NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
JUNE 21, 2024
9:00 AM

Office	Address	City	Meeting
Department of Education	2080 E. Flamingo	Las Vegas	Board Room
Department of Education	700 E. Fifth St.	Carson	Board Room
Department of Education	Virtual	Virtual	YouTube

TRANSCRIPT OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT
Guy Hobbs, Chair
Joyce Woodhouse
Punam Mathur
Nancy Brune
Dusty Casey
Paul Johnson
Jason Goudie
Mark Mathers
Jim McIntosh

DEPARTMENT STAFF PRESENT
Megan Peterson

LEGAL STAFF PRESENT
Deputy Attorney General Todd Weiss

AUDIENCE IN ATTENDANCE
Chris Allen
Bill Hamlin
Brian Gordon
Sara Doutre
Kelsey Krausan
Amanda Brown

Secretary: Las Vegas, we are live.

Chair Hobbs: Thank you very much. Good morning. It is 9:02. I'm calling the June 21st meeting of the Nevada Commission on School Funding to order. I'd like to welcome our audience who are joining in person, as well as by our livestream on the Nevada Department of Education website, which is recorded for the record. Bo, will you please go ahead and call the roll.

Secretary: Chair Hobbs?

Chair Hobbs: Here.

Secretary: Member Woodhouse.

Joyce Woodhouse: Here.

Secretary: Member Mathur.

Punam Mathur: Here.

Secretary: Member Brune.

Nancy Brune: Present.

Secretary: Member McIntosh. Member Jensen. Member Casey.

Dusty Casey: Present.

Secretary: Member Rodriguez. Member Johnson.

Paul Johnson: Here.

Secretary: Member Goudie.

Jason Goudie: Here.

Secretary: Member Mathers.

Mark Mathers: Here.

Secretary: You have a quorum.

Chair Hobbs: I appreciate that. I received advanced notification from Kyle and Dave. Both would be traveling and unable to join us today. Jim, if he arrives, please mark him present if he does. So, we have a quorum. I'd also like to note for the record that we're joined by Deputy Attorney General Todd Weiss. We'll start with the few brief housekeeping items. Today, the Commission on School funding is holding the meeting in Las Vegas and Carson City virtually. Both locations will be available for public comment. As always, during the first public comment period, we'll be listening to public comments that only pertain to items on the agenda. A second public comment period for any other item under the commission's jurisdiction will be held at the end of the meeting. Members of the public who attended in person would like to provide public comment must fill out comment card and provide to the secretary. To provide public comment or testimony telephonically dialed area code 312-584-2401. When prompted, provide meeting ID 190-423-98. And then press pound. When prompted for a participant ID, press pound. Alternatively, members of the public may submit, comment in writing via email to ndcsf@doe.nv.gov. Public comment submitted via email must indicate in the subject line if the comment is to be read during public comment period number one, board Number two. Emails received during the meeting will be read during public comment period number two. Materials have been provided to members of the commission electronically, and they may be referring to their computer screens from time to time. Excuse me, this is not a sign of disrespect or in attention. Members, please silence your electronic devices when you're not speaking. You don't have to worry about muting your microphones today. Remember to state your name for the record prior to speaking. So the first item on our agenda is public comment, period number one. I'll turn it over to the secretary to facilitate comments from any members of the public. I guess I don't need to turn it to the secretary. Is there anyone here under public comment period number one that wishes to make public comment? Please come forward.

Chris Allen: You want me at the table?

Chair Hobbs: Come join the fun.

Chris Allen: This is probably the closest I've ever been to the dais making public comments. It's quite exciting.

Chair Hobbs: It's pretty exciting.

Chris Allen: Almost as if we're at the table. Chris Allen. Nevada State Education Association, the Voice of Nevada Educators for one to three, five years. I want to make a couple of comments or observations about item number five on today's agenda regarding potential revenue sources for education funding, or what NSCA considers the meat and potatoes of the funding commission. If you were at last legislative session or if you've engaged state leaders since then, the sense is, that Nevada has addressed the gap in education funding in terms of average and optimal. So I think the presentation that you'll see last month regarding the funding level requirements for the 10-year phase in this chart or the other graph that I like to carry about. You see that there's still a very large gap even to the national average. So, looking out over 10 years to 2035, Nevada needs in the middle two and a half billion dollars per year. That is twice the effort that the legislature did in the last legislative session where they did a little bit less than that over the course of the biennium. So there is a lot of work to do, especially when you consider that the increase during this biennium was done largely by the bounce back in economy and revenue in the state. If you all are aware, there was basically no new revenue source. So, as this commission talks about proposals around property tax, around enclosing loopholes there, making other adjustments when you talk about sales tax and taking a look at possibly taxing areas of service. I think that this conversation -- it's fine that this conversation is happening here this morning. But somehow this commission needs to get out of the second floor, Bitcoin conference room. And this conversation needs to happen right out on Main Street or in Carson. I guess it is in front of the legislature because the sense that we're getting from electeds, from the governor on top on down is that, education funding has been addressed. And now you have the work of all of your subcommittees to talk about accountability, to talk about performance and measurements and all of the metrics. That is not the meat and potatoes of this commission. If you want to talk about accountability and do your job to the best of your ability, that accountability is in number five on today's agenda, and making sure those who have the power to adequately fund education or averagely fund education do so according to the commission that they convened and asked for your report. So, we stand ready to work with you, to take this conversation as best as we can out onto Main Street. We're looking forward to that work moving forward. Thank you.

Chair Hobbs: [Indiscernible] item number five to be somewhat informative about that topic today. Welcome.

Bill Hamlin: Bill Hamlin. I want to address item number six, impartiality. But what I want to talk about is not be directly in your purview, but I should be aware of it because the result of it has that applications content. I'm just really tired of the southern Nevada getting screwed around in education because of politics and party loyalty and cronyism on proficiency rates of dismal they're hovering in their twenties. Having said that, I can understand the frustration we've had in Clark County with the last three superintendents, but I must remind you four superintendents ago, we had a guy named Walt Ruffles [ph], and he required teachers to take professional development, including his assistant superintendents. And as he left, the Clark County School District was recognized as the fastest improving district innovation. Being clear outside our classroom teachers, outside parents, classroom teachers are the most important factors. We've had a documented math teacher shortage in this state since 1985, doing the math. That's almost 40 years. You think with that kind of shortage, that might be an investment in professional development to make sure these teachers know what to teach, how to teach it, resources to support that, and how to assess that. Since before the pandemic, long bodies have been thrown in these classrooms. And while they're good, hardworking, dedicated people, they can't teach what they don't know for with understanding. With the recession, the state's professional development programs who are cut in half in terms of money, and over the last 14 years, that money has diminished because of the excess in terms of growth. And with the no budget increase with them, excuse me, teacher raises and then with no increase in budget, the ability to provide professional government has gone down. As an example, when I was the RPDP director in Southern Nevada and then Southern Nevada, we had two people located in Nye County, Southern Nye County, one Northern Nye County that took care of Northern Nye County and the North County. We had two teachers assigned in Lincoln County. And of course we had specialists down here. We had calculus, physics, biology, chemistry specialists and teachers that served Northern Clark County, but also the reliant outside areas. Since the recession, the budget was cut in half back then, and all the raises that have occurred since 2010, and with the $2 billion that were just inboxed, many teachers received a 20% raise. The budget, DP budget increased by 3%. Now, I know you're here for math, so I don't have to do it for you. That's a problem. The fact is that when we look at our proficiency rates, we suck. There's no other way to describe that. And that has occurred over the last 15 years because we're getting more and more people with less and less education, particularly in fields of specialty chemistry, physics, math material. And that has resulted in exactly what we've got, poor performance. What I'd like to ask you to just think about is that when you talk to people at the state level, you indicate two things. One, the students have to have good teachers to have good results. End of story. So what we need is immediately we need the interim finance committee to have an emergency budget coming in August because the RPDP is going to have to cut again the disservices. And two, we don't need the budgets increased. We even triple, they should have been doubled to come back to what we were 10 to 15 years ago. But now, with the increase in terms of the teacher shortages, substitutes, teaching fill-ins, vacancies, it is just nuts. And the only people getting screwed here are the students. And there's no way to address that unless money is given. At least like, so, I realized that we're not responsible for how that's distributed, things of that nature. But I think you should be aware of the problem because what you have seen is just a natural slide from the time federal government was given to where we are now in terms of proficiency and being recognized as the fastest, including district in a nation, just over three superintendents go to what we have now is just insane and not right. Thank you very much.

Chair Hobbs: You've already done this, but could you state your name for the record? I'm sorry.

Bill Hamlin: Bill Hamlin. I'm from Las Vegas.

Chair Hobbs: Thank you very much.

Bill Hamlin: Thank you.

Chair Hobbs: Any other public in Las Vegas? Seeing none, asking whether or not we have any in-person, public comment in Carson City.

Secretary: There is no public comment in Carson City at this time.

Chair Hobbs: Thank you very much. Are there any written comments to be read into the record?

Megan Peterson: There are no written comments.

Chair Hobbs: No written comments to be read into the record. Do we have any callers waiting to provide public comment? Just looking for confirmation that we don't have any callers.

Secretary: We have no call-ins.

Chair Hobbs: Okay. Thank you very much. Public comment period number one is closed. Thank you for those who made the comments. Next item, approval of flexible agenda.

Punam Mathur: I move for approval.

Chair Hobbs: Approval from Member Mathur.

Dusty Casey: Second.

Chair Hobbs: Second, Member Casey. All those in favor signify by saying aye.

Group: Aye.

Chair Hobbs: That's everyone I can see. Thank you very much. Item number four, the commission will receive an update on the progress made by the Nevada Department of Education since our last meeting. Welcome, Megan.

Megan Peterson: Good morning, Deputy Superintendent, Megan Peterson for the record. We have been working to finalize, not finalize, update and refine our deliverables for the commission. This has been shared a couple of times, but I'd like to take some time to go over it in a little more detail this morning starting with some good news in the area of our letter of intent, we have provided five -- we have delivered on responses and recommendations on five of the requirements under the letter of intent. We still have two items that we'll be hearing today on agenda item number six relating to special education. And this includes a review of the special education program, the methodology for distributing those funds, and the review of a weighted multiplier for ultimately a recommendation of what that might look like. So that's broken out into two pieces, review of the multiplier and the targeted weight, and then a review of the distribution methodology.

Chair Hobbs: So maybe just a quick question on those two, which will close out all the responses to the letter of content. Is that correct?

Megan Peterson: That is correct.

Chair Hobbs: So if in fact today when we receive those reports, if we have adequate information to provide some direction and make a motion we'd be able to also close those three, right?

Megan Peterson: Yes, that is correct. And I will note that some of the items that were addressed in the letter of intents are also part of what I'm referring to as the standard business of the commission that's codified in

NRS 387. That includes reviewing the Nevada Cost of Education Index as well as review of the weighted categories. So in a sense, we've taken care of that as well when we reviewed the EL wait and whether it's allowable for dual language program.

Chair Hobbs: [Indiscernible] you might been suggesting we bring NCDI back for a new fresh discussion.

Megan Peterson: I would not volunteer this, but we are ready to support if the commission wishes to revisit.

Chair Hobbs: Make motion.

