

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
JANUARY 14, 2022
9:00 A.M.**

Office	Mode	Platform
Department of Education	Teleconference/Livestream	Lifesize, Phone

SUMMARY MINUTES OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT

Dr. Nancy Brune
Andrew J. Feuling
Jason Goudie
Guy Hobbs, Chair
Dr. David Jensen
Paul Johnson
Mark Mathers
Punam Mathur
Jim McIntosh, Vice Chair
Joyce Woodhouse

DEPARTMENT STAFF PRESENT

Heidi Haartz, Deputy Superintendent for Student Investment
James Kirkpatrick, State Education Funding Manager, Student Investment Division
Beau Bennett, Management Analyst IV, Student Investment Division

LEGAL STAFF PRESENT

David Gardner, Senior Deputy Attorney General

AUDIENCE IN ATTENDANCE

Via videoconference

1. CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE

Meeting called to order at 9:00 A.M. by Commission Chair Guy Hobbs. Quorum was established.

2. PUBLIC COMMENT #1

Hawah Ahmad, Clark County Education Association, provided public comment regarding optimal funding. *(A complete copy of the statement is available in Appendix A)*

3. APPROVAL OF COMMISSION MEETING MINUTES

Member David Jensen moved to approve the December 3, 2021 Commission Meeting Minutes. Member Joyce Woodhouse seconded. Motion passed.

4. NEVADA DEPARTMENT OF EDUCATION UPDATE

Heidi Haartz, Deputy Superintendent for Student Investment, Nevada Department of Education, (NDE or Department) provided an update regarding the work of the Department since the December 3, 2021 Commission meeting.

Deputy Superintendent Haartz shared the [Commission on School Funding timeline](#) for the interim activities that are assigned to the Commission. Deputy Superintendent Haartz noted that the first four items are tasks that were assigned to the Department and the Commission through a Letter of Intent issued by the Nevada Legislature following the 2021 Legislative Session. The remainder of the tasks are assigned to the Commission through its statutory charge. The chart also shows the deadlines by which each of the tasks need to be completed. The tasks of reviewing cost adjustments included in the Pupil-Centered Funding Plan (PCFP) and recommending revisions do not have a set timeline in statute, but the Department is to provide its recommendations with respect to the cost adjustment factors to the Interim Committee on Education no later than May 1, 2022. The one deliverable not addressed in the timeline is the report to the Governor and the Director of the Legislative Counsel Bureau regarding sources of revenue to fund public education; that item was included in Assembly Bill 495 (2021) and is due in November of 2022.

The Department updated the fiscal year 2023 (FY23) PCFP model to include data collected on October 1, 2021, for the weighted categories of students. The Department provided a [spreadsheet](#) that shows the number of students that qualify for services within each of the three weighted categories funded through the PCFP. Deputy Superintendent Haartz noted the students are placed in the weighted category that has the highest weight for the services for which they are entitled, therefore there may be more students who require services than are reflected in the spreadsheet. Deputy Superintendent Haartz stated that for the current biennium, the Legislature requested that the Department use eligibility for free or reduced-price lunch as the definition for at risk students and as a result of the COVID-19 pandemic, there have been changes to the eligibility requirements for free or reduced-price lunch which has resulted in an increase in the number of students who may qualify for services through the at-risk weighted category. Based on the data that was collected, the weighted funding for FY23 is anticipated to increase by approximately \$10.2 million which can be covered by unspent funds that rolled into the State Education Fund at the close of fiscal year 2021. Assuming that revenues continue to be earned as projected, it does not appear that the funding in the education stabilization account would need to be used to meet financial obligations.

The Department has been working to prepare business rules that guide the various components of the PCFP. The Department has drafted business rules for the annual staffing and budget comparison report for school districts and will share the information with school districts so they can begin work on the annual staffing and budget comparison report. Deputy Superintendent Haartz noted that most of the data required in the annual staffing and budget comparison report is already captured in other reports such as the NRS 387/388 reports. Moving forward, the Department recommends that annual staffing and budget comparison report not be posted or prepared by school districts and schools until January, after all other financial reports

collected in the fall have been completed.

