

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
FEBRUARY 11, 2022
9:00 AM**

Office	Mode	Platform
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, State Education Funding Manager, 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, 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

Dr. Summer Stephens, President of the Nevada Association of School Superintendents and Superintendent of Churchill County School District, provided comment regarding optimal funding. *(A complete copy of the statement is available in Appendix A)*

Alex Bybee, Senior Director, Communities in Schools Nevada, provided public comment regarding the definition of At-Risk pupils. *(A complete copy of the statement is available in Appendix A)*

3. APPROVAL OF COMMISSION MEETING MINUTES

Member Paul Johnson moved to approve the January 14, 2022 Commission Meeting Minutes.

Member Andrew Feuling seconded. Motion passed unanimously.

4. NEVADA DEPARTMENT OF EDUCATION UPDATE

Heidi Haartz, Deputy Superintendent for Student Investment, Nevada Department of Education (NDE or Department), provided an update on the progress made by the Department since the last meeting.

Deputy Superintendent Haartz reported that the Department has continued to work on the promulgation of regulations related to the maximum administrative costs that school districts may apply to the Pupil-Centered Funding Plan (PCFP) as well as the attendance area adjustment. The Department will schedule a public workshop to solicit input from members of the public on the proposed language.

Deputy Superintendent Haartz reported that the Department has continued work with school district chief financial officers to review the business rule regarding the calculation of the ending fund balance and meetings have been scheduled with the Department of Taxation, the Governor's Finance Office, and representatives from the Legislative Counsel Bureau to ensure consistency.

Deputy Superintendent Haartz reported that the Department has identified a funding source which could be used to contract with subject matter experts to support the Commission with its work related to optimal funding.

Deputy Superintendent Haartz shared a PowerPoint [presentation](#) related to the validation day student count data collected on October 1, 2021 as it relates to weighted funding for student groups for fiscal year 2023.

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

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

Member David Jensen asked if NDE had made any consideration for school districts to invest in transportation using a parallel approach to that developed for charter schools. Deputy Superintendent Haartz responded that district auxiliary costs were not considered as part of the agenda item.

Member Jason Goudie asked if the per-pupil amount as presented in "option 1" of the presentation is calculated based on the per-pupil amount that the district uses for transportation or the general per-pupil funding under the base funding. Mr. Kirkpatrick responded that the amount is based on the district's in

which the charter schools are located in projected auxiliary services costs divided by the district's total enrollment to develop a base amount that is then applied to the charter school based on their projected total enrollment. Deputy Superintendent Haartz added that the methodology was proposed for establishing a budget projection, but if expenditures incurred by a charter school were less than what was projected, remaining funds would be returned to the State Education Fund. Member Goudie noted that he is in favor of establishing a methodology for initial expansion of services, but it should include school districts in addition to charter schools to ensure equality.

Chair Hobbs asked how many charter schools have migrated from only providing education services to providing auxiliary services as well. Member Goudie responded that currently there are very few charter schools that provide auxiliary services. Member Goudie stated his belief that if there were a process for charter schools to acquire funding to expand, the number of charter schools that provide auxiliary services would significantly increase.

Member Paul Johnson noted that upfront capital costs are preventing charter schools and some school districts from acquiring or replacing busses. Member Johnson noted he preferred "option 2," the budget proposal option, because the budget would identify costs associated with transportation or food services and a charter school or school district would not have to go through a lease purchase agreement.

Vice Chair Jim McIntosh noted that he is supportive of "option 2." Chair Hobbs noted that if the Commission is in favor of "option 2," criteria would need to be established for the review and approval of the budget proposal. Member Casey agreed. Chair Hobbs asked if option two should be utilized with a cap utilized by the calculated amount for option one. Member Mark Mathers agreed.

Vice Chair McIntosh moved to allow a charter school to develop a line-item budget projection based on project needs that would be submitted with an application. Member Johnson seconded. Motion passed unanimously.

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

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

Member Jensen noted that he agreed with the Commission's original recommendation for a floor of 1.0 and his position has not changed on the recommendation. Chair Hobbs noted that it is difficult to defend the use of a cap or a floor as the NCEI's intent is to show relationships between costs. Member Johnson noted that a change in formula might migrate money away from a school district and, without additional money being added to the pot to offset the migration, the floor of 1.0 is a compromise that reduces potential adverse consequences of a formula change. Member Johnson noted that if and when additional funding is available for education, the floor of 1.0 could be removed.