Megan Peterson: Getting down to -- I grouped recommendations by the bodies. So commit education, which will be meeting in July. We have several deliverables to them that were put forward under AB400 as well as AB98. And then again, the standard business that's codified in statute, most notably, and we've been engaging with Dr. Kelsey Klausan on this frequently, is the metrics that are established for the quarterly recording for school districts. And so, we'll be discussing today later some of the survey metrics and that information. And that will then go into more detail in our June 27th meeting to hopefully make recommendations on a framework for meeting the initial intent along with recommendations for long-term implementation of that. Also today. So those are these first few items identified. And then also today we'll be going over the portions that are also in standard NRS, but as well as in SB 98 to review K-12 funding levels, optimal funding and a review of the alternative or new revenue sources in order to support those. So we'll be hopefully finding closure on those relatively soon. And then, we have also already reviewed, but one of the second pieces of the standard business, NRS is not only NCEI, but the attendance area adjustment methodologies. And so, again, we'll be hearing about that later today from Augenblick, Palaich and Associates, and hopefully bringing closure to that as well. And then, still within the same veins, but because of the body in which the recommendations are due, we have SB98 that student has studied to the governor and legislator in November, is the report on not only the K-12 optimal funding levels, but our teacher recruitment and retention information that we will also be hearing on from one of the work groups today. And we have closed out items relating to small district funding, capital improvements and modernization projects. So we are making progress. We do still have a number of deliverables in the short term that we need to make determinations on in order to provide a framework of recommendations to the Committee on Education in July. And that's July 17th.

Chair Hobbs: Okay. I think that's a good thing for us to see at, at every meeting. Hopefully between what we do today and next week's meeting, we'll be able to take care of a couple of these other items. The whole idea is to address all of these, address them well, but address them and allow members of the commission that have been also serving on working groups to redeploy back to some other areas that were referred to earlier as part of our core mission for this go around. So that's what we're working toward at this point. But thank you for keeping that in front of us. I think we all need to know what our deadlines are.

Megan Peterson: Absolutely. And then yesterday prior to this meeting, we did meet with the interested members as part of the special education work group shared an overview, which we'll do again today for the commission, but provide some in depth background information on the current special education methodology and how that is codified or not codified in statute. And then working with subject matter experts to provide the information for today's presentations.

Chair Hobbs: Sounds good. Any questions for Megan? Alright, well, let's go ahead and get to it then. The next item, item number five. Going back to what Megan was discussing, and we have two or three items on today that I would look at them more as working group of whole, the commission as a whole being that working group to try to work through, provide direction and where possible bring closure to them. This item, item number five, you saw Megan make reference to two or three lines in the work back schedule that had to do with optimal funding and things related to optimal funding. And what I mentioned to you previously is that we wanted to have a discussion today that refreshes everyone on the commission with regard to what we filed in our report a year and a half ago which were a series of potential funding mechanisms. None of them are simple and easy. But we wanted to refresh everyone on the word product that we previously produced. And since you, at a recent meeting received an updated summary of what the target values look like for reaching the national average in a 10 year period and reaching the subject matter expert recommended funding levels. Looking at those and then looking again at the different funding options that exist, I think what the hope is today that the commission can provide some direction to my working group and the subject matter experts that are supporting that working group with regard to how to develop those funding recommendations for the report itself. So at some point in time, after you provide direction today, hopefully, we would then bring the updated report back to this commission, either as a separate item or as a part of the entire report. And a lot of that depends on when those things are actually completed, because it's not a trivial matter to reproduce this report. So, you'll have another shot at approving the final recommendations, but as we go through it today, I think it'll occur with a lot of you some of the options may not be as good as others. And when we had that discussion that Brian was sitting here, and we appreciate that, and I don't mean to take up his valuable time, but we realize that when we're talking about optimal funding or using proxy values for the national average or subject matter expert target values, that we're talking about large amounts of money, right? Very large amounts of money. And accordingly, the availability of solutions, that list is not a lengthy one when you look at numbers that size. And you might recall from the report that we did a year and a half ago, and we made note of the fact that there are certain revenue sources in the state of Nevada that have traditionally and historically funded education. And I believe a lot of the focus is on the fact that those two traditional revenue sources, which happen to be a couple of the more robust revenue sources that exist, that there are -- and this occurs over time. So it certainly isn't meant to be super critical. But some things that have happened within those revenue systems have led to part of the problem. There was mention made earlier that these fiscal structure issues are probably bigger than just this commission, and I would absolutely agree with that. All local governments in the state and the state itself are affected by these same issues that we're going to be talking about, but wanted to provide a little bit of background before we got into it and also let you know what the goal was today. And that is for the commission to provide us some direction so we can refine this work product and bring it back. So with that, Brian, welcome.

Brian Gordon: Thank you, Chair Hobbs. Brian Gordon. I'm a partner with the product analysis here for the record. Thanks for having me. I like the venue that is a little bit different than where I was last time downstairs, but happy to be here. And that was, I think, a great setup for why you've asked me to be here today. I've got a brief presentation that appears to be working on the online stream and screen sharing here. So, I'll just walk through to follow on to chair Hobbs' comments relative to the objectives for this particular presentation is one, just to refresh you from, I guess it was just a few weeks ago, your last meeting in terms of what the targets are, that'll be very brief. Two, remind you the work we had done, I presented to this group about two years ago what some of the order of magnitude of different scenarios may look like from both a property tax standpoint as well as a sales, sales tax standpoint, and what the potential revenue generation off of some alternatives might look like, as you all are contemplating the report and the work that you all are undertaking here as part of that process. So, just a few weeks ago you saw the targets, the refreshed targets based on national averages as well as APAs optimal funding targets, somewhere in the order of magnitude of about two and a half billion dollars over the next two years would be required to achieve those target values going forward. Again, you've heard more about that at your last meeting, but just wanted to set the stage a little bit in terms of where you may be headed. The second component of what I wanted to cover today related to property taxes and the work that we had done before, we've now been engaged by the Nevada Department of Education on your behalf to refresh all of those analyses see where we stand today from a property tax generation standpoint, as well as sales tax. But I'll jump into the property tax scenarios here just to start. I've got, I don't know, three or four pages of alternatives that we walked through last time. These are the exact outcomes or the summary of what those alternatives look like in terms of revenue generating potential as we sat here two years ago. And so we're working to update and refine these. But I think I'll take the direction from the committee going forward, but these are really included here just to summarize where we stood and get a sense of how ultimately you get to that optimal funding level out into the future. So we've laid these out in a number of alternatives is maybe just the best way to say it. Looking at adjustments related to abatements overall, looking at potential adjustments to how depreciation is treated, adjustments to changing or modifying the assessment rate. Those were the three critical elements of any modified property tax regime that could potentially generate incremental revenues to be considered for educational funding purposes.

Chair Hobbs: You said it, but just to reiterate, so these values are from a couple years ago, but these have not been updated yet, right?

Brian Gordon: That's correct.

Chair Hobbs: The order of magnitude is probably not dramatically different, but these of illustration because they're a couple years old.

Brian Gordon: Thank you for clarifying that. When we look at this, two years ago, the overall abatements sued at about $1.1 billion. Just to put this into perspective, looking at where it stands today, that number's probably at about $1.5 billion in terms of total abatements statewide. So, the conversation around abatements will likely result in greater levels of potential increment, if you want to think about it that way. If there were some adjustments to be made relative to -- or recommendations for adjustments relative to the overall abatements. So, these are a couple of the -- I have these trending from smaller values that would potentially be dedicated towards education funding to larger values. If there were adjustments to be made, I'll just make the like it statement upfront without any adjustments to abatement structure. The amount of revenue potential is probably limited just because of the way that abatement system works. Limiting property tax increases to either three or 8% depending on the property types. So without an adjustment to abatements, it gets challenging to generate the types of dollars that we started with in terms of the target values that you all are contemplating. So yes.

Chair Hobbs: Just take that.

Brian Gordon: Sorry. Yeah, no, this is great.

Chair Hobbs: I mean this as a discussion more than anything else today, right? So if we were to change the assessment ratio, which is currently 35%, that would still be subject to abatement and consequently it wouldn't necessarily produce material additional revenue. The same thing with changing the depreciation methodology. You could change that, but if you haven't made any change to the abatements, you're still stuck with the 3 and 8%, right? So the abatement has a very far reach through all of this, if not with the abatement ability to raise significant additional revenue. But that is the point.

Brian Gordon: Thank you, sir.

Punam Mathur: For the record, Member Mathur. So just for the lay person, abatements really have a significant impact on the width of the base. So, is it a correct way to think about it? If I think about sales tax, anything is a taxable is outside the base.

Chair Hobbs: Abatements are specific to property tax alone, right? And abatements really don't deal with the valuation of property. That really is nothing to do with that at all. The property tax bill from year to year regardless of what the taxable and assessed valuation do, is limited to 3% for residential growth each year. So, if the taxable value doubled, it would still be limited to 3% growth in the bill in most cases.

Punam Mathur: But abatements, the word abatement essentially means that real estate in Nevada that isn't counted or participating in general property tax revenue.

Chair Hobbs: It is, but there's a limitation that's placed on it that -- go ahead, Mark.

Mark Mathers: The way I think of abatement is the difference between what you actually pay at your tax bill versus what you would pay based on the full assessed value, right? Because you're captive, if you're owner occupied single family home, you're captive 3% growth a year, whereas the actual assessed value might go up 7% year one, 10% year two. So it's that difference between what you're paying, what you're actually paying versus what you should pay based on Nevada's assessed value methodology, which is bizarre in and of itself. But if there were no 3%, 8% caps, it's that difference, right? What your tax bill would be without those caps versus what it is.

Chair Hobbs: It's your discount on your tax bill that comes about as a consequence of the abatement. So the to the total taxable and assessment, taxable value in Nevada is supposed to be based on full cash value of the property itself and then the replacement value of the improvements. That's the full value. And then you take that, multiply it by 35%, that's that assessment ratio and that gives you the assessed value that multiplied by the property tax rate, gives you the tax bill. But when the abatements came into place, they took a base year of what property tax bill essentially Bill did. So base year of property tax bill and said, okay, this can't grow by more than 3% of residential or percent of commercial per year, regardless of what the value actually does. So it takes that old reliable health grade calculation that we used to do of taxable times, 35% equals assessed times tax rate equals the tax bill. That doesn't apply anymore because the 3% limits that [indiscernible]. And what Brian said earlier, I think is an important point. As a consequence of all of that, how much taxable value, assessed value is there out there that would otherwise be subject to property tax that is not actually being taxed? The accumulated statewide amount is about a billion and a half dollars because of the application of the abatements.

Punam Mathur: I think from the beginning of our conversation, I've been humble by this notion, the implications of the impact to these abatements. I don't think the lay person has any idea, and it's so fundamental to this. I've just got to figure out to make that understandable location tables and coffee tables.

Chair Hobbs: Well, it's interesting. It was about a year ago. Jim, you may remember this too, about a year ago that something happened when the assessor sent out notices. And on that notice there's a little box that tells you what your abatement factor is. Is it three or eight? And something got messed up and the amount of attention that was paid to that was pretty unreal. Now I don't know that they look at it. We're all taxpayers here. I don't know that you look at it any other way than how it affects your tax bill. I don't think people are thinking about it to the aggregate.

Bill Hamlin: I would agree with that. What the assessor did was send out little notices saying, is this residential property or commercial property? You're supposed to check the boxes, set it back in because the tax caps are different for residential versus commercial. It happened to me, I did not send it back in. So they assumed my property was commercial property at which then my tax caps went up to 8% and I was paying. And then when I called, they were like, oh, we'll fix it. We'll send you, we'll discount you going forward. But the automatic assumption is, your property is commercial property unless you check that cost, it's residential. If you get that, if you happen to know that little postcard that comes in the mail. And that's, I think the only time anybody really ever talks about this impacts local governments. The abatement in the city of Henderson is $50 million. That's how much we don't receive. I don't know what it is that CCSD. It's always been very significant. And just at the Clark County School district alone.

Brian Gordon: Yeah, I mean, I think right after you left because we had the report and I came in, the last numbers I saw was a couple hundred million dollars, right?

