

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
DECEMBER 3, 2021
9:00 A.M.**

Office		
Department of Education	Teleconference/Livestream	Lifesize, Phone

SUMMARY MINUTES OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT

Dr. Nancy Brune
Dusty Casey
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, Administrative Services Officer III, Student Investment Division
Megan Peterson, Administrative Services Officer III, Student Investment Division
Beau Bennett, Management Analyst IV, Student Investment Division
Jessica Todtman, Deputy Superintendent for Educator Effectiveness and Family Engagement

LEGAL STAFF PRESENT

Greg Ott, Chief Deputy Attorney General

AUDIENCE IN ATTENDANCE VIA VIDEOCONFERENCE

Hawah Ahmad, Clark County Education Association
Rebecca Feiden, Executive Director of the State Public Charter School Authority
Anna Marie Binder, Clark County Community Member

1. CALL TO ORDER; ROLL CALL

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

2. PUBLIC COMMENT #1

Rebecca Feiden, Executive Director of the State Public Charter School Authority, provided public comment regarding the Pupil-Centered Funding Plan (PCFP). *(A complete copy of the statement is available in Appendix A)*

3. APPROVAL OF COMMISSION MEETING MINUTES

Member Paul Johnson moved to approve the October 8, 2021 Commission Meeting Minutes. Member Dusty Casey seconded. Motion passed.

4. NEVADA DEPARTMENT OF EDUCATION UPDATE

Heidi Haartz, Deputy Superintendent of Student Investment, Nevada Department of Education, (NDE or Department) provided an update regarding the work of the Department since the October 8, 2021, Commission meeting.

Deputy Superintendent Haartz reported that the Department has continued to work with representatives of the Governors Finance Office and the Legislative Council Bureaus, Fiscal Analysis Division to bring some additional clarity to the expectations and the methodology for calculating the ending fund balance for each school district at the close of each fiscal year. The Department has also been working to develop the regulations that would support the calculation of the administrative cap described within the PCFP, as well as the attendance area adjustment that is part of the funding formula.

Having received the updated count data for October 1, 2021, the Department has revised and updated the funding allocations for fiscal year 2023, to reflect the changes in the number of students who have been identified as eligible for weighted funding. This would include students who are English learners, students who are at risk, and students who qualify for gifted and talented educational services. The Department has drafted additional business rules that document the process currently in place for calculating and distributing funds through the auxiliary services tier level of the Pupil-Centered Funding Plan, as well as information on the administrative cap, and funding for the Department of Education specific to Special Education but not solely limited to the Pupil-Centered Funding Plan.

The Department recently completed the development of the Nevada Revised Statutes (NRS) 387 and 388 reports for fiscal year (FY) 2021. Beginning in January the Department will form an internal working group to begin having conversations on what changes will be required for FY 2022, in light of the implementation of the Pupil-Centered Funding Plan.

5. PRESENTATION AND DISCUSSION OF THE METHODOLOGY FOR BUDGETING FOR TRANSPORTATION AND FOOD SERVICES THROUGH THE PUPIL-CENTERED FUNDING PLAN

James Kirkpatrick, Administrative Services Officer III, Student Investment Division, provided a PowerPoint presentation regarding Allocation Methodologies for [Transportation and Food Services](#) in the PCFP.

Member Johnson expressed concern with the total of salaries and fringe benefits, stating that they are 75% of the total of \$194 million. Member Johnson stated that the amount does not fluctuate with the Consumer Price Index (CPI), that it is a product of labor negotiations, benefits, and other items that have a completely different

escalation factor than inflation. Member Nancy Brune asked if there are any insights as to why the operational costs are around 80% and salaries are significantly lower, is that an aberration or will it be a trend over time? Mr. Kirkpatrick responded that the numbers in the presentation are from the NRS 387 report and those were the costs as reported by those charter schools; there is not enough information at this time to establish a trend. Member Casey stated that different charter schools are taking different approaches regarding transportation; some subcontract out transportation and report it as an operational cost instead of salaries and benefits.

Member Mathers shared member Johnsons concerns and stated that he is inclined to implement a general inflation index versus transportation index, because they do not think a transportation index would reflect the inflationary trends that go into cost-of-living adjustment (COLA) negotiations. Member Mathers stated that he would be inclined to implement the western region inflation rate, not because it is the highest, but to remain consistent with Senate Bill (SB) 543. He noted that there are two kinds of costs, one is operational and the other is purchase of equipment. Member Mathers recommended removing the bus replacement costs from the index and examining it differently.

Member Johnson agreed with member Mathers and recommended that the purchase of equipment cost be an integral part of the funding mechanism on an operating basis. Member Goudie agreed that transportation and the overall Pupil-Centered Funding Plan use the same inflationary factors to support simplicity and transparency. Member Mathur echoed Member Goudie's statement on maintaining a consistent inflation factor across all tiers of the Pupil-Centered Funding Plan.