Member Dusty Casey expressed concern with the equity of implementing a methodology and a formula while arbitrarily altering it. Member Casey stated that it is his understanding there is a hold-harmless provision in the formula aside from the 1.0 floor that should protect districts from losses of funds. Member Jensen noted that when an adjustment is made such as the removal of the 1.0 floor, it will hold a school district in hold-harmless for a longer period of time which limits a school district's ability to move forward. Member Jensen suggested that this item be brought back to the Commission once progress is made on additional revenues coming into the PCFP.

Member Punam Mathur moved to remove the 1.0 floor for the upcoming biennium. Member Joyce Woodhouse seconded. Motion passed with 8 votes in support and 3 opposed.

7. DISCUSSION ON THE USE OF ALTERNATIVE DATA SOURCES FOR THE NEVADA COST OF EDUCATION INDEX

Following up on his presentation at the January Commission meeting, Member Mathers noted that Department of Employment Training and Rehabilitation (DETR) data could be used to calculate a version of the NCEI that reflects more complete employment data.

Member Goudie asked Member Mathers if he is recommending that the DETR data replace only the compensation data within the model or if he is also proposing that cost-of-living data be eliminated. Member Mathers responded that APA's work on the NCEI outlined three different kinds of calculations that could be used consistent with Senate Bill 543 (2019). The first was a cost-of-wages index, the second was a cost-of-living index, and the third was a hedonic measure which was quickly dismissed. Member Mathers stated that his view is that the current index was developed to address some concerns and combined the cost-of-wages index with the cost-of-living index, and the Commission should choose one or the other instead of the current combination.

Member Johnson noted one of the problems the Commission had with the comparable wage index was that it only picked up professional wages and did not reflect the nonprofessional wages that are prevalent in mining communities. Member Johnson stated that he believes it makes more sense to use a global index that encompasses all wages.

Member Johnson asked why an indicator of the non-wage categories and their relative costs would not be used. Member Mathers responded that there are two different types of calculations, and the index is not meant to account for economies of scale, it is just to account for regional differences of costs.

Member Woodhouse noted the importance of the item but recommended reconsideration in the future. She emphasized that the deadline to provide suggestions regarding optimal funding to the Legislature was quickly approaching and that optimal funding should be the Commission's focus leading up to the 2023 Legislative Session.

Member Mathers moved to direct NDE to pursue a recalculation for the cost of wage component of the NCEI based upon DETR data and other possible data sources for further discussion. Member Feuling seconded. Motion passed unanimously.

8. PRESENTATION AND DISCUSSION REGARDING THE FUNDING METHODOLOGY FOR ONLINE SCHOOLS OPERATED BY SCHOOL DISTRICTS

Beau Bennett, State Education Funding Specialist, Student Investment Division, NDE, provided a PowerPoint presentation regarding [Funding for Online Schools](#).

Member Goudie noted that there is a different funding need and methodology that the Commission should explore for online learning because applying a state or county average does not address the overall challenges. Member Goudie noted that online schooling could be supported through a lower per-pupil funding amount depending on the types of classes that are offered.

Member Casey asked NDE to provide a comparison of the regulations addressing online charter schools and school district programs of distance education at a future meeting. Member Casey stated that if online charter schools and school district distance education programs have the same opportunities and the same regulations, they should be funded the same, but if there are different regulations then that needs to be

included in the calculation.

Member Mathur asked for clarification on the difference in funding provided to online charter school students and district distance learning students. Mr. Bennett responded that the charter school students receive the Statewide base funding amount and the district distance learning students receive the adjusted base funding amount.

The Commission decided to bring the item back for the March meeting to allow NDE to provide additional information before a determination is made.

9. PRESENTATION ON THE REPORTING AND MONITORING WORK GROUP

Vice Chair Jim McIntosh stated that he had no update related to reporting and monitoring at this time.

10. DISCUSSION REGARDING OPTIMAL FUNDING

Chair Hobbs began the discussion by suggesting that the Commission identify the reasons that the expansion of the sales tax base should be considered. Chair Hobbs stated that this item is not just a matter of generating additional revenue, but also to attempt to move the tax structure into a better position overall as weaknesses have developed over time.