Bill Hamlin: Right. And so again, when you add it all up, it's 1.5 billion across the state and all agencies [indiscernible]. And we have tried. I will tell you from a legislative perspective, I don't think property tax capital going away, I think at best we can work around the margins on property tax caps and we have to come up with a way to my opinion, modify them in some way. I don't think they're going away permanently. It is difficult to explain. I will say it has been incredibly difficult. Not just the kitchen table, the legislature. We have tried a city and working with legal cities and working with the county as well. Really simple fixes. Some simple things that actually don't even generate a lot of revenue. Just trying to fix that 8% rate on commercial property can actually float and they can float lower to where there's no cap on commercial properties or there's a 0% increase allowed on commercial properties, which did happen as a 0.2%. We might as well have been zero, but there was no increases, even though value had increase, we were seeing no additional revenue. The county just pushed a bill. Just try to fix that. Just say, let's fix this at 8% so it can't float. These are very simple things. Try to fix appreciation. We try to work on these small pieces, and we can't seem to get traction on any of it.

Chair Hobbs: Yeah, I mean, look, I think for all of us, there's, there's absolutely no illusion that this is an extremely difficult topic and an extremely heavy lift. I think that's why we're having the discussion. And it's a broader issue than just for education, but it is obviously significant for education, finding other sources of revenue that would amount to 250 million in incremental revenue per year at the state level, I mean, I have gone over every source of tax revenue available to the state or the commerce tax, modified business tax. You look at what it would take using those, and those are astronomical increases. And there isn't the same historical nexus to funding education that you have with property and sales tax, right? I mean, this is something that we did to ourselves in the last 12, 15 years or so when [indiscernible] was put into place, had they not been put into place a billion and a half that Brian was talking, that would be a significantly lower number. So, it's always worth raising and putting in front of them. It one day they will have to deal with it. Unquestionably.

Mark Mathers: I accept. Member Mark Mathers for the record. Technical question, can the abatements ever catch up? So if property, if assess value through 9% year one, zero, year two and three, the counties can keep the 3% going until they reach that.

Chair Hobbs: You can essentially span the abatement then down your draw [indiscernible].

Punam Mathur: A question. Of the billion five that you're estimating today, what's the proportion between personal commercial between three and eight?

Chair Hobbs: I don't know off the top of my head.

Brian Gordon: I don't have that in my fingertips.

Chair Hobbs: So we have really derailed your processes.

Punam Mathur: Yeah. Sorry.

Chair Hobbs: This is why we're here. So let me let you go and then we'll come back.

Brian Gordon: Great conversation. Just while you all were speaking, I pulled up the presentation from two years ago just to -- maybe for the public's benefit in this regard because I think the conversation's been had. But the chart on the left is just demonstrating with that stacked bar chart that you're looking at, in total that's what property taxes would have been, but for the abatements and then the shaded areas you were seeing of the amount of the abatements, and again, this was as of two years ago. And you can see, to member Casey's point during the years following the great recession, the abatements actually shrunk to a fairly small value because property values were declining, yet people's property tax bills were still increasing because they hadn't met the threshold. And so, there was some confusion for taxpayers at that point in time why that was happening. But the overall abatements began to shrink. Now as property values have continued to increase over time at a faster rate than three or 8%, those abatements now have continued to grow. So the abatements are the values you're seeing on the far right. Essentially those shaded bars are pushed to the right side. That 1.1 billion is now stands at about 1.5 billion in fiscal 24.

Chair Hobbs: So the property values go down, right? And the tax bill for the taxpayer goes down. The value for the succeeding year is re rebase two or 3% growth over the reduced value.

Brian Gordon: That's exactly it. So when property taxes come down, you have to a ratchet on the way down. It limits the upward mobility of property taxes when value drop capture.

Chair Hobbs: And that's why that base is growing, right? Your ability to recapture.

Mark Mathers: Member Mathers. No reset on sale, right? You sell the property, you get the benefit of having that small ties.

Brian Gordon: The abatements and the tax structure carries with the property, not the owner.

Punam Mathur: I think that the thing that we're [indiscernible] around a few states to do it that way.

Chair Hobbs: Well, hopefully for the other states, I would say I hope so. I know from a standpoint of depreciation, we're the only ones that do that that way now. And as far as the way our abatement supply, I don't know if anybody else is doing exactly what we're doing.

Punam Mathur: It makes no sense.

Brian Gordon: There's that. So jumping back to where we started, this includes all these range of scenarios and I think we've just talked briefly about what all of this means. But what I do want to point out, the pot of section here, the bolded area there's two potential revenue line items here. One is the overall property tax revenue by year 10. Just in this example on the far right, if we were to have no change on abatements and no depreciation adjustments, but increase the assessment rate to 40%, for example, that would generate potentially $675 million as we sat here two years ago. About $161 million of that would actually be going towards the school operating rate of the property tax distribution. So that would be a much smaller share of the total that would actually go toward education.

Mark Mathers: That makes sense. Yes, sir. So, Brian, thank you for this. I guess I go back to SJR 14 and the analysis your firm did for that proposed constitutional amendment, and that would've reset depreciation upon sale of a property and I'll go straight up. I thought that generated more than 454. I mean, is that essentially the same effect as the second column phase out depreciation between fiscal 24 and fiscal 33, or not first, I guess is my question.

Brian Gordon: I think that's actually a different assessment. The reset would only be on when transactions take place on a sale. This would be phasing out depreciation on all property, whether it's sold or not, right?

Mark Mathers: Yes. But the SCR 14 study had to assume it's a turnover per year property. Correct?

Brian Gordon: Yeah.

Mark Mathers: And so, certainly not all properties going to be sold within a 10 year period, but most will. So I thought that it had a greater revenue impact SDR14 than 454 million when right after say seven years. You assume residential properties turnover once every seven years on average or whatever. I thought it was a much larger number than that.

Brian Gordon: Member Mathers, I don't remember the exact number. SDR14 and the impacts of that, we can bring that back to the committee and be happy to present that. I think the turnover rate is probably a bit longer than seven years on average. But whatever it is, I get the idea. Well, I don't know the numbers.

Mark Mathers: Because essentially, so the second column proposes phasing out depreciation for all properties regardless of whether they sell or not. Gradually between fiscal year 24 and fiscal year 33. So at the end of fiscal year 33, none of our properties would have depreciation applied to the property side of the evaluation, right?

Chair Hobbs: That's correct. And I think that the difference that you're probably thinking about is in this scenario, there is no change to the abatement structure. So, the tax would be limited based on the three and 8% still. So that's probably why the number feels low.

Mark Mathers: I think you're right. So SCR fourteen's proposal was to reset the depreciation to zero upon sale of a property and eliminate abatement. I mean, it was a combo thing where at three, right?

Brian Gordon: I believe that's the case.

Mark Mathers: Okay. So that's why that --

Brian Gordon: I think that's the limiter on this.

Mark Mathers: Got it. Okay.

Chair Hobbs: Anytime you see no change in that top row on the abatements, it's going to have a muting impact on whatever else we're doing, right? Because of the abatements still being there.

Mark Mathers: So just to complete the thought then, another option would be to revisit SJR 14 that would wipe out abatement and reset depreciation upon sale, right? As a possible option for this study.

Brian Gordon: That could be, and I've got a number of other scenarios that we'll look at.

Chair Hobbs: Let's see an option. Let's see if one comes close to that Mark. And you may see that difference. If there's an elimination or a capping of abatements and something done with depreciation, you'll see much larger values.

Brian Gordon: So, this is page two of four of the scenarios going from lower value impact to higher value impact. And you can see a number of different alternatives here. Capping abatements or limiting abatements, we start to see some more meaningful numbers or phasing out abatements, billion dollar plus $2 billion in total tax increment, and upwards of 477 million allocated towards the school operating rate. And then here's some other adjustments or potential scenarios that may be of interest here. That one on the far right assumes the depreciation where it's at today, we refer to that as the accumulated depreciation for being [indiscernible] like me with the balance sheet concept, that's where we're at today in terms of its depreciation. If we just froze that and phased out abatements, you can see you start to see almost $3 billion of incremental property taxes and

$700 million of property taxes being eligible to school operating rate. And then on the high end, I think this is my last scenario here eliminating of abatement, eliminate appreciation, $6 billion plus of incremental property taxes being generated in year 10, a billion and a half dollars of that going towards the school operating rate. So I think order of magnitude, these are probably more, I think where member Mathers head was at in terms of some of those potential impacts. But again, this gives you a wide range of scenarios and different alternatives, sort of the key pieces being abatements, depreciation and assessment. If you were to tweak with those methodologies, these are some of the order of magnitude estimates as of two years ago.

Mark Mathers: So, I mean, we talk about abatements and we all know the fiscal impacts of abatements, but I mean, what are abatements? It was the way to address California prop 13 style, right? That I'm going to be taxed out to my home, that if there's no maximum increase to my tax bill on a fixed income set, and that tax bill's going up 10% a year, right? I mean, that was the story. Given I could be taxed out to my home, I wouldn't be able overtime on a fixed income to be able before the property tax. So it was to me, I didn't live in Nevada, but I lived in California then.

Chair Hobbs: Mark, I have a little bit of a different recollection. But same thing, right?

Mark Mathers: I guess all I'm trying to say is there's a point to those caps, right? They didn't just come out of the blue, it was response, I assume to similar concern of, gosh, there ought to be some reasonable, I'd have some predictability about my property tax bill and it shouldn't rise over a certain amount, right? I assume that was political desire of a large number of people for that to have happened.

Chair Hobbs: Let just to give you some landscape on that, because it was really quite simple. In those days leading up to the great recession, one of the things that was happening is everybody's property values were skyrocketing, right? I mean, everything that was taking place particularly in the residential housing market at that time. There was a fear on the part of a group of elected officials that happened to be called the assessors, right? That because these valuations were rising, and it's their names that are on that little card that goes to people that if you hold everything else constant and assume the property tax rate remains the same, but the valuations continue to rise, that people might mistake the reason for their property tax bills going up so much is being the fault of that group. That group was one of the leaders in pushing that piece of legislation. There were a number of us at the time that were losing our minds over the long-term prospects of such a measure that was intended to deal with impacts that were prevalent at that point in time. Now, the counterbalance to that would've been the local governments not increasing tax rates and actually reducing them, right? So if you think about things like a debt service rate that an entity might have, valuation goes up, that rate's going to go down, right? So there were counterbalances for that, but there was concern that some of the local governments might not actually reduce their race commensurate with the growth in the valuation. So that is my recollection to what happened.

Brian Gordon: Okay. Thank you. I think I recall hearing things like that, but I guess my point is we talk about abatements and we know the negative fiscal impact that it has on government, but on the other side, why are they so popular? Well, they prevent my tax bill from just increasing dramatically from one year to the next. I mean, that's why they haven't gone away because they're popular. And I guess my only point is why I liked SDR 14 so much was, again, like California other states. So the cap stake continue to exist, I believe, but when you sell your home, it resets it closer to what a real market rate would be, and they're going to have caps going forward, but at least you wiped out all that depreciation and reset it so the new homeowner knows what they're going to pay, right? They know when they buy that home what their tax bill's going to be. If they don't like it, they don't have to buy the property, but if they buy it, they know what it's going to be. And there's caps still going forward on that. So there's still abatement, but at least upon sale adjusted things and current homeowners don't suffer, you don't sell your house, you don't suffer. So it just, to me, it was a decent compromise almost to get to a better place. And I think every other state resets values upon sale. I think if it's not every other state, it's the vast majority of states who do that. And we're one of the few ways, not only state who doesn't reset values upon sale, is what I've always understood. That's why it was appealing to me to say, okay, it may create two tiers of taxpayers. And then there's that constitutional problem, but that's why I was a constitutional amendment. But at least it's preserving some protection for existing homeowners while somewhat addressing abatement. I mean, I, does that make sense? That's why I just felt like it was a bummer when it didn't advance to voters.