Member Goudie moved to recommend the Transportation and Auxiliary services use the same consumer price index (CPI) as the Pupil-Centered Funding Plan and recommend replacing the Western CPI currently in legislation with a Nevada-specific CPI. Member Woodhouse seconded. Motion passed.

Vice Chair McIntosh suggested a discussion on how the funding formula would treat a charter school that is not currently providing transportation or food services, and then chooses to begin providing said services. Chair Hobbs stated that if there are no transportation or auxiliary costs in prior years the average would revert to the one year that the school did have said costs as opposed to applying a moving average. Chair Hobbs stated that the issue that needs further discussion is how funds for transportation and auxiliary services for those charter schools initially get established. Chair Hobbs suggested that the charter school apply on a prospective basis and indicate that they were going to be providing services in the next fiscal year. The application would then be subject to a review process either by the Commission, or NDE. Vice Chair McIntosh, Member Mathur, and Member Casey agreed.

Member Johnson stated that even if the amount of money based on an application in the transportation factor to start transportation for a charter school is included, the school is not going to get the money all in one lump sum to purchase a bus, they are going to get it in 12 increments over the year. Member Mathers expressed concern with providing bussing to students who choose to go to a charter school because bussing is not provided for students who choose to submit a waiver to attend an out-of-zone public school. Member Jensen agreed with member Mathers's concern and added concern for school districts that have not had the capital to purchase new school busses. Chair Hobbs suggested the Commission establish a subcommittee to expedite the process of developing an ideal index for auxiliary services, and the application and review process for charter schools' application for transportation funding.

Member Johnson moved to develop a subcommittee Chaired of Dr. Brune, with Members Woodhouse, Casey, and Mathers, to provide recommendations to the Commission on developing an ideal index for auxiliary services, and the application and review process for charter schools' application for transportation funding. Member Brune seconded. Motion Passed.

Member Johnson motioned to dissolve the subcommittee after further discussion and input from Chief Deputy Attorney General Ott. Member Mathur seconded. Motion passed.

6. PRESENTATION ON THE NEVADA COST OF EDUCATION INDEX, INCLUDING UPDATES MADE DURING THE 2021 LEGISLATIVE SESSION AND INPUT FROM SUBJECT MATTER EXPERTS REGARDING THE VALIDITY OF THIS COST ADJUSTMENT METHODOLOGY

Heidi Haartz, Deputy Superintendent of Student Investment, NDE provided an update regarding the Nevada Cost of Education Index (NCEI) made during the 2021 legislative session as well as a summary of the input provided to NDE regarding the cost adjustment methodology.

Member Mathur asked if there was any consensus that came out of the meetings with subject matter experts. Deputy Haartz responded that there was a great deal of consensus. There was agreement that there is no perfect data source that would meet the need of the State. There was agreement that it is difficult or impossible to pull together multiple indices to create something new and different. There were concerns that there were no controls for industry or education specific factors. APA indicated that some of those controls had been adjusted when the Commission was trying to devise an index that was Nevada specific.

Member Mathers recommended deferring further discussion until January so that the Commission can outline possible options to move forward. Chair Hobbs agreed and no action was taken.

7. PRESENTATION ON THE REPORTING AND MONITORING WORK GROUP

Vice Chair McIntosh provided a presentation regarding the recommendations from the Commission's Reporting and Monitoring Work Group and next steps for the Commission to ensure transparent reporting and monitoring related to the implementation of the PCFP. Member Mathers stated his hope that over the next year the Commission could focus on ensuring accountability for former categorical programs that are now including in base funding. Member Woodhouse agreed with member Mathers's recommendation. Member Johnson stated that this item will require professional services from subject matter experts. Member Johnson stated that it is important to establish a budget to carefully define this item.

The Commission decided to continue this discussion as a standing item for future agendas and if the need arises in the future a subcommittee will be created to advance the work. Chair Hobbs suggested that the next discussion on this item address developing a work plan and priorities.

8. DISCUSSION REGARDING OPTIMAL FUNDING

Chair Hobbs began the discussion by stating the Commission did file recommendations in April of 2021 related to optimal funding, that used the national average and the APA recommended levels of funding to determine what the delta would be between where funding currently resides and where funding might be needed to achieve those levels. Chair Hobbs presented spreadsheets on the tiered taxable services by industry to illustrate the process that the Commission will use to evaluate and determine the preferable intersection between taxable services and a tax rate.