NDE has worked closely with the Governors Finance Office and the Legislative Counsel Bureau to ensure that the processes are in alignment with legislative intent. Any funds received from the federal government for maintenance or operation of a public school or a specific program and any other receipts such as gifts received for operations and maintenance of a school or ticket sales for a school-based event would be excluded. Any state-funded programs that are funded outside of the PCFP as well as school district's capital funding or any specific debt service accounts that have been specifically established by a school district for a set purpose would also be excluded.

As required by statute, NDE has begun promulgating regulations for the administrative cap and the attendance area adjustment. These regulations are based on the recommendations developed by the Commission and are reflective of the processes included in the PCFP in the legislatively approved budget for the current biennium.

5. INFORMATION AND DISCUSSION REGARDING METHODOLOGIES FOR CHARTER SCHOOLS TO PROPOSE BUDGETARY SUPPORT FOR THE INITIATION OF TRANSPORTATION AND FOOD SERVICES TO BE FUNDED THROUGH THE PUPIL-CENTERED FUNDING PLAN

James Kirkpatrick, State Education Funding Manager, Student Investment Division, provided a PowerPoint presentation regarding [Charter School Auxiliary Services Expansion](#).

Member Nancy Brune noted that the informal working group on transportation services met before the Commission meeting and submitted an update memo to the Commission. Member Mark Mathers noted that the group achieved considered using the per-pupil number for reimbursement of charter schools' transportation costs. Member Mathers also noted that the workgroup discussed the issue that any additional auxiliary funding provided to charter schools would reduce base funding for all school districts.

Member Paul Johnson asked if a charter school would have to incur expenditures in one year and then be reimbursed or if a charter school could receive a per-pupil amount in the current year that can be used for transportation expenses. Deputy Superintendent Haartz responded that auxiliary services are currently paid based on 1/12 of the appropriated amount each month. If authorized, NDE would propose to make payments to charter schools as 1/12 of the approved amount. At the end of the fiscal year, NDE would compare expenses to payments and true-up as necessary. At the end of the biennium, any unexpended funds in the State Education Fund would go to the education Stabilization Account.

Member Punam Mathur asked if capital investments are separated from ongoing operating costs related to provision of services. Member Mathers responded that district reimbursements for transportation, include costs spent on acquisition of busses and the informal work group identified concerns regarding this matter. Member Mathers noted that the work group discussed developing two tiers of auxiliary funding for transportation. Tier A for operating costs that are on a reimbursement basis, and Tier B for capital replacement costs that would be formula-driven based on how many busses a district or charter school has.

Member David Jensen expressed concern regarding equity in the application of the PCFP if funds are going to be front-loaded to charter schools. Member Jensen believes that some school districts have equal needs, and a consensus needs to be reached to maintain equity between charter schools and school districts. Member Andrew Feuling expressed the need for distance or dollar amount limitations on transportation for charter schools regarding where students are being transported from. Member Johnson expressed that an inefficient, high-spending transportation budget could be rewarded through the formula.

Chair Hobbs asked if the Commission agreed on an application process for auxiliary services that goes through the Department and there was consensus. Chair Hobbs noted that the focus going forward is regarding the application process for funding and the criteria for deciding on the appropriate level of funding.

Member Mathur asked if Nevada has small districts that are unable to provide or be responsive to needs for transportation and food service. Member Johnson responded yes, throughout the State there are many older busses and districts of various sizes throughout the State struggle with inventory replacement. Member Jensen noted that Humboldt County had to implement strategic struggles for several years to acquire bus replacements. It was difficult for Humboldt County to leverage purchasing two used busses per year.

Chair Hobbs suggested that the informal work group hold another meeting and refine the discussion points from the conversation to prepare for the February Commission meeting. Member Goudie offered the informal work group access to Clark County's transportation team to provide an overview on the federal guidelines. Member Brune agreed to coordinating the involvement of Clark County's transportation team at the next informal work group meeting.

6. PRESENTATION AND DISCUSSION REGARDING THE NEVADA COST OF EDUCATION INDEX AND THE FLOOR OF 1.0 IN THE APPLICATION OF THE INDEX

Heidi Haartz, Deputy Superintendent for Student Investment, Nevada Department of Education, provided a PowerPoint presentation regarding the [Nevada Cost of Education Index](#) (NCEI).

