

**COMMISSION ON SCHOOL FUNDING**  
**Friday, November 15, 2019**  
**1:00 PM**

**Meeting Locations:**

The meeting was video conferenced from two locations:

<b>Office</b>	<b>Address</b>	<b>City</b>	<b>Meeting Room</b>
Department of Education	2080 E. Flamingo Rd.	Las Vegas	Room 114
Department of Education	700 E. Fifth St.	Carson City	Board Room

**SUMMARY MINUTES OF THE REGULAR MEETING**

**Commission Members Present:**

**In Las Vegas:**

Dusty Casey  
Andrew J. Feuling  
Jason A. Goudie  
Guy Hobbs  
Dr. David Jensen  
Paul Johnson  
Mark Mathers  
Punam Mathur  
R. Karlene McCormick-Lee, Ed., D.  
Jim McIntosh  
Dr. Lisa Morris Hibbler

**Department Staff Present:**

**In Las Vegas:**

Jhone M. Ebert, State Superintendent of Public Instruction  
Heidi Haartz, Deputy Superintendent of Business and Support Services  
Megan Peterson, Management Analyst, Business & Support Services  
James Kirkpatrick, Business & Support Services  
Beau Bennett, Business & Support Services

**Legal Staff Present:**

**In Las Vegas:**

David Gardner, Senior Deputy Attorney General

**Others Present:**

**In Las Vegas:**

Leonardo Benavides, Clark County School District  
Lindsey Dalley, Community Education Advisory Board  
Brad Keating, Clark County School District

Alison Turner, Nevada PTA

**In Carson City:**

Jeff Zander

Jimmy Lau, FPA

Jill Hetherta

Mary Pierczynski, Nevada Association of School Superintendents (NASS)

**Agenda Item #1 - Call to Order; Roll Call; Pledge of Allegiance**

Chair McCormick-Lee called the meeting to order at 12:00 p.m.

Roll Call was taken; a quorum was present.

The pledge of allegiance was led by Chair McCormick-Lee.

Chair McCormick-Lee outlined housekeeping information for the audience and members of the Commission.

**Agenda Item #2 - Public Comment #1**

*Public comment will be taken during this agenda item regarding any item appearing on the agenda. No action may be taken on a matter discussed under this item until the matter is included on an agenda as an item on which action may be taken. A time limit of three minutes will be imposed by the Commission Chair in order to afford all members of the public who wish to comment with an opportunity to do so within the timeframe available to the Commission. Public comment #2 will provide an opportunity for public comment on any matter within the Commission's jurisdiction, control, or advisory power.*

**No Public Comment in Carson City.**

**Public Comment in Las Vegas:**

Sylvia Lazos expressed concerns with regard to the issue of weights and stated that she has heard members of the Commission refer to weights as something that can be backed into or are aspirational. Dr. Lazos indicated that she vigorously disagrees that weights are optional. She stated that the equal protection clause of the Nevada Constitution mandates that the state consider quality and equity in the school funding formula. Dr. Lazos added that the State Legislature has made clear that they believe weights are essential to provide every child in Nevada an equal opportunity to succeed. She said that the weights could be determined based on the APA Consulting study, the Applied Analysis model, or existing programs like Zoom and Victory which address English Learners and students eligible for free-or-reduced lunch. Dr. Lazos suggested that the Commission could learn from Clark County's proven implementation of weights. She added that the at-risk weight is based on an old concept and the work of Raj Chetty, William A. Ackman Professor of Public Economics at Harvard University, is a more modern reference point. Finally, she noted that the Nevada Immigration Coalition is in full support of a weight that looks at opportunity moving forward, opposed to a weight that based on decades' old thought process.

**Agenda Item #3 - Approval of Flexible Agenda (For Possible Action)**

Chair McCormick-Lee outlined items on the agenda. No formal action was taken.