Mark Mathers: Member Mathers for the record. I don't disagree. And to my point, we've tried all sorts of things, right? I agree with you that I think that corrects a problem that exists. [Indiscernible] have created some unintended consequences, right? And in a law of fraud in a lot of ways. And like I said, we try to fix some of those for simple things, in my opinion. I agree with you. That's appropriate way to make it uniform and fair across the board. If you were to go buy an $800,000, $900,000 house built back in 2005, it was capped going forward. It likely was -- it's doubled in value, more than a hundred percent value. It's only been paying 3% in revenue. You buy the same house, brand new, you're going to pay double the property tax on it. And that would've fixed that issue, I think. And it doesn't make far a fair system. But even trying to fix, in my opinion, those simple things and really simple things that we've tried to tweak around the margins of the law have all failed.

Chair Hobbs: And part of that is because of the two thirds requirements.

Mark Mathers: Yes.

Brian Gordon: But this constitutional amendment going, the voters didn't require that. So, I felt like that had a greater chance of success, right? I mean, granted the voters, could still vote, I'm assuming pass it, Jim. Require information to get it on the ballot without two thirds.

Chair Hobbs: Well, I think one of the things you see that Brian went through is when we were doing this last year, all of these other -- the fiscal concerns that we have about the abatements are certainly at the center of all this, right? And we started out looking at things like, well, what if you phase this out? What if you capped it? And you look at the revenue associated with it relative to what the targets are. Jim is, you know, mentioning other efforts that have been made, all of which have something in common, Hey, we need to do something to get at and mitigate the impact of the abatements over time. That's what all of those have in common. Now, we, if we're thinking about it in terms of which one has the greatest likelihood of passage in the near future, well, anything that affects taxes without there being a catastrophe attached to it would seem to have about the same chance. That's what the experience has been, right, Jim?

Jim McIntosh: Yes.

Chair Hobbs: And again, all of what we're talking about here is going to be difficult, but again, there's a certain inevitability to it if you are going to fund the programs at levels that you've indicated you have a desire to fund the programs. Again, that's where I said we're going to talk about sales taxes. Brian moves on is really super loopy presentation, right? And it may be a blended solution. But we have problems structurally on that site too. Structurally, we have problems in our property tax system. And I was working on a project recently, nothing to do with this. And I'm thinking back to full cash value of land replacement, value of improvements, right? And this is a new very large project here in Clark County. And so, I looked at the market value of the property, and this was something that was a little illuminating to me. Maybe it's not to some of you. And I know that property, but then well directly across the street sold for X amount, X million per acre. I looked at what the full cash value of the land was, it was being carried on the assess files, and it was way less than half of that. Okay? And I thought that's really odd. And then we had some discussions about replacement value of improvements. Now, to me, replacement value of improvements are pretty close to the cost to originally build the building itself. Not FFME, but building the building. And they tend to come in closer to 60% as replacement value. I'm thinking, okay, this is not right. But then the first thing that occurs to me after the, hey, this is not right, is well, but what does it matter under the current system of abatements? Because if you were to fix that and double the land value and increase the replacement cost, 80 or 90% of the original construction value, we'd still get three versus 3%. Right? And by the way, it's interesting that we mention those two numbers, three and 8%, and we also make reference to equal in uniform, right?

Jim McIntosh: Yeah. That's interesting.

Chair Hobbs: But anyway, I digress, but the point is that your property tax was always intended to be a revenue source that you could predict and collect. I mean, with like 99.999% certainty, that's what it was always supposed to be. And having a revenue source that is predictable and stable and collectible is exactly what you want. Now, opinion of property tax, you have to do a lot more math than you did 20 years ago. It's not the same. So anyway, with all that, Brian, this is the end of the property tax slides.

Brian Gordon: That's correct.

Chair Hobbs: So the direction that we need from you all. Let me make a statement and then you can disagree with it, agree with it, come up with something different, mark, you already have one of the things that we probably want to look at is the effect of that prior run that as one of the scenarios, right? The SJR, what was it? 40?

Brian Gordon: 14.

Chair Hobbs: As I go through these, one of the things that I see is if you don't have something happening in the first row with the abatements and you look at the revenues, you're not getting anywhere. So, it needs to be something that does something with the abatements. And whether it's limited to something like SJR 14 on the transfer title of property, or it's phasing them out or capping them. Any preferences there

Jim McIntosh: On preferences between?

Chair Hobbs: There's a lot of different ways to approach abatements. One of them is ESGR 14 method, which really ties its transfer title, right? One would be just to get rid of them over time. The second column that you see eliminates them like day one as opposed to phasing them out. I don't think elimination of day one is something that is necessarily rational or not very doable. Now, when I'm saying that I'm looking at phasing them out, and I'm suggesting that that's more attractive course when I know that phasing them out is also something that is repugnant to a lot of those folks. But I think a phase out probably is a better place to go as one of the options. Do guys agree?

Group: Yes.

Chair Hobbs: And then something like SJR 14, certainly. Now we could always default over time to the strategy of, well, you're not going to get that. So maybe the next best thing to do is to cap the abatements at the current levels, stop the bleeding approach. But you're never going to get to the types of numbers we've identified, right? Just by doing things like that. Doing some kind of phase out of abatements in concert with doing something with depreciation. Depreciation has always been an issue. It was an issue before the abatements, by the way going back 150,000 years. I think we also need to do something with depreciation. Depreciation alone, again, with the abatement still in place, doesn't get you much in combination with doing something with the abatements. It does get you something. So does that sound like the direct thing? Because now we can bring this back and condense it to three or four instead of 16 or whatever it was that we just looked at.

Jim McIntosh: Member Mclntosh for the record. I'd be supportive. [indiscernible] like I said you're not going to get rid of proper tax abatements as a reason. Like you stated, Mark, that there's in place. I think what you can do is work around like you're stating guy that as the way we work around it, I'm fully supportive of, I guess I'll call them three in terms of scenario, the summaries phase out abatements between fiscal year 24. You're not going to eliminate them right away. There'd be a massive increase, but I can probably just increase for a lot of people. Be shocked for a lot. The only way you're going to be able to do it is to phase it out over time. And I think you want to be phasing appreciation not during that time as well. I think both of those are as well. I think valuable in terms of ways we have to be working towards [indiscernible]

Chair Hobbs: And that's exactly the guidance we're looking for, Jim. So, you know, he'd make a note of that because then we will need to sit down and construct all of this, put in the report and also bring it back line on SJR 14 and anything else that we can think of. Now, the other thing that occurs to me by the way, is the way this has all been written out for us to do asks us to identify sources of funding over a 10-year period. And every session that we come to the 10-year period restarts. So if nothing happens in the 25 session, we'll still have a 10-year scenario that we're looking at. And that may be a rational expectation. We're looking at something longer term than a one session fix. I think we would all agree with that. So that is very helpful. The other question and the reason why Brian highlighted the bolded numbers, um, there's a policy issue there as well. And Mark, this may go back to something that you were talking about at the last meeting that you and I have spoken about as well. Let's say that you do column three phase out of abatement, phase out depreciation. Now, and that happens sometime down the road. You see that the majority of the financial benefit, the nurse to entities other than the school districts themselves. Now, I suppose you could get clever about that and say, okay, we'll treat it like an increment and move more of that over toward the schools. Now you don't need 6.4 billion in year 10, right? So you have the ability to sculpt this a little bit. You may want 6.4 billion in year 10, but that's not what we've identified. Now they're in light, a little bit of quandary because those other local governments, if they were sitting around the table would say, in all likelihood, well, we have issues too. And whether or not that's something that everyone concurs with is another matter, but that's likely what they would say because that's what experience tells me anyway.

Jim McIntosh: We have issues too.

Unidentified Speaker: Member [indiscernible] for the record. But they all likely would, and you would also want them on your side as opposed to not being on your side, I would think.

Dusty Casey: Member Casey for the record. I'm glad you brought that up because I'm looking at these numbers and I know we have studies, right? Professional judgment studies, we know at national averages optimal funding, we have these targets. And I look at that pot of money, 6.4 billion, 1.5 billion. And I'm not suggesting by any means local governments don't need their fair share increase. But I'm just curious if we were to propose something like that, because I don't know. We need a massive increase in education. Do local governments need a massive increase? How would you accomplish that if let's say they only generated 3.4 billion, but we still wanted to get 1.5 billion of it. Does that have to happen through the school operating rate or how would that possibly be earmarked for education? Because I know there's a constitutional cap or whatever on property taxes, but what does it look like to just increase or proportionally increase the school operating rate? Because we've had some conversations in the past about we're here for education, right? And yes, we want people on our side to raise money, but at the end of the day, how do we get money to education? And I look at that school operating rate, and I'm like, if you were just to do the school operating rate and nothing else, 1.5 billion as far as burning taxpayers is a lot less than 6.4 billion.

Jim McIntosh: McIntosh for the record. The legislation capacity just to leave those rates caped for the operating rate. I mean, that would be the proposal. I mean, you don't have to uncap all of the rates, right? So there's overlapping tax rates in every area. You would just uncapped and say the 75 cents school operating rate is uncapped going forward, it's not going to be capped going forward. So just that component of it would be beyond the three and 8% on any given rate.

Chair Hobbs: Yeah, that mathematically, there's a couple ways of getting at it. That's certainly one of them is just to not apply the abatements or depreciation. I mean, there's going to be some interesting math involved for tax, the allocation of the tax proceeds, right? Because you're doing things differently for one than you are or another, but that can certainly be addressed. The other would be, the school operating rate hasn't been changed in a long time. The other would be to modify the school operating rate for purposes of these calculations too.

Brian Gordon: So how would that affect our recommendations? Would we have to wrap something like that technical into our recommendations, do we think.

Chair Hobbs: We have to acknowledge this. And we have to provide some guidance on it. And those would be the methods that we just talked about. You just change a little bit of the algebra and you can move those numbers around a little bit. Remember that in your 10, our mark is 2.5 based on the chart that we saw earlier, that column three says 1.5. You've made material impact on that value. Now the next one we're going to talk about is sales tax as well. To not provide some additional support about the 1.5 billion. Do you have to give more aggressive with the property tax side? Can you maybe get a little less aggressive with the property tax side and more aggressive with the sales tax side? So this is part of the picture. This happens to be a super complicated part of the picture.

Punam Mathur: Just to clarify, the totals, the revenue totals for [indiscernible] for the sale, is that right?

Brian Gordon: That's correct. What you're seeing here is what the revenue would be in year 10.

Punam Mathur: In year 10.

Brian Gordon: So on the elimination scenario, on the far right, we're getting to the same point in 10 years. It's just, there would be a lot more revenue generated in year one through nine on the straight elimination scenario on the phase out. It would gradually get up to that by your 10.

Chair Hobbs: That's a great point. So let's move over to the sales tech side. Paul Johnson. [Indiscernible].

Paul Johnson: Hey guys, thanks for hearing me wave my hand. I appreciate that. When we talk about this initially, you discussed the concept, buying down the impact so that there was kind of a zero sum gain in the initial year of implementation of any of these in order to relieve the tax burden, make it a little bit more palatable. Can you discuss that and would that be an option for us to consider to maybe influence the policy change?

Chair Hobbs: Yeah, I'll try to draw back to that conversation. From time to time, there have been conversations about eliminating the abatements, but reducing the property tax rates to the taxpayers. So, the tax bills come out equal. I think the theory there, once the abatements are eliminated, and not withstanding the fact that you have lower property tax rates in the future, you have more room to increase the property taxes. I think that's the theory because it makes no sense to do something that's revenue neutral, right? Otherwise it would make no sense to do that. So that's the buydown of the existing rates using abatement to buy down those rates and produce the same or some modified level. Now in phasing out the abatements, you could use a strategy like that as the mathematical mechanism. You can buy down part of the rate as you're eliminating the abatement to mute that impact or sculpt it to meet the cash flow needs. So that exists mechanically as an option. And I would say that that has more to do with detail. If somebody said, we read your report, we all think that's great, can you write a bill and put all of the mechanics into the bill? Those are the kinds of things that we would likely be thinking about putting into a bill because you have to provide that specific mathematical direction to the assessors and the treasurers and everybody else that has any responsibility in setting the taxes and apportioning the revenues, right?