Chair Hobbs noted that putting a floor on numbers that are statistically intended to show relationships among all the districts violates the integrity of the math. Having a floor of 1.0 changes the relationship of the values. Chair Hobbs stated his belief that, from a statistical integrity standpoint, the Commission should consider the elimination of the 1.0 floor.

Member Jensen expressed concerns with the removal of the 1.0 floor, stating that without the floor there is a significant sweep of funds from smaller district to their larger counterparts. Member Jensen believes a floor of 1.0 is needed until Nevada is generating sufficient revenues to provide optimal or adequate funding for public education.

Member Feuling noted that the presentation indicated that the NCEI recalculated the comparable wage index to include salary and benefits, but in fact it does not include benefits. Member Feuling stated that the NCEI will penalize Carson City where 30% of the workforce are government employees who earn 20% less than their private sector counterparts. Member Feuling echoed Member Jensen's comments regarding the 1.0 floor.

Member Johnson noted that the floor of 1.0 was implemented to guarantee that school districts would not lose money. Member Johnson agreed with Chair Hobbs's concern regarding the integrity of the math but noted that the floor was implemented to preserve the integrity of funding for school districts.

Member Goudie asked whether the 1.0 floor is removed and the hold harmless calculation is applied, the concerns regarding funding losses is resolved. Deputy Superintendent Haartz responded that the NCEI is part of the PCFP and applies to the Statewide base per pupil funding amount. Once the PCFP model has been run, there is a comparative analysis done between the funding that would be allocated to each school district and the charter schools collectively, to determine if a district would receive more funding through the PCFP than it received in fiscal year 2020. If a school district would receive less funding through the PCFP, they would instead receive the level of funding they received in fiscal year 2020. Member Jensen noted that even if the hold harmless were to apply, it will extend the length of time that districts are in a hold

harmless, which will be damaging in the long-term.

Member Mathers shared a PowerPoint presentation regarding [Alternative Data Sources for the Nevada Cost of Education Index](#).

Chair Hobbs asked if NDE has considered using the Department of Employment, Training, and Rehabilitation (DETR) data as an alternative. Deputy Superintendent Haartz responded that when APA Consulting was under contract with NDE, the team looked at the DETR data. When the Department met with the Governor's Finance Office and APA and attempted to align the DETR data with the data sets that the Commission had recommended for inclusion in the NCEI, there were concerns whether it was transferable and if it was readily available to the public.

Member Goudie asked if there was enough information from DETR to determine what the cost factors would be by county and compare them with the current NCEI model. Member Mathers responded that DETR data cannot be used to replicate the NCEI regression analysis because of a difference in the variables. He stated that DETR data could be used to derive averages or an index by county or industry.

Member Brune expressed concerns with time and suggested convening a work group to review data and work with APA to present some recommendations in advance of the 2025 Legislative Session. Member Mathers expressed concerns about proceeding through another biennium using the current calculation methodology.

Chair Hobbs suggested seeking assistance from a third-party expert and continuing the conversation at future meetings.

7. PRESENTATION REGARDING STUDENTS WHO ARE AT-RISK OF NOT GRADUATING WITH THEIR COHORT AND STUDENTS WHO ARE ELIGIBLE FOR FREE-OR-REDUCED-PRICED LUNCH

Beau Bennett, State Education Funding Specialist, and Peter Zutz, Administrator, Office of Assessment, Data and Accountability Management, provided a PowerPoint presentation regarding ["At-Risk" Data](#).

Member Goudie noted that he is in full support of moving forward with the updated "at-risk" definition in the following biennium.

Member Brune echoed member Goudie's comment and asked what determined the percentage cut. Mr. Bennett responded that it is determined by the settings of the Infinite Campus analytics model.

Member Brune asked if the Department had tested to ensure that students who are truly considered "at-risk" are not missed in the proposed definition. Mr. Bennett responded that the bottom 20% of students were identified. There are four areas that are taken into consideration, attendance, behavior, academics, and students receiving free-or-reduced-priced-lunch.

