95** you will receive a **minimum levy adjustment** which will increase your resources negatively affecting your state aid.
- Non-equalized and your levy is set **below \$0.95** you will receive a **Non-Equalized Minimum Levy Adjustment** which will reduce the Income Tax Rebate

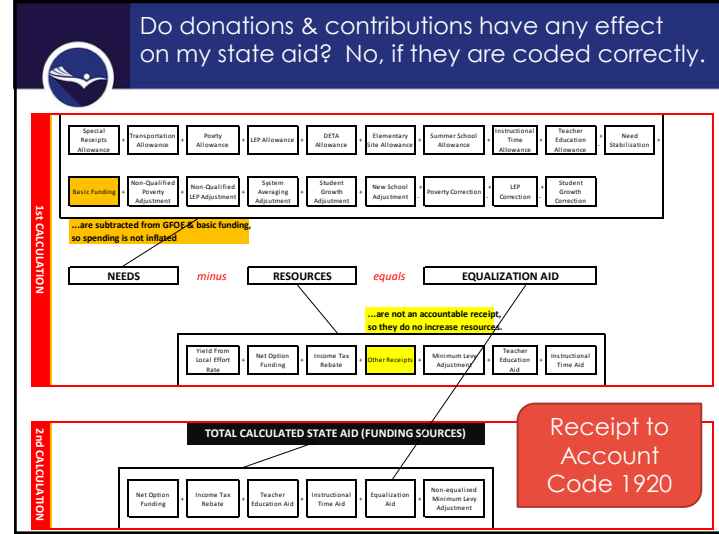
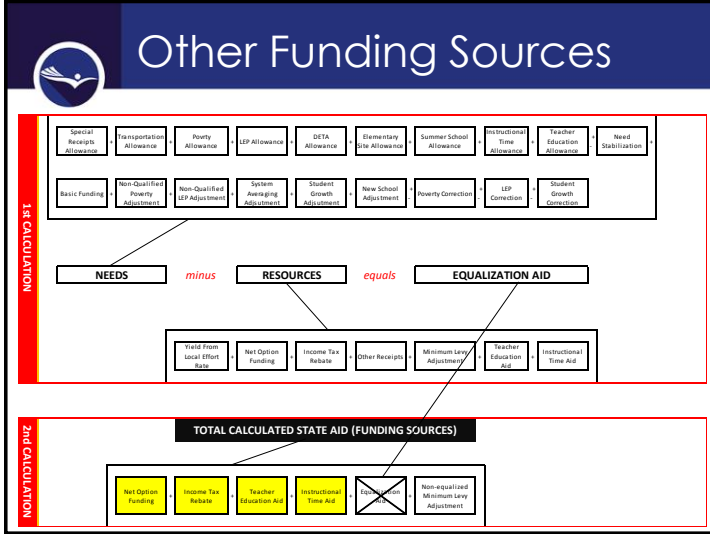


Common Questions

I am a non-equalized district
....does state aid matter?

Yes, even if you are a non-equalized district you may still receive:

- Net Option Funding
- Income Tax Rebate
- Teacher Education Aid
- Instructional Time Aid



Thank you....

Thanks to Labor Relations
for the opportunity
to speak to you today!

NDE School Finance Team

Visit our website www.education.ne.govOR CALL US

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