Paul Johnson: That's correct.

Chair Hobbs: So let's go to sales tax.

Brian Gordon: Okay, let's do it. So what I wanted to bring back for the group was, again, these were the data that we shared with you two years ago, which were based on pre COVID numbers because of what we were experiencing in the economy at the time. So these were fiscal 19 values. This is just a very simple math exercise. How much taxable retail sales are taking place across the state of Nevada. If we were to increase the sales tax rate or add an excise tax of 1% overall, it would've generated about $625 million at that time per year. Taxable retail sales activity has continued to escalate over the last couple of years. Today at numbers would stand at about $890 million with a 1% increase to the amount of taxable activity that exists today. You get the idea, half a percent would be about $445 million. There was some incremental tax that was dedicated exclusively toward education.

Chair Hobbs: So this is the great side of the sales tax discussion.

Brian Gordon: That's exactly right. So two concepts being you have the ability to expand the rate or you expand the base, which I think you all have talked about in pretty good detail.

Chair Hobbs: Just another quick note, because this is [indiscernible] we're just being able to finish this work. So theoretically, if you had a 1% increase in the tax rate itself, which takes us into mid nines down here. You mentioned 800 and some odd million dollars per year, adding it to 1.5 billion gets to you to north 2.3, right?

Brian Gordon: That's correct. Combination of those two would get you here into that number we've been discussing. Just for reference, Nevada's blended sales tax rate, if helpful, and this is something you specifically asked for about two years ago, whereas Nevada rank we're about -- a blended average rate of about 8.23%, Clark at 8% probably. I believe that was about 13th highest at the time in the nation, adding a full percentage point would put us probably in the top three or four or five in the nation in terms of an overall sales tax rate. Just to put that into perspective. The base question really has emerged for a number of reasons, but this being one of them. Just how people are consuming today is much different than how it used to be. These are just national numbers in terms of the distribution of consumer expenditures, a much greater share on services as opposed to taxable goods. Obviously during hike of the pandemic services were being used as regularly and people shifted their spending towards goods, which is what you're seeing on the far right. But I think the long term trends are telling us that increased expenditures on services and at least a greater share are happening on the service side as opposed to the grid side of the equation.

Chair Hobbs: And Brian, again, just as a refresher, everything that you see on the service side in Nevada is not [indiscernible] and a lot of stuff that you see on side specifically.

Brian Gordon: Yes. Fair point. So today's sales tax structure is on tangible goods sold at retail with a number of exempt exemptions like grocery stores and food that's purchased to bring home. Those sorts of things are exempted. You had specifically asked two years ago to bring forward estimates of estimated expenditures on service related items and selected categories. There were a number of the categories you specifically requested. And so, we brought these back to you two summers ago. You had us focus some time and attention on a handful of these particular categories. Telecommunications. I think what we found in a number of other states was that telecommunication related services were also subject to sales taxes in a number of states. So you asked us to look at that specifically. That industry itself, ballpark was about three and a half billion dollars worth of sales. That's not taxes. Recreational activities, I think the group felt like those could be discretionary types of items that you wanted us to evaluate. So that number was in excess of $4 billion at the time. And then personal care services, I think these were things like hair haircuts, nail salons, massage, parlors, things of that nature. Personal care was another significant number on the board here at almost $6 billion at the time. So these were some of the key categories you had us focus in on. Those were the sales estimates. And then we converted that essentially to what the potential public revenue or tax revenue source for those would be on the right applying the current sales tax to build that increased base of activity. And then stripping out exactly what would go to the local school support tax, what portion of the sales tax, would generate about $360 million. And you can see, the three components I just talked about. There was also a bill that had come up in the last couple of sessions related to digital goods, just as a refresher. That was the concept that people are no longer buying as often buying books in stores. They're downloading them on e-readers and that sort of thing. Those should still be taxed as if they were tangible goods. Again, you see the numbers there and the implications of that was about $8 million at that time. On the left side is a little bit of a different approach. If you took all of that service related spending and said if we added a dedicated excise tax or sales tax to that activity in the economy, an 8% dedicated tax just to those four categories could generate upwards of a billion dollars. So that 8% would be akin to the sales tax rate in total that exists in Nevada today for most counties. But it would be dedicated exclusively to education. It starts to become a pretty material number. Again, combining this with a property tax number, you're starting to get into the range of where the targets are 10 years out.

Chair Hobbs: The notion on the left side is, whatever it is, this new bucket of taxable items would be that have previously not been taxed, that are hopefully mostly discretionary types of things could be taxed at a different rate than the prevailing sales tax rate. And that's the left side, right? So if you tax those at just those transactions at 5%, one of the things you -- and you dedicated all of that to education. You avoid conflating of local government and other entity revenue was something that would be specifically dedicated to education, right?

Brian Gordon: That's correct. The right side would be under the existing regime, sales taxes worth the LSST being 2.6% of the total sales tax rates. So including portion, not a third or 31% in Clark County of a total rate going towards education.

Chair Hobbs: On the right there would be additional revenue inuring to all of the other entities that participate in the overall sales tax rate.

Brian Gordon: That's correct.

Dusty Casey: Member Casey, for the record, the graph on the left, could you accomplish that through a different type of tax, not call to sales tax. At one point you mentioned the difference in instituting excise tax.

Chair Hobbs: I think we would have it basically based on some discussions with LCD and reviews and legal issues. It would have to be called something else.

Dusty Casey: Educational Excess Tax.

Chair Hobbs: There you go. EET.

Brian Gordon: I just have a couple of last slides here that I thought I would share. Again, this is just really what we often refer to as a sensitivity analysis. If you were to expand the base. I've just walked you through three or four different categories of potential spending that could be taxable. Obviously there's a wide range of other taxable related or service related expenditures about all -- about two thirds of all the spending that takes places in service oriented types of areas. And so, depending on where you go on the spectrum in terms of what would include in that potentially expanded base, that LSST of the middle school support taxes reflected there and sort of bracketed on what the potential revenue generation would be. This is Clark County being the largest county in terms of overall, consumption. And then I've also included Washoe County and the presentation from a couple of years ago. Has this for every single county in the state of Nevada. But again, just designed to provide some order of magnitude. Do you have other ideas about where you wanted to focus your time and attention.

Dusty Casey: Okay. Is that the last slide?

Brian Gordon: That is the last slide.

Dusty Casey: Thank you.

Chair Hobbs: So, questions to the commission of -- [crosstalk] what are your thoughts and guidance about how we start to form up recommendations on the sales tax? this first discussion could be rate versus base.

Jason Goudie: I don't remember Brian. That we did some comparison of our sales tax rate compared to some others. And it seems to me, I remember being somewhat on the higher side.

Brian Gordon: Yeah, that's correct. Member Goudie. We rank about 13th today nationwide, or at least when we looked at it, when we got together before. So increases to that would put us easily into [indiscernible]. I think that’s the question. But again, you get back to sales tax from a tax philosophy perspective, and a lot of the sales tax is on choice, not all of it, right? Because I mean, some things you have to buy, but a lot of those pieces that are not choice that you have to buy are exempted already. So you get back to a philosophy of, you're choosing, I mean, I honestly feel a lot better about paying sales tax than I do income tax, just how I feel, right? But sales tax is somewhat that. So the rate is somewhat hand and a lot of people believe, and it's probably somewhat true. Especially the tourist driven Las Vegas Reno type area, a lot of that being paid by non-residents, which again comes a concept and they come from California. Most rates in California are higher than ours anyway. So it's actually better but I just remember that conversation about rate that if it could push us up in the top five.

Chair Hobbs: A couple of comments about the rate. These comparisons of our sales tax rate to other states without waiting that comparison by virtue of the burden over, or the base over which it's applied, to me has always been a little bit unfair. Our base is comparatively narrow. So I think that we would probably drop if you were combining the two from the 13th, rating down to something significantly lower than that. But that's another exercise altogether. And I do think it's important, and I think Joyce would counsel us in this direction that we have to confront the issue of people believing that sales tax, just when you mention the words is regressive by nature. If you are focusing the application of the excise tax on discretionary goods, it is not. If you're focusing on necessities of life, it is. So anyway, that's something that was discussed in last year's paper and will be discussed again. So, the question before us is, does the commission agree with the approach of making arguments in favor of an expanded sales tax base as opposed to the rate?

Brian Gordon: That's generally right.

Chair Hobbs: Okay. And things that we've identified as examples, not everything within personal care. It's the category of being discretionary because it includes some things that we would not necessarily want to include. Things I believe that associated with funerals, for example, were included in personal care. So we have to be cautious about that. But we can build it around those as examples to show what the revenue raising power may be if we were to do that. And then the idea would be to provide that as a source of revenue that could be used to supplement whatever may be available on the property tax side. Everybody's good with that?

Unidentified Speaker: Yes.

Chair Hobbs: Okay. Well, thank you.

Jim McIntosh: Sorry. So not to beat this drum again. But we talked last time about in the report, perhaps going over, if you didn't increase taxes, how could you get closer to national average for people funding or whatever? I don't want people to misunderstand it. I don't want people to think that I'm minimizing the need to modernize our tax system or to minimize the importance of any of this work or the value or where I personally stand on it. But I feel that we should explore that option to address comments by a good share of people and legislators and elected officials who say, I'm not going to raise taxes. And so, to me, it's okay, if I take you at face value, what would that mean then? It's either going to mean to me either redistribution of resources among all governments, or some policy that says for every incremental additional revenue to this state school districts get 75% of it or whatever. And I just feel like, I don't want to say it's calling the bluff, but it's addressing what I hear just from a large number of people that say, I don't want to consider increase property taxes, or I don't want to increase the sales taxes. Okay. And what would the state do then to increase funding for school districts? If education's your number one priority, like you say it is, how would we get there and what would that mean? And that's going to mean winners and losers, but okay, if that's what you want to do, that's what would be a consequence. If that's not palatable to you, then you do need to consider any modernizing the tax system. I think if we don't address it, I worry that this plan continues to be dismissed by that sector, for lack of a better word. And so, I guess my question is, if there's an appetite of the commission to go down that road, I think we would need the help of applied analysis to quantify and model what then that would look like. Chair Hobbs, is this the appropriate time to ask?

Chair Hobbs: Yea, it is. No, absolutely because where we have some direction from the commission with regards to two revenue sources, that doesn't mean that other approaches or other revenue sources can't be included.

Jim McIntosh: And I'm not saying necessarily even that that's our recommendation. I'm just saying, okay, maybe our recommendation is this, it's modernization of the tax system, but it's a backup option. Okay. If you're not going to entertain that in the 25 session, well then here's what you would start to need to do to again, get closer to the nationwide average per pupil amount. But even then, I mean, if we quantified it, it might show, only get a third of the way there. So it plays out that notion to say, well, okay, hypothetically, let's entertain that. How far along would you get and what would be the pain? Right? And is that where you want to go as not necessarily a recommendation of this commission, but just an analysis to say, we did look at this. We heard some people and we looked at it and here's what that could look like. But that to us, we may even put a descriptor of it that this doesn't seem to work, but we did look at it. And that's all I'm saying is it's to me to not explore it, I think we may set ourselves up for criticism to say you didn't even look at that.

Jason Goudie: Because I know we have a discussion. We had at the beginning of this piece that we've considered a lot of the other sources and none of them fit for a number of different reasons. One is they're not necessarily stable, they're not necessarily reliable and they're not sufficient. Maybe we aren't clear enough about what we've done in that piece.