Member Mathur expressed concern with 20% setting, stating that she would have a difficult time telling a student who is at 22% that they are "low-risk." Member Mathur noted that she understands the amount of funding will not change with the new definition but suggested considering increasing the threshold because students who are outside the bottom 20% may still be "at-risk."

Member Goudie noted that the model is driven off millions of data points seen in Infinite Campus over several districts, and he would prefer not to tinker with the percentages because that eliminates the value of artificial intelligence. The new definition won't change the amount of total funding, and principals will have

access to a list of at-risk students to ensure that they are addressing the needs of those students.

Member Mathur moved to affirm the updated At-Risk definition as described in the At-Risk Data PowerPoint. Member Goudie seconded. Motion passed.

8. PRESENTATION REGARDING THE REPORTING AND MONITORING WORK GROUP

Vice Chair Jim McIntosh, and Beau Bennett, State Education Funding Specialist, Student Investment Division, NDE, provided a PowerPoint presentation regarding [Reporting Requirements](#).

There were no further comments or discussion.

9. DISCUSSION REGARDING OPTIMAL FUNDING

Chair Hobbs noted that the Commission is at a point where making recommendations is simple to write up in concept, but difficult as far as quantifying different combinations of items that the Commission may choose to put forth as recommendations. Chair Hobbs suggested further conversations regarding configurations on the sales tax side. Chair Hobbs noted that application of the current sales tax rate would benefit all current recipients of sales tax, while a new rate could be channeled solely into education and would most likely be far less than the prevailing combined sales tax rates. Chair Hobbs suggested in looking at areas of trade within Nevada's economy that are not currently a part of the sales tax base prior to engaging a third-party consultant.

There were no further comments or discussion.

10. INFORMATION AND DISCUSSION REGARDING MESSAGING RELATED TO OPTIMAL FUNDING

Chair Hobbs noted that he hopes to convene with the informal working group on messaging related to optimal funding soon. Chair Hobbs noted that efforts will have to address multiple audiences, including community stakeholders and the Legislature.

There were no further comments or discussion.

11. DISCUSSION REGARDING EXTERNAL SUBJECT MATTER EXPERT SUPPORT

Chair Hobbs noted that a letter requesting funding regarding external subject matter expert support was sent to the Governor's Office and it is being considered with an open mind. Chair Hobbs hopes to have clarity regarding the request within the next few weeks.

There were no further comments or discussion.

12. FUTURE AGENDA ITEMS

Chair Hobbs noted that based on the conversations during this meeting, addenda items 5 and 6 would be continued at the next meeting. Deputy Superintendent Haartz suggested an item regarding a funding methodology for online schools operated by school districts and an item regarding ongoing guidance on the implementation of the PCFP. Member Mathur suggested a discussion regarding the 20% threshold for at-risk students.

13. PUBLIC COMMENT #2

No public comment.

14. ADJOURNMENT

Meeting was adjourned at 12:52 P.M.

APPENDIX A: STATEMENTS GIVEN DURING PUBLIC COMMENT

1. Hawah Ahmad, Clark County Education Association, submitted public comment regarding optimal funding.

APPENDIX A, ITEM 1: HAWAH AHMAD

Good morning, Chair Hobbs and Commission members,

My name is Hawah Ahmad, and I represent the Clark County Education Association (CCEA). CCEA bargains for over 18,000 licensed educators in the Clark County School District and is the largest independent teacher union in this state and the country.

During the 81st Legislative Session, CCEA brought together stakeholders to make an unprecedented investment in K-12, but momentum cannot stop until we reach optimal funding. Today's discussions regarding messaging around optimal funding and discussion regarding external subject matter, expert support will be important to identify potential funding sources to support giving our students every opportunity to succeed, whether that is directly to gainful employment or post-secondary education to employment options.

CCEA stands ready to support recommendations for optimal funding because we know that there cannot have economic diversification and development without workforce development, and we cannot have workforce development without a top-notch K-20 education delivery system. CCEA thanks each of you for your hard work, and we look forward to working together to continue investments in the pupil centered funding plan that are tied to improving workforce development and alignment with expanding and emerging industries to diversify our economy.

Respectfully,
Hawah Ahmad
Clark County Education Association, Lobbyist