Chair Hobbs noted that examining the transaction base reveals there has been a gradual shift away from taxable goods to non-taxed services over the past several decades. It also recognizes that there has been an expansion of explicit exemptions over the years. The result of all of this has been a tax base that is narrower than other states' and more subject to periodic volatility than if it were more diversified. Based on the desire to achieve sufficiency and funding for education while also achieving some meaningful tax reform, expanding the sales tax base offers a viable opportunity.

Member Mathur asked if sales tax alone would be sufficient to be the singular solution to optimal funding. Chair Hobbs responded that sales tax would most likely need to be used in conjunction with a property tax-based solution.

Chair Hobbs suggested that at the Commission's April meeting they could discuss areas of trade as potential candidates for expansion of the tax base and potentially direct third-party experts to examine those areas. He further suggested the Commission discuss whether a separate and uniform tax should be applied to new areas of trade with 100% of the revenues going to education on a Statewide basis.

Member Nancy Brune suggested that the Commission examine where other states have successfully imposed taxes on particular industries that may suggest there would little opposition to Nevada following suit. Member Brune also suggested consulting focus groups within those industries as well as legislators on the finance committees to align expectations.

11. INFORMATION AND DISCUSSION REGARDING MESSAGING RELATED TO OPTIMAL FUNDING

Chair Hobbs began the discussion by suggesting that the Commission engage constituents to inform them that the Commission is not attempting to increase sales tax but to reform the sales tax base. Chair Hobbs suggested that each of the Commission's next agendas include much more discussion regarding justification for the need of revenue for education.

Member Mathur noted that the series of tax recommendations is going to be the centerpiece of the conversation but the context in which that conversation occurs is going to be important. Member Mathur recommended developing a message around 1) the positive student outcomes yielded by prior categorical

investments, 2) demonstrating what will be possible with increased investment, and 3) providing pathways that can be taken to achieve the optimal funding and accompanying student outcomes goals.

Member Johnson suggested that as the Commission raises awareness as to where Nevada stands currently with respect to education funding to justify any changes going forward.

12. DISCUSSION REGARDING EXTERNAL SUBJECT MATTER EXPERT SUPPORT

Chair Hobbs began the discussion by expressing gratitude to the Department for finding funding for external subject matter expert support. Chair Hobbs noted the objective of this item is to achieve a consensus on what an external subject matter expert would be tasked to complete. Chair Hobbs shared a document explaining possible scope recommendations for subject matter experts.

Chair Hobbs suggested the Commission complete a recalculation of the model that indicates what the education funding needs are. The prior model that the Commission used to identify the funding targets focused on both national average and APA recommended levels of funding. Chair Hobbs recommended updating those reports for more current information, including inflating the APA recommendation by an additional year, researching the national average values, verifying the current amount of spending per pupil, and recomputing all of the funding targets.

Member Mathur asked if there is a way to reduce tax on tangible goods while imposing taxes on services for the sake of making the transition more palatable. Chair Hobbs responded yes, it is possible and can be added to the scope.

Chair Hobbs asked if the Commission is in support of the scope with the addition of member Mathur's recommendation. The Commission agreed.

13. FUTURE AGENDA ITEMS

Chair Hobbs suggested an additional discussion in regarding the funding methodology for distance education programs operated by a school district. Member Jensen suggested adding a discussion regarding school districts being included in expansion of auxiliary services. Member Jensen suggested that the Nevada Association of School Superintendents provide a presentation regarding the importance of optimal funding.

14. PUBLIC COMMENT #2

No public comment.

15. ADJOURNMENT

Meeting was adjourned at 1:45 P.M.

APPENDIX A: STATEMENTS GIVEN DURING PUBLIC COMMENT

1. Dr. Summer Stephens, President of the Nevada Association of School Superintendents and Superintendent of Churchill County School District, provided comment regarding optimal funding.
2. Alex Bybee, Senior Director, Communities in School of Nevada, provided public comment regarding At-Risk pupils definition.