Brian Gordon: No. There's a distinction between looking at increases to small revenue sources versus what I'm talking about, which is we're not looking at any increases to taxes. We're looking at redistributing the pot and again, if education's your first priority, then that must mean necessarily other things aren't. So I guess we're going to take from them to increase this pot and that I get that's going to be controversial, but I also think maybe it gets people to understand this is a horrible option to redistribute revenue sources among governments. Because it's going to hurt cities and counties and it doesn't even get us as much as we need anyhow. But until you tease that out, I don't know that -- so that's the distinction.

Jim McIntosh: Member Goudie. I'm not talking about increasing other taxes.

Chair Hobbs: Dusty and then Paul.

Dusty Casey: Member Casey for the record. So I think Mark brings up a really valid point in that, and I go back to what our job is as a commission is we need to identify where $2.5 billion is going to come from period, right? If that's optimal funding. So is the thought then we need to create scenarios one through four on how to do that in order of preference. Because the burden is going to be placed on somebody, right? For the $2.5 billion. Either it's going to be placed on the taxpayers at some level or combination, or it has to come from a re-allocation. But at the end of the day, our job is to identify where $2.5 billion can come from. So I guess my question is, when this final report goes out, are we trying to put it in a order of preference in which Mark's scenario would be the lowest preference, right? But it's still an option. Let's call that option four. And maybe option one is, here's how you dedicate money strictly for education. We need 2.5, it's going to come from this combination of property and sales tax. This is our number one preference. Or is it, here's a menu of options to achieve it. You guys go figure it out. And that's more of a question, I guess than anything for the commission, is how are we going to frame this report?

Chair Hobbs: I have some thoughts about addressing that. Paul, are you along the same lines or do you have a different comment?

Paul Johnson: Slightly different comment, but compliments kind of what Mark was talking about. And this also affects school construction. Because if the tax base increases, let's say here in White Pine County, we'll use our school districts as an example. If the tax rate doubles, we are still not going to have room for a school construction or a tax levy for school construction because the rates that are assessed by the county government are just going to remain the same. So the 365 is going to remain gobbled up by those entities, and there's not going to be any room for a capital levy, even though financially there may be a surplus at the county level that might make room for some school construction funding. So reallocating the tax rate makes sense to me. I don't know how political it would be. Another example would be, recently with the Elko County School District who had a 75 cents capital levy that the voters did not reauthorize. They then went back to go get that the form of bonds. The voters turned down. Once that was turned down, that 75 cents was then gobbled up by the county governments. Now there is no property tax rate that's available for Elko County School District, even levy for school construction. And that's why we had the AB five 19 bill that was authored last section. So, I think it merits some looking into, to see if there is a possibility to reallocate within the framework that we currently have. Maybe there is, maybe there isn't. But I think the mechanism that we have in place, the county governments simply get their rate regardless of economic -- regardless of need may need to be assessed.

Chair Hobbs: Well, you raised a really interesting point that goes back to the conversation that we've had earlier. In Elko County. Let's just use that as an example. That 75% rate would've gone away, tax bills would've been lower than they would've also reset for purposes of abatement at that lower level. The other entities that came in and it was the county and the city, and I think a special district or something like that. At least helped mitigate the impact of the abatement part of it, right? And the future, there could certainly be some agreement to remixing the portions of the tax rate, but it is just interesting that if that hadn't happened, there would've been an abatement consequence up there. It's not arguing the point with you at all. It's just a piece of additional well fun facts, right? To your point, Dusty and Mark, I think it is absolutely imperative when we go through the process of making recommendations, you know, I think about them sort of sequentially.

Chair Hobbs: And it's not as much of a joke. It's reality because I've been through this before. If you're offering up two or three options to something, one of them may be clearly preferred. Sometimes, the fact that the others are more repugnant than the one that you think is the best fit sometimes works to your benefit. And so, a discussion about maybe with some examples of how you would go about doing such a thing that -- Okay, hey, before you raise taxes, you always should reevaluate your internal wherewithal to re-appropriate funds to accomplish your goal. And we can go through that discussion and indicate that in one such way would be for the state just to appropriate a whole lot more. Another way would be collectively look at all state and local government revenue, future growth. That might be one of the things that you look at. Re-apportioning some of it again, I'm going to make it super popular. But you could look at those, you absolutely could look at doing those things. Failing those, accomplishing your mission because of the sufficiency, or gee, I hate that idea. Then you have to go to the next step, right? So that's what I mean by sequentially. So in the report, we could absolutely do that. Now, how to go about quantifying it? I'll sit down and talk with Brian. There could be a couple of examples if you were to allow for CPI growth and C tax, but everything above that got re-rout. I mean there are things you can think of to do, then it might generate X. And if you were to do something else that I haven't thought of yet at the moment, it would generate Y. So it gives you an order of magnitude of the gain for the pain, if you will. And so, it becomes again, sequential. You start there and the bills perhaps being insufficient or not considered doable. You have to move through B and then C and then D, and then you're out options. And I think that's a fair way to present that and I think that accomplishes everything we're talking about here. Yeah, please.

Member Mathur: It isn't sitting right with me, this conversation. Excuse me, I was [indiscernible] too hard the other night. That's what this is. So our charges and commission is to declare and come with specific recommendations to get us to optimal funding. Originally, [indiscernible] said, it was reaffirmed by the legislature when I said come back in November with a recommendation of specific recommendations. I think part of what has served us well as we kept it simple and state true to about what our job is. Optimal was a complicated notion. We wrestled with that, we answered the question, but then helped give some concrete comparison we use ever, which was essentially a way for us to accomplish our job. Part of what I think we struggle with is the state is, we settled for self because we've been living in the land of stair state for so long that we will sort of alter and lower our own expectations before we leave the driveway because it's just been such a unsuccessful journey. I do feel like as commissioner we've got a little bit of tailwind here. We have a specific ask and they ask us, come about specific recommendations to get us there. I think we should do that. And if the discussion around what's the pain for an action feels like a play bit higher than ours, that feels like what the legislature's supposed to do. And if at some point as far as the sessions they were too, we wouldn't worry about doing anything, we would ask the commission to come back and give us our political exits, then let them ask us to do that. But I don't know that that feels within our job description. And I feel a little bit like we're doing what we've always done is a state which sort of settle and say, well it happens, so, what else? I think, you said a guy very early before our last report that the benefit of everything we're going to do in our first report to the legislation was to put up a funding the fund so that once and for all, we as a state could be having a systemic conversation about the problem that we're solving for. And I think we did that. And part of why we did it, we didn't apologize for it, we didn't say, but here's all the other ways you can lower the number. We said, here's optimal based on a rational that makes sense and to make it concrete, here's average based on the methodology that we can just get. It has changed the fundamental conversation and it caused the legislature, even though it was buoyancy coming out of the thing, we couldn't have seen, we didn't plan it, it wasn't strategy, but they put a lot of money into this. Why? Because we had put a in the fund that described and redefined the scale of the problem defined. So I think we've got some tailwinds. I think we've got some credibility and we've got specific charge, and I would like us to just stay and do that, right? My boss occasion will say, you can't beat a good idea. You want a big stick. And sometimes a good idea is wildly inconvenient and the wildly politically obnoxious doesn't change the fact that they've a good idea. I would just as a counter to offer is a lesson and focuses more has been a strategy that I think worked well for us. And I would encourage us to do that. I mean, let's go through these, we'll figure out the scenarios. And it feels awkward to start by saying, let's find a way that we can cannibalize within a land of scarcity. Even to put that in as a consideration doesn't seem right.

Chair Hobbs: Paul.

Paul Johnson: Yeah, thanks, Member Hobbs. I don't think the concept was to cannibalize anybody, and I don't think Mark or I would be suggesting that we cut budgets in order to make room for this, but I think there should be a consideration going forward that, you aren't guaranteed that whatever tax rate and still be able to accumulate huge fund reserves. If the local government doesn't need the money, then there should be some way for taxpayers and maybe other local governments to have that combined rate reduced and not just remain at 365 regardless of how fast the tax base grows. So, I would not be a proponent of cutting anybody's budget in order to make room for education. Just like I wouldn't want education to be cut in order to make room for those. So, I do agree that we absolutely need to come up with whatever the target amount of money revenue that is. I think that's the whole exercise right here is to come up with that. If there's a way to do that and redistribute without harming local government, I think that's what I would be a proponent for. I would never want to say that we need to take money from another local government, have them cut and reduce in order to enhance education.

Chair Hobbs: Okay. I'll go to Dusty and then Punam.

Dusty Casey: Member Casey for the record. So to Paul's point, the other side to that is then should we also focus our effort on the money that's dear market for education rather than take into consideration what local governments might have in a windfall as well. So if we don't want to consider cutting anything or reallocating anything to me, the other side of that is, which I am leaning towards more is like our focus is education. What money can we designate for education to get us to the X amount of dollars? Then let everybody else figure the other stuff out.

Punam Mathur: I don't disagree with the discussion that happened. It does go beyond our scope. I think that's the legislatures to deal with. And so, we can say, here's the money for education and we've got a modernize these two, here's the tax principles that make these the two places that we've got to look to modernize. They're both [indiscernible] organization and because they're complicated things. If we do this, then these are the implications. Meaning here's what local government is going to get. Like these charts, it is not ours to solve for that. That is policy that is one level above us. Our just answer is, how do we get in 10 years, two and a half million, right? And so, we go and say, the property taxes, the sales taxes. The practical truth is that those things have implications on other governments. So I think it's transparency, here's the implications, here's charts. But I do feel like it's not our job as commission to then say, well let's reallocate or even offer that. That's the legislature's job.

Mark Mathers: I mean, when I've suggested at least exploring or analyzing this, I mean that's all I'm asking is for as to quantify what does this get you that gets you one 20th of the way you need to get there? Well I think that's a good appendix to show in the reporter to say, we actually looked at this. It doesn't come close to find adequacy. But when I discussed this notion with those close to the legislature or legislators. The reaction I got was surprising to me in that it was like, you're crazy. Don't do that. The legislature actually needs to know all the tools in the toolbox. If you're just telling them raise taxes, if you're not presenting these other ideas, they're not going in fully aware of what they can do. And no one's pointed it out to them. So for example, and we've talked about this before, 40% of the state's general fund budget used to go to K through 12 is now 33%. Now the legislature I appreciate followed the pupil centered funding plan, but they didn't increase taxes and they didn't increase the share of the state's general fund budget to K through 12. They didn't do anything heroic. Okay? And so to me to say, well wait a minute, over time you've reduced your commitment to K through 12, let's reset that. That is an option. So instead of 33% of the state general fund budget going to pay through 12, let's return it back to 40. That can be part of the puzzle and part of the funding our charges to find funding. That is to me a legitimate point to raise to say, stop funding these other priorities over K through 12. You need to reset your priorities to K through 12 and that's going to result in $500 million a year or whatever that number is. I mean, to me that seems legitimate and worth pointing out to the legislature to say, you just got to reprioritize your priorities if you get what you want. I don't think that's not within our charge. Again, the reaction I got was that that's not a bad thing to put in your report. because at least now the legislature knows everywhere they can go. Right? Versus this is just one avenue you could go. But our esteem legislator here may have different thoughts for sure.

Chair Hobbs: Joyce, please.

Joyce Woodhouse: Thank you, Mr. Chair. I just wanted to say that I think it would be a good idea if applied analysis could provide us some research on Mark's suggestion. And I understand where Punam is coming from, but I also feel that we need to, in the report, overall show that we are looking carefully at everything as that we possibly can, and then make our recommendations. And the other thing that guy said I truly believe in is these recommendations or what these alternatives, I think is a better word, we can put them in priority order and make a strong statement as to we believe that the best recommendation in this report to the legislature and the governor is number A. And then in the report we're putting forward the reasons why, the good reasons and the negative things. I just think we need to give the legislature as much information as possible, so that we can show that we have exhausted as best as we can, what the alternatives could be to get us to optimal funding because that still has to be our number one priority. We have a lot of number one priorities, but I think this is the one that many people are looking at. And it's also addressing concerns. Like Mark has mentioned that the state budget has been reduced K-12 from 40 to 33, I don't think very many people know that. I think there's so many things that we need to be talking about to legislators, to the governor and to the general public when we get to that point. But those are my thoughts after all of this conversation this morning. Just the bottom line, I just think that we have to exhaust all of the information or exhaust all of the recommendations that we might want to include because it's important that we have all of the information out there because we don't want to get into the middle of the legislature and we haven't put X into our report and somebody will say, well why didn't you do that? And we said, well, we didn't have time or we did it, we didn't like it and that's going to stop everything. And we can't afford that. We need to have enough in front of them so they can make a good decision and hopefully one that we think is the best decision. So, that's my two cents.