**Agenda Item #4 - Approval of October 11, 2019 Meeting Minutes (For Possible Action)**

**Motion:** Member David Jensen moved to approve the October 11, 2019 Meeting Minutes.

**Second:** Member Punam Mathur second the motion. **Motion carried unanimously.**

**Agenda Item #5 - Work Group Reports (Information and Discussion)**

*The Work Group Leads will report back on the progress made during their meetings.*

**Formula and Distribution Work Group**

Member Jensen, Lead of the Formula and Distribution Work Group, reported on the Work Group's meeting. He indicated that the primary goal of the meeting was to talk about the revenue streams that contribute to the State Education Fund. The Work Group also began discussions about the cost adjustment factors and weights included in the Pupil-Centered Funding Plan. The Work Group:

- Reviewed the aggregation of funds in Section 2 of Senate Bill 543 and appreciated the transparency it creates around the revenue streams in the State Education Fund;
- Was uncertain whether the Retail Marijuana Tax is a permanent allocation to education; and
- Received clarification that categorical funding was included in the figures provided by the Department of Education.

Also, the Work Group reviewed the Education Stabilization Fund and discussed ending fund balance. The Work Group recommends that the Commission take action at a future meeting to define the ending fund balance in alignment with the legislative intent. The Group discussed whether revenue in excess of what was projected would go into the Education Stabilization Account or whether they are applied to the Education Fund in future years. Member Jensen indicated that the answer to the question will have ramifications for conversations regarding optimal funding and how economic shifts would affect the Education Fund.

Member Jensen shared that the Work Group fully supports the recommendation of the 16.6% end fund balance because it represents approximately two months of operational expenses for a school district. Currently the operation is 4% up to 8.3%. Local governmental agencies have the opportunity for a 25% end fund balance. However generally, that is not an achievable threshold for the majority of districts, so the 16.6% was fully supported by our work group.

The Work Group discussed its support for the incremental growth provided for in Senate Bill 543 through inflationary adjustments and enrollment group because it represents a significant step forward for public education funding.

The Work Group reached consensus on:

- The Aggregation of Funds including General Fund Transfers;
- Budget account allocations that are assigned to base;

- The 16.6% threshold with a clarification regarding General Fund and unassigned dollars; and
- the based funding increases proportionate to state revenue increases.

Having made this progress, the Work Group also had the opportunity to begin to discuss cost adjustment factors, the comparable wage index (CWI), and student population weights. The Work Group expressed concern about the current CWI and strongly recommended a Nevada-centric index rather than a national standard. The Work Group expressed an interest in looking at cost adjustment models from other states like Alaska, which shares similarities with Nevada.

The Work Group requested that APA Consulting provide an update of the proposed weights from prior students included those in the American Institutes for Research (AIR) Study that were used in Applied Analysis's preliminary calculations.

### **Reporting and Monitoring Work Group**

Member Jim McIntosh, Lead of the Reporting and Monitoring Work Group, reported on the Work Group's meeting. He shared that the Work Group meeting started with a presentation from the Nevada Department of Education regarding the reporting requirements defined in Section 12 of Senate Bill 543. The Work Group expressed concerns regarding the timelines of required reports, which differ from existing requirements under NRS 387. The Work Group also asked questions about overlapping reporting requirements between Senate Bill 543, NRS 387, the Every Student Succeeds Act (ESSA), and Assembly Bill 469, which affects Clark County School District.

Member McIntosh shared that the Work group is interested in developing a better understanding of the ESSA reporting requirements and is somewhat optimistic that ESSA school-level reporting will meet some of the requirements of SB 543.

The Work Group discussed the Nevada Department of Education's responsibility to report on all school levels and expenditures under SB 543 and the Commission's role in those reports.

Member McIntosh shared that Member Feuling requested facility reporting that would include age, size, and acreage, among other data points along with reports of operating expenditures by school so that there is context provided regarding the costs of maintaining older facilities.