APPENDIX A, ITEM 1: SUMMER STEPHENS

Good morning this is Summer Stephens Superintendent of Churchill County School District and the Nevada Association of School Superintendents President. Good morning, Chair Hobbs and members of the Commission. I am again Summer Stephens representing the Nevada Association of School Superintendents. I'd like to speak with you today about a topic that I know is on everyone's mind and hearts as we continue to move forward with the pupil-centered funding plans implementation and that is optimal funding. In a trajectory of sorts, we envision growth in which we move from our current funding levels to adequate funding and ultimately to optimal funding levels. This discussion brings with it the hopes and dreams of a world class education for all Nevada students. Based on the Commission's report from April 30 of 2021, the working definition of optimal funding is the per-pupil finding that enables the State schools and districts to uniformly and equitably provide resources and services designed to produce exemplary student performance on par with the nation's best. In addition, it's a strategic investment to intensify the use of effective practice recommendations contained in the States improvement plan or the STIP, leading to exceptional achievement for all Nevada students. These goals include access to quality, early education care, and education for our k-12 students, access to effective educators, continued academic growth, future ready and globally prepared post-secondary graduates, access to new and continued educational opportunities supported by funding that is administered transparently consistently and in accordance with legislative or grant guidelines and ultimately safe environments where identities and relationships are valued and celebrated. As districts across Nevada have weathered the effects of the pandemic, ongoing staffing concerns, student enrollment declines, and increased costs for operations, we too have been working to identify those areas of the funding with a focus on our strategic plans, our school performance plans, and the immediate student and staff needs. Despite the strategic and positive impact of federal relief funds or ESSER 1,2, and 3, they are set to expire in December of 2025. So we are at risk of losing the tremendous progress that is being made without ongoing and dedicated funding supports to continue the work. Key themes that have been identified through the public input and strategic development sessions for these emergency funds have identified the same ones that have come to us as those specific areas that would be addressed with optimal funding levels. Some of the key themes include educator recruitment and retention through increased salary and benefits that allow teachers to live in communities where they work, receive wages that rise to the level for the education earned and hours worked while promoting the expectation of increased achievement for the whole child. In addition to this focus on increased compensation, Nevada is in desperate need of increasing the pool of applicants in order to decrease class sizes while also ensuring supports that can truly help develop the whole child. Specialist teachers, social work positions, additional leadership positions, behavior supports, counseling service just to name a few. As we consider the ways in which equity can be achieved through optimal funding, we have identified key areas of focus, examples of this include pre-k programs and seats that can be acquired additional funds to support career and technical education, the arts and science programs for all. Support of co-curricular activities that have continued to be reduced or cut over the years. In addition, NASS has identified a number of other key areas of focus that would be proposed as Nevada moves towards adequate and optimal funding. All of this will ensure that one zip code does not determine ones opportunities and outcomes. So as superintendents, we have compiled information regarding two key questions. One, what would Nevada's school district and charter authority do if additional resources were provided to public education. Two, why would this be important to Nevada and Nevada's children? So as the organization which represents the 17 school districts and the Charter School Authority, we do stand ready for a future conversation with the Commission on more detailed ideas on the use of optimal funding and the specific impact it can have for Nevada's children. We are prepared and would offer the opportunity to engage with the commission on these important topics as part of your regularly scheduled meeting in March of 2022. Thank you for your service everyone on the commission and for all that you do on behalf of Nevada's students. Thank you.

APPENDIX A, ITEM 2: ALEX BYBEE

Communities In Schools of Nevada is submitting for the record several links to studies that validate three of the four dimensions considered in the existing draft of the at-risk weight for the pupil-centered funding formula: attendance, behavior and academics.

As an evidence-based provider of dropout prevention in 81 Title I and high-needs schools across the Clark, Elko, Humboldt and Washoe County school districts, our model of integrated student supports meets the most rigorous standards prescribed in the Every Student Succeeds Act (ESSA). This evidence has been independently verified by two studies conducted by an outside evaluator — and validated by UNLV and the Nevada Department of Education.

Early warning indicators for a students at-risk status include attendance, behavior, and coursework performance. When we partner with schools for Tier I (or school wide) supports, and when we work with students in Tier II and Tier III support (small group and individual case management, respectively), we focus our goals on one or a combination of these three elements — and measure progress towards those goals.

Given our outcomes, which include promotion and graduation, where 92% of those we served in the last academic year graduated (13 points above the statewide average for students on free or reduced lunch), we have seen firsthand the value of measuring these considerations when determining a student’s persistence and completion.

We thank the Commission for their work on this important topic. If you have any questions about the testimony submitted today, or the resources provided below, please don’t hesitate to reach out. My information is included in the below email signature.

<https://files.eric.ed.gov/fulltext/ED504129.pdf>

https://ccrcenter.org/sites/default/files/EvidenceBasedPractices_EarlyWarningIndicators.pdf

<https://www.tcrecord.org/Content.asp?ContentId=23452>

<https://greatmiddleschools.org/establishing-effective-early-warning-indicator-systems/>