Chair Hobbs: Let me try to simplify this and then hopefully you'll give us direction to move on. At the end of the day, if you're confronted with something like this, you have just a handful of options really. I mean you can again re-think about it within your own households, right? Because it really is that simple. You can decide that I'm going to take money out of savings and spend a little bit more each month because I really want that new car. You can make those decisions by reprioritizing your cash flow and assets, right? That's one thing you can do. Not an easy thing to do, but it's one thing the state could do. And that I think is a point that Mark raised, right? And I think we have to recognize that that is an option. We're not making a recommendation that we take money away from all counties in the amount of 2.5 billion by year count. Right? That would be an incredible recommendation to make. And the city. That I don't think that's where it was necessarily headed. I get the idea that we need to say, well, if you're not prepared to do these things, then the only other choices you have are to do these things. And that's what we talked about most of today. You've given us some guidance on what those next things are. And by the way, you have another choice. Don't do anything and accept what you have. Because ultimately, and that's been in the back of my mind in terms of how we present this. We've given you options. You may not like them. There aren't that many of them. We've given you options. The other choice you can make is to do absolutely nothing and essentially make the statement that everything is okay as it is. That's our belief and that's it. And that's the whole gamut right there, right? So it becomes a little bit of art and a little bit of science. And I suppose it's the toning in the report, right? That little city. But I don't think we neglected that a year and a half ago. I think we did recognize that, okay, we're assuming that there isn't another way to do this, but we can be a little bit more descriptive about that. But it comes down to just those things. You're either going to do more with what you already have, which isn't going to be near enough. I can promise you all that. And that's by the way, what they would likely say they just had last session. Now, the ability to sustain that on a going four basis, you get into 25 is another matter altogether. Or you can at least recognize that over the next 10 years we need to migrate in this direction with new revenue sources if everything's okay or wait till we have enough from an accountability and performance measurement standpoint to convince us that we're getting return on investment enough to our number. I think there's a high expectation that that's going to be a part of the students. But with that, I think we know how to construct the analytical pieces that we need to do and the report which you will all then see. And if we need to modify it further at that point, we can do that. Is that good enough? Alright, Brian, thank you for that brief presentation. That was awesome.

Brian Gordon: Thank you.

Chair Hobbs: At this point, because I know that everyone in the room is probably -- When we're ready to reconvene just let everybody know will. [Indiscernible] Alright, so, this commission on split funding is back.

Joyce Woodhouse: This one's going to be fixed.

Chair Hobbs: Longer than the last one.

Joyce Woodhouse: No, he is just commenting, but this one isn't complex at all.

Chair Hobbs: Alright. Okay, we're back. Item number six, the commission will receive a presentation from WestEd relating to current state special education distribution methodology. And we have Sara here with us from WestEd. Megan probably you want to remind the commission what our deliverable is on this. Can we get into it.

Megan Peterson: Yes. So the commission has two tasks under the legislative letter of intent. Just a second to pull this up. A review of the state special education program and development of the recommended target weighted multipliers for English learners at risk pupils and gifted and talented. And second, the review of the study being completed by WestEd on the current distribution methodology for state special education funding and recommended changes to this distribution based on the study. So the study still in draft format. We're working through final edits on it. But Sara presented last commission meeting on the items in that presentation, and then we'll do a little deeper down today with a focus on the current methodology as well as potential recommendations for alternatives.

Chair Hobbs: Okay. So, that really is the -- the task given to us is whether or not there should be a recommendation for an alternative.

Megan Peterson: Updating the distribution methodology and recommendation of the w eight.

Chair Hobbs: Perfect. Thank you so much, Sara. Whenever you're ready.

Sara Doutre: I'm not sure why it's coming up and then going black on the screen, like shows up for a minute and then

Megan Peterson: Don't worry. Paul is here.

Chair Hobbs: No [indiscernible].

Sara Doutre: Let's try to do the P version instead. It goes black. Okay. Let's try, because I'm watching That's happening. It's coming up for a minute. I know that these are the right connections are there. But thank you for having me again. Good morning, Chair Hobbs, commission, thank you to those of you that met with us yesterday and asked some really great questions. Helping us know where we need to go a little deeper in today. Just as a recap of last time, I want to remind you last time we talked about some of the context because of the complexity of this topic. So, special education is intended to be funded for multiple sources, right? So we have the federal state and a little share typically that go into special education, but funding only covers about 13% of the costs. We don't see a lot of movement right now on that changing over the next several years. And then another takeaway on that is Nevada does have a smaller local share than what we see in some other states. And part of that is due to the local recapture through the funding formula. But not very much of our general fund seems to be spent on special education services where it is. In other states districts are forced to have to use that general education money on students who are general education students and having to have pride if you think of them as general education students first. That's my last point here. And then I just want to remind you, I talked about last time about maintenance of effort provisions because this is something that has been prioritized by the state of Nevada in the past. The current coordinator really prioritizes local maintenance of effort. And we're going to talk a bit about that whole harm provision today. So there are two requirements for maintenance of effort, both important for you to understand. The first is state level, that we have a state maintenance of financial reports, which requires that the state allocate the same or more money from your two year. This is at the state level. This is important because when we start talking about weights and putting this into the People Centered Funding Plan, if there's a downturn and the base turns down and thus our weight is applied to a lower base, um, we can't reduce specialization funding. And so, states have had to pay back money to the federal government or go back in and adjust some of those weights when that happens. That's something important to keep in mind when we think about the impact of any fluctuation in the base on a weight that's applied to it. The other requirement is that each LEA and when we take LEAs for purposes of special Ed accountability, we'll talk about little bit, but we're taking our school districts and right now the state Public Charter School Authority, those are LEAs have to spend budget and spend at least as much from year to year. They do have some flexibility the state does not have, with exceptions if, a more costly teacher retires or leaves the system and a cheaper teacher hired or students leave the system, that maintenance of effort may be reduced at the LEA level. But at the state level, we don't have options to reduce our maintenance effort. So, I'll come back to those, but those are going to play into some of the considerations today. So our objectives today are really to go again through our current funding methodology, wrap our heads around that, and then talk about considerations. This was not a bold study where we collected data, we reviewed all of the previous studies, brought forward recommendations, and have some considerations about the potential impacts of those, including some projected numbers. So the current funding starts again, and I want to reinforce this because I think it's an important consideration, starts with that base for people amount that you're giving for every child, right? Children with disabilities are included. Every child with a disability, whether they spend their whole day in the general education classroom and have some accommodations that they receive in that classroom, or whether they are in a separate school or a separate classroom, they're receiving the base amount each LEA is receiving the base amount for that child, for their general education purposes. Again, just remembering that that is part of how we fund education programs for students with disabilities that we're not funding their whole program through special Ed. The next is what is called, we'll talk about this a little more, our state special education multiplier, which has a base payment component right now, and a supplemental allocation based on growth and another supplemental allocation based on the four LEAs that serve more than 13% of their students in special education. So I'll talk those in more detail. And then lastly, there is an annual $2 million account for state special education services. This has previously been called the contingency fund. This is available, we would call this talk across states a high cost fund. So this is a child who has abnormally high cost services that typically a school district wouldn't provide. They may apply to the department for additional funding and reimbursement specifically registered services for that student.

Punam Mathur: Sorry. So if they do that scenario, would this in the next year, do they stop the same amount including the grants?

Sara Doutre: No. That state high class fund money, if they no longer need that service, goes out of their maintenance effort. And so, that is the way many states have chosen to fund those most costly kids, especially in small rural LEAs, because it's a way to give that LEA the money they need to hire a nurse or a behavior, a one-on-one behavior training aid or something like that. And then when that child no longer needs service or moves the LEA, then the state stops paying for it and the [indiscernible] on the mark held for that maintenance effort. It's a great question. So starting with the base payment, we talk about a multiplier -- this is my disclaimer at the bottom in green here. We call this the special education multiplier. And you all have been using multipliers as you talk about other things. The multiplier is really done on the backend at NDE that we figure out what that multiplier is. But right now we're not using the multiplier to allocate the funds because we're only given a lump sum. So because those funds are cap, the legislature, every biennial says, here are your two year amounts, right? Here's your amount that's divided among LEAs. A multiplier isn't really used, but we can figure out what the state average multiplier will talk about that is and what those LEA multipliers look like. But we're not currently using a multiplier to calculate this. The way it is calculated is that because, again, the priority has been assisting LEAs to continue to meet maintenance of effort. That's what's been prioritized by the system. And I want to say that I don't say that lightly maintenance of effort is intended to protect students, right? And ensure that we're not decreasing services decreasing the quality of services, maintenance of effort is about protecting student services. And so, it's not a bad priority, but it definitely has impacts on funding over time. So that base payment is calculated by taking their allocation from last year, that each is allocation from last year, and then it is adjusted for inflation by adding 2% of 95% of the prior year to that amount. And we start with that for our base funding. So again, the priority has been not growth, not adjusting to changes in population, but the priority has done -- we're going to fund based on that. And so, for FFY 2024, those are numbers I'm going to use. 244.2 million. That amount is nearly all taken by the base. There's very little money left to supplement because we haven't had increases in that that even match inflation over the years. And there have been years, again, where there's nothing supplemental part to the base and we can't fund anything based on growth. And then there have been years when we can. In addition to that, additional funds, if there are funds left over, they are distributed proportionally based on each LEAs child count up to a 13% cap. So in FY 24, Nevada was serving about 13.4% of kids statewide were identified and had an individualized education program and IEP. Our LEA percentages range from about 10% that would be in our charters all aggregated into one, which I know is it's a big group aggregated into one up to 20% in some of our small LEAs. And so, that range, that's typical. We see that that 12, 13% is about a national average as well. But we're seeing a lot of growth in that I will say. Especially in Clark County, we had 4,000 new students with disabilities identified in FY24. 3000 of them were in Clark County. So that growth money is generally going to our large LEAs and our charters because our charters were not all in place when we establish the base and don't have a historical base that we've been maintaining since 1617 are really the numbers when the bases were established. And so we just really pushed through with those. Even before that, we were still maintaining a base. If the lump sum is not enough to pay all the bases, which has happened, then each LEA is reduced proportionately. That's a base. I'm going to build this little triangle for you to show you the largest amount by far is the base. So, when we look at this base together with that growth piece, the base in FY 24 was the 244 million statewide per pupil. If we just gave that divided by our child count, we're talking $4,112 per student with a disability. However, because of the way the base is divided, it does not work out to be that. And our largest prior, so Clark line and the state public Charter School authority who has all the charter schools right now, their LEA per people in that was 3,845. And it goes up to, on the high end, perching and Lincoln are the two above $10,000. There are a couple just under $10,000 per child, but there's quite a bit of variability in that base amount that again, we prioritize maintaining. And it has accounted for some things, right? You'll see it affects the -- it means all those higher amounts are in our rural areas, our smaller LEAs. It's not written that way, but it's adjusting based on small populations is what it's doing. Because as those populations have gotten smaller, they've maintained their higher base and that's why they have a bigger base for a child. And then as our growing districts have grown, that base has really been too big. So on top of that, to recognize that the need for these students above that 13%

cap, these districts who may have 20% of their students may have disabilities, the legislature allocates annually a $1.5 million supplement for those students. This is allocated disproportionately, how many students do we have above the 13% in the state, and then what proportion are in each LEA and they are given an amount. there's a protection in there that that mail may be up to 50% of that average statewide per pupil amount. We're not risking anything there. In FY24, this was about $435 per child. So we're not even getting close to half of that $4,000 allocation. So adding that here, again, apply 24, the allocation was the 1.5 million. About 3,500 kids above that. Our amount per pupil was 435, 15 LEAs received those funds from minerals who have like four of those kids up to Clark is at 47%. That is changing. I think the year prior to that, Clark was up, 80% of those students had even a larger proportion. And so part of that is trends we're seeing after COVID of kids being identified more who mislearning and the impact of that still oversee --

Chair Hobbs: -- proportion statewide.