Member Brune stated that it would be helpful to identify how many other states have imposed the same or similar taxes because it could help in the public engagement work. Chair Hobbs agreed. Member Johnson asked how the Commission could come up with a menu of choices in a timely enough fashion to be able to provide them to Legislators to potentially adopt the recommendations. Chair Hobbs stated that the report completed in April of 2021 by the Commission was a sufficient start, as it outlined paths that can be taken but lacks some detail in terms of specific recommendations. Chair Hobbs believes that on the property tax side, the April 2021 report could be translated into a menu of recommendations and could be put together by the Commission's February meeting. Chair Hobbs stated that on the sales tax side, there is more work to do including analytical, and qualitative judgment to form a recommendation. Chair Hobbs believes that over the next couple of months the Commission could come to a conceptual recommendation that the tax base needs to be broadened and a recommendation can be made about whether that should be to the entire sales tax base.

9. INFORMATION AND DISCUSSION REGARDING MESSAGING AROUND OPTIMAL FUNDING

Chair Hobbs opened the discussion regarding communication strategies regarding recommendations for Optimal Funding to support the PCFP.

Member Woodhouse stated that the issue of educational funding is at the top of legislators lists both positively and negatively as candidates start filing in March. Member Woodhouse stated that it is extremely important that the Commission address a property tax first and then address sales tax concepts. Member Woodhouse suggested a discussion in March with legislators, the leadership of both parties, and the leadership of the two legislative funding committees because that is where the decisions are going to be made. She expressed the need to talk with community organizations such as the Las Vegas and the Henderson Chambers of Commerce so that those organizations understand where the Commission stands and to build support for the recommendations the Commission makes. Member Mathur expressed the need to reach out to community organizations to express the theory of action and the Commission's hope for those organizations to embrace the theory, as well as socializing it into the public discourse. Member Johnson suggested developing a presentation with a consistent message of the Commission's recommendations to be provided to school districts and school boards. Vice Chair McIntosh agreed.

10. DISCUSSION REGARDING EXTERNAL SUBJECT MATTER EXPERT SUPPORT

Chair Hobbs informed the Commission that since the last meeting he had drafted a letter that has not yet been sent to the State, expressing the need for subject matter support and a related request for funding. Chair Hobbs stated that the letter is ready to be sent with the Commission's approval. The Commission gave its' approval.

11. FUTURE AGENDA ITEMS

Chair Hobbs stated that the Commission agreed to add Reporting and Monitoring as a standing item to future agendas. Member Mathur suggested adding messaging around optimal funding as a standing agenda item. Member Mathers suggested a presentation regarding rural districts implementation of the Pupil-Centered Funding Plan. Member Jensen suggested switching from holding Commission meetings virtually to in person. Chair Hobbs suggested that the January meeting be held virtually and then the Commission would determine whether to shift to in-person meetings.

12. PUBLIC COMMENT #2

Anna Marie Binder, Clark County community member, provided public comment regarding agenda item number 5. *(A complete copy of the statement is available in Appendix A)*

13. ADJOURNMENT

The meeting was adjourned at 12:10 P.M.

Appendix A: Statements Given During Public Comment

1. Rebecca Feiden, Executive Director of the State Public Charter School Authority, provided public comment regarding the Pupil-Centered Funding Plan (PCFP).
2. Anna Marie Binder, Clark County community member, provided public comment regarding agenda item number 5.

Item A1, Rebecca Feiden

Summary

First, I want to express my sincere appreciation to the Commission on School Funding and the staff at the Nevada Department of Education for the substantial efforts to overhaul Nevada's education funding model and implement the new Pupil Centered Funding Plan (PCFP). This transition represents a major milestone in the work to ensure an equitable, high-quality education for all of Nevada's students.

After reviewing the Pupil-Centered Funding Plan model Excel workbook that was used to prepare Senate Bill 458 for the 2021 Legislative Session and establish funding levels for the 2021-2023 biennium, I have some concerns about the business rules used to determine weighted funding and state special education funding. In short, the enrollment numbers used to determine weighted funding and state special education funding are based on the prior school year. While I am sure there is good intent behind this business rule, I believe it has the potential to create inequity in education funding. The remainder of this memorandum provides details regarding the current methodology for determining weighted and state special education funding, outlines potential impacts, and proposes possible alternative approaches.

I encourage the Commission on School Funding to examine the impacts of the current business rules used to determine weighted funding and state special education funding and consider including proposed revisions to these business rules for future biennia in the Commission's upcoming recommendations to the Legislative Committee on Education.

Current Methodology for Determining Weighted and State Special Education Funding

Weighted funding and state special education funding for each charter school and school district is based on student enrollment data from the prior school year's October 1 validation day. For example, for the 2021-22 school year, these funds will be based on student enrollment data from October 1, 2020. Similarly, weighted funding and state special education funding for the 2022-23 school year will be based on student enrollment from October 1, 2021. While adjusted base funding is true up based on quarterly reports of average daily enrollment, no mechanism exists to true up the weighted funding received by a school district or charter school.