The Work Group discussed the distinction between references to teachers and broader terminology for licensed professionals that will be relevant to conversations going forward.

Member McIntosh reported that a majority of the Work Group's conversation was consumed by the comparison between the Nevada Plan and the Pupil-Centered Funding Plan and the need for a model that would allow the Commission to test assumptions. The Work Group recognized that some of their work will be dependent on progress made by the Formula and Distribution Work Group.

The Work Group identified areas where additional information is needed:

- The many revenue sources in the Pupil-Centered Funding Plan and how it would logistically work and what the implications would be for districts with regard to change management
- The current dollar amounts in the revenue sources that comprise the State Education Fund as well as the accountability implications of those sources
- Ensuring that the appropriate school officials are aware of the changes that will be forthcoming, especially with regard to implementing the formula at the school level.

Member McIntosh shared that the Work Group discussed the Commission's role of comparing budgets under the current Nevada Plan and the Pupil-Centered Funding Plan. Based on a conversation with the Nevada Department of Education, the Work Group understands the Commission has some flexibility on what components will be included in the budgets. The Work Group had an initial discussion as to what those components might be, landing on high-level revenues and the amount of weighted revenue that each school district would receive.

The Work Group indicated its need for more information regarding:

- The business processes surrounding the operation of the formula (from the Nevada Department of Education)
- Information on how the base will increase with inflation and enrollment amounts, how weights will be funded, and how the Department of Education will formulate requests for the governors recommended budget.
- The implications of the hold harmless section of the Bill.
- Clarity regarding the legality of sharing information related to the free-or-reduced lunch eligibility status of students at the school level.
- How other states have implemented pupil-centered funding plans and related best practices and lessons learned.

#### **Agenda Item #6 - Commission Members' Expectations for Subject Matter Expertise (Information and Discussion)**

*The Commission will discuss the information and resources they anticipate they will need to carry out their responsibilities as defined in Senate Bill 543.*

Member Jensen indicated that the Formula and Distribution Work Group would like to receive information with regard to the following:

- The manner in which sales taxes are received and levied, to include taxes that are exempt;
- Identifying potential revenue streams;
- Taking current categorical funding streams and identifying them as weights;
- Validation of the revenue streams and figures; and
- Aligning the cost adjustment factors in the Pupil-Centered Funding Plan to the groupings for districts defined in the Nevada Plan.

Vice Chair Guy Hobbs noted that individual members can forward questions through Chair McCormick-Lee to be shared with the Nevada Department of Education and with subject matter experts as necessary. He clarified that there is a distinction between discussions about components of the formula and the optimal funding discussion that the Commission will have in the future.

Member Casey asked if the Formula and Distribution Work Group had discussed the cost adjustment factors; Member Jensen indicated that it had not.

Member Mathur stated that the subject matter experts who were brought on through sole source contracts based on their involvement in the funding formula work to date would not have the same accommodation extended to contracts to support the Commission's conversation around optimal funding levels.

Chair McCormick-Lee asked that the Nevada Department of Education contemplate next steps with regard to optimal funding conversations.

**Agenda Item #7 - Future Agenda Items (Information and Discussion)**

Member Paul Johnson offered that years ago there had been talk about creating a central repository at the Nevada Department of Education through which school districts could upload their financial information that could then be extracted to produce required reports in a consistent manner, and that such an approach may lessen the burden of the reporting requirements of Senate Bill 543.

**Agenda Item #8 - Public Comment #2**

*Public comment will be taken during this agenda item on any matter within the Commission's jurisdiction, control, or advisory power. No action may be taken on a matter raised under this item until the matter is included on an agenda as an item on which action may be taken. A time limit of three minutes will be imposed by the Commission Chair in order to afford all members of the public who wish to comment with an opportunity to do so within the timeframe available to the Commission.*

No public comment.

**Agenda Item #9 – Adjournment**

The meeting adjourned at 1:47 p.m.