Implications of Current Methodology

Under the current methodology, a school district or charter school with a growing population of students who qualifies for additional funding will not receive weighted funding or state special education funding for the new students that belong to these student groups until the year after those students are enrolled, effectively requiring the district or charter school to fund the additional services for these students for a full year prior to seeing any additional funding. A new charter school will not receive *any* weighted funding or state special education funding in the first year of operation. This undercuts the focus on equity that underscores the PCFP and undermines the concept of funding following the student.

For the last several years, the State Public Charter School Authority has been focused on ensuring that charter schools serve a representative population of students and, in particular, the Authority has strived to serve more students with disabilities, students qualifying for free and reduced-price lunch, and English learners.¹ As a result of these efforts, all but one of the new charter schools that have been approved to open by the State Public Charter School Authority (SPCSA) since December of 2019 have been Title I schools. The following

chart shows how significantly the demographics of new schools have shifted in the last year, and we expect this trend to continue with new schools that have opened in the fall of 2021. In the graph and table below, “New Schools” refers to new charter schools sponsored by the SPCSA, and “State” refers to the overall statewide population of public-school students.

Possible Alternative Approaches

To address this issue, I have laid out two potential approaches, both of which are based on existing state or federal statutes or regulations and have been used by the Nevada Department of Education:

- Option 1 - Average Daily Enrollment: Pursuant to NRS 387.1223, districts must submit average daily enrollment on a quarterly basis. These reports currently do not include information about student groups. However, one option is to augment average daily enrollment reporting to include student group counts that would enable the Nevada Department of Education to handle weighted funding and state special education funding similar to the adjusted base funding by conducting quarterly true ups based on actual enrollment data.
- Option 2 – New Schools and Significantly Expanding Schools: Pursuant to 34 CFR § 76.792, State Educational Agencies are required to implement procedures to ensure that a charter school LEA receives the proportionate amount of grant funds for which the charter school LEA is eligible under each covered program. The Nevada Department of Education’s Title I office has regularly implemented a protocol to identify new or significantly expanding charter schools and ensure that proportionate Title I program funds are allocated to those new or expanding schools. The protocol establishes a threshold of 15% growth due to the addition of new grades or new physical space to enable school growth to qualify for significant expansion. To implement this protocol, the Nevada Department of Education uses projected student group enrollment to make a preliminary allocation to those significantly expanding schools. Initially, only 25% of the allocation is made available to schools. Then, once the October 1 count is completed in the fall, the preliminary allocation is adjusted to reflect actual student count numbers and the full allocation is made available. While this process is oriented around reimbursement-based grants, a similar approach could be used for schools deemed to be new or significantly expanding. A copy of the 2019 memorandum outlining this process can be found in the appendix.

Closing

For the next two years, the methodology for weighted and state special education funding will continue to look backwards to prior year enrollments. This means that several new schools will have to rely solely on adjusted based funding and federal grants to meet the needs of their English learners, students with disabilities, at-risk students, and gifted students. I encourage the commission to examine this issue further, explore alternative methodologies that will enable all schools to access necessary weighted and state special education funding, and consider including proposed revisions to these business rules for future biennia in the Commission’s upcoming recommendations to the Legislative Committee on Education.

The State Public Charter School Authority staff stands ready to assist in any research or data collection to better understand the impacts of this business rule, and/or in any ongoing responsibilities that may enable a shift to a new methodology.

Item A2, Anna Marie Binder

Hello everyone, I'm Anna Marie Binder. I live in Clark County. I won't take up much of your time. Thank you everyone for all of your hard work. This was a really great meeting. I actually did in the beginning; write in that I was very much looking forward to that subcommittee's work. So, I'll just make t-shirts. The reason that I was looking forward to that is because if I heard all of that correctly and we're going to be discussing the potential providing transportation to charter schools and whatnot. I think I heard that right. As we all know, as you mentioned, like our parent groups you know, we're split in this state between public education and charters. I really think that it would have been nice to allow the people who wanted to listen to the discussion on that subcommittee come forward because one of my arguments always against charter schools and other auxiliary schools, is the inequitable ways that the lack of transportation adversely affects lower income students because they come from families that don't have their own transportation. So, they can't apply to those types of schools because they can't get there. I guess we'll just look back to the January or future meeting to hear what you guys all come up with on that. I do think that would be something I would love to see to be able to benefit students who do really need and want to attend those schools but currently can't. Again, I want to thank you guys all for your hard work. I did very much write down every single word that you guys said about the return on investment, and I will be tweeting out some information about that because I do argue also with our constituents about, we're not last in education and nobody wants to believe me. I also look forward to any work that you guys do with EdWeek, and any better articles that we can get out into the public to share. Thank you guys all so much.