Sara Doutre: What?

Chair Hobbs: The 47.1%? That's the proportion of the 3,445 kids that were above the 13%, 47% of them are [indiscernible].

Sara Doutre: So that's our other supplement. Again, 1.5 million, 2 million. Those are a lot smaller numbers compared to these others. They're not really making a dent in the big picture. And then the last piece is this $2 million high cost fund. Account for state special education services. These are the legislative requirements around that. They may only be used to reimburse for services which are not ordinarily present in a typical special education, service and delivery system. They have to be associated with implementation of an IEP for a student with significant disabilities. And the costs have to exceed the total funding available to the school district or charter school for people. Again, the fact that we have some s receiving 12,000 per child, they're going to have a less likely chance of getting those funds. But we've never used this entire $2 million in a year for LEAs have. I don't know if it's a factor of difficulty in applying of understanding what it is of having to pay and then get reimbursed for it as a reimbursement model, not an allocation upfront. So, this money is not highly used. And we'll talk about that. One of the considerations is how do we think about this as an opportunity to provide some of the protections that the hold harmless provides right now for small LEAs that may have and exceptionally costly students. So when we look at the whole case, again, there's the 2 million, our total allocated 247 million with those supplemental pieces added to it. Again, on the back end, we can figure out what that multiplier would be. If we take our base for FY24, the 8,966, we're about at a 0.46 multiplier. So when we look at our other ones, but the range across the state is 0.43 to 1.4. So, this really looks different across the state. And again, those adjustments do look like they reflect some of the characteristics of values where we think we would need more money. But that wasn't the intention. It's really then driven by that hold harmless. So any questions? Does that help with understanding how we currently allocate special education funds?

Unidentified Speaker: Yes. Thank you. I just want to verify that 0.46 multiplier represents the entire state and local dollars divided by the number of students, or that's the state funding multiplier?

Sara Doutre: Yes. Just the state special education. That $244 million.

Unidentified Speaker: Okay, thank you.

Sara Doutre: To give you an idea of your charges to think about a multiplier that the funding available right now, if applied statewide, we got rid of [indiscernible] altogether. That's the multiplier that we're funding at right now. That's 0.46, if we made a very [indiscernible].

Chair Hobbs: Just simple terms.

Sara Doutre: Very simple. Depends how much money we have. This is how many kids there are, here's your money. So the considerations in thinking about your charge to think about a multiplier, and then also the other distribution. I want to talk through five areas of consideration and we'll look at some numbers related to these. The first area of consideration is the recommendation that's been on the table since 2006 is that these students should have a multiplier within the formula, within the waterfall of they have weight applied just like our English learners do, and our gifted and talented and those other students. We'll talk about the implications of that. The second consideration is how we transition away from the whole harmless base calculation. It appears to be creating inequities. It was intended to be permanent when it was first envisioned. Generally a hold harmless is put in place when we say, as you've all been doing, we're predicting this is how much funding we're going to get in five years as we get to this much funding, we're going to cut our hold harmless.

Sara Doutre: So 50% as we get to this much funding, we'll cut it with 25% and then when we get to a certain amount, the hold promise will go away completely. And that we just haven't had an increase in funding. That may have happened naturally if funds had doubled since almost tripled, I think 2.7 times since 2016. But that hasn't happened. We'll talk a little bit about that 13% cap. And then I want to talk about the potential consideration for revisiting the criteria for a high cost fund. That's a lever you all have. And then quickly talk about revisiting special education funding for charter schools because the charter schools definitely are, are, are getting the least amount of money in the current formula. So if we go back, again, we did not collect data or calculate, do any quantitative work to calculate what the weight should be. But this weight of 1.1 for students with disabilities recommended by APA during both its earlier study and 10 years later study, this is pretty consistent across the country that the states that have weights, generally average out about one. That the cost is double, that it is for a student without a disability on bridge. And so, this seems reasonable if we wanted to adequately fund special education as recommended by them, it could take all LEAs to the same per pupil amount. That would be the intention, right? And like I said, right now, if we take all LEAs, if we just say 41, 12, that's our number, 0.46 is our [indiscernible] we'll show you what would happen, how many s will lose money. But this is enough money to get almost there. So if we apply this to our base from FY24, which is that base state base of 89, 66, this would be 98, 63 per pupil. So more than double. Total state obligation increases from 245 million to 585 million. And it actually still has those two [indiscernible] still would receive a reduction in that per pupil amount unless we held them harmless. And the amount to hold them harmless would be another 430K. So, even going that far, 2.7 times the money I think is from that 245 to the 585 doesn't negate the hold harmless completely. That had been the priority. So let's look at this again, 1.1. That's where that would take us. That's kind of the bar that was set by a PA in their study. They also, I will say, did make recommendations for different weights for different disability categories. We talked about that a little bit last time. Nevada doesn't really have a way right now to classify within especially some of the largest disability categories, whether those needs are mild or moderate or severe. Those are imperfect by disability category and require a lot of data collection verification. And so, we stuck with the one weight, which was also where they landed with the recommendation. So what if we go down, what if we go down to 0.6 as our weight. So, this would be in line with the others. If we applied that 0.6, that takes us to 5,380 per people with a disability. Our state obligation goes up from 245 to 319. 10 LEAs will lose money. We'll look at who those would be. And if you wanted to hold harmless, the hold harmless total would take you up to 323. So what would be about 5 million additional dollars to hold those small LEAs harmless and not reduce their funding per child? Just with the base, I know this morning's presentation, my mind is just blown about how much money this is. But to think about this, I wanted you to know with this base of just under 9k per student, every increase of 0.1 to the weight with students with disabilities is $67 million a year. So if we took that from 0.6 to 0.7, 0.8 0.9, that's what we're looking at. We're looking at right now, given the population and our population of students with disabilities is growing in this age, despite the overall population of children going down, we're identifying at higher rates. But even now with their rates, we're looking at almost 70 million a year to add 0.1 to that across the state. So what I did here, as part of our work, we created a calculator for NDE to be able to look at this and see what the impact is. And so for these two, this is taking this and going to per pupil. So this takes out hold harmless completely and says, what if we go to a per pupil amount? And so, on the left here, we have that 1.1. If we had unlimited funds and said, we're going to wait that, we're going to put it into our formula and our base stayed at the 9k, I know you're talking about where that base needs to go. So this doesn't consider that. But you've got -- again, and this shows you who is getting far below that right now, but your state charters by far have the largest increase. That's 156% increase on their allocation. Clark's about the same, 155% Lion, Elko, those are your ones that right now and possibly appropriately, right? They have economies of scale. This isn't taking that into effect, but they're those groups that have the very lowest per people right now. And so, this would be the biggest change for them. And then you'll see that these aren't per people amount, these are total amounts. I'll just say that Lincoln and Persian would loose again. They'd be down about 16 and 23% of their total allocation. And this is, again, if we had 2.7 times the money available, right? If we could get up to that almost 600 million just for special Ed. And then the 0.6, which is a little closer to where we're at right now, you see what happens is that the differences are not as extreme, but we still have our charters, Clark, Lion, Elko with a significant increase. And then you start to see our small LEAs, Esmeralda, White Pine Story Lincoln, Persin again, with a pretty significant reduction in their total allocation because again, they're those ones that already have a weight of, for Lincoln and Persin above one right now. They're getting more than the base amount again in special education funding. Any questions on this or kind of how we thought to this?

Dusty Casey: This is Member Casey for the record. I have a quick question. At the 1.1 weight, total state obligation increasing from 245 million to 506 million, how does that compare with current general fund transfers in total from districts and schools to balance out their state education funds? So in other words, is that getting close to fully funding special education at one way? I'm just curious what that one point, one way, how that looked compared to --

Megan Peterson: We can follow up with that information afterwards. We don't have it available today,

Sara Doutre: I would say, not to send Nevada, but those numbers are sometimes under reported to avoid increasing maintenance effort obligations. So I'll say keep that in mind. I would anticipate they would be that high.

Dusty Casey: If we go up 2033 million, I think we transfer 450 from general?

Brian Gordon: [indiscernible] And I mean, keep in mind, I think people forget that you get base for your special education student that goes with your general doesn't go through special education. So I haven't gone through encapsulated that, how much that actually goes and then how much is truly coming out of general fund. But just ballpark figures we transfer 450, 354, something like that. And so at the highest level get you a 233 [indiscernible].

Dusty Casey: Got it. Okay.

Sara Doutre: This is just a map showing again as we start to -- please go ahead.

Dusty Casey: I'm not sure [indiscernible] point are, but this funding we're talking about from the state for special Ed, that comes out of the State general fund.

Sara Doutre: Correct?

Dusty Casey: Not part of the state education fund dollars.

Sara Doutre: Correct. Currently, yes. As it was originally proposed, pupil funding included special education, which would've [indiscernible] after the waterfall. That's where the commission recommended previously to pull that out to maintain, protect maintenance of efforts for the state to not [indiscernible]

Dusty Casey: That's why perhaps why state special Ed funding didn't increase more than 2%. State general fund commitment, even though our teachers know that double digit colors which causes them the local share to have to increase [indiscernible]

Sara Doutre: Yeah, I think that one of the things to really consider is that interaction. And what it's communicating about inclusive practice and what we expect to see in our schools. That's one of the reasons that states who have moved toward figuring out how to put that into their broader education funding and not maintaining the focus. Communicating, yes, we recognize this. This all has to come together. We have to do it together in the same way we hope we're educating kids. That special education is a separate place. It's not a separate program that's really about supplemental.

Chair Hobbs: Chairman Hobbs. Just for scale, there was a question about how much the transfer work on a statewide basis. The schools transfer about four 85 million into special education and the revenue from the states about two 25 million. So it's about 60% of the revenue that goes into special education really comes from the transfers from the base.

Sara Doutre: So even at that 1.1, it would almost be flipping the proportions there if you got up to that 500 million. And then I think just important to consider, this is heat map we put together that Clark, Lyon and the Charter School Authority doesn't show up here, but are so much lower than our other LEAs that you have to put in quite a bit of money before you start to see those changes on the left, where the smaller LEAs who are below the average see an increase. Most of the increase as we're starting to put more money in, goes to our largest serving ones because right now they just have the smallest amount of money, state money that they're using.

Paul Johnson: Chair Hobbs.

Chair Hobbs: Go ahead, Paul.

Paul Johnson: Just a question on the Charter School amount, how are you saying that it's less? I thought the Charter School, for example, that's in White Pine County gets the same amount of funding that the school district gets.

Sara Doutre: No, every charter school because it's -- we can start to talk about it, we'll talk about it more, but because it's a school of the LEA and the LEA is the state public charter school authority, every charter school gets the same amount per child.

Paul Johnson: Yep, that's right. Thanks. Another reminder. I appreciate it.

Sara Doutre: District sponsored charters would not be the case, but funds are not allocated directly to the school. Right?

Dusty Casey: Can I ask you -- this is Washoe and it seems like it's at the high end, but it wasn't on the prior table.

Sara Doutre: Yeah, it wasn't one of the highest.

Dusty Casey: So I guess I don't understand if it's not one of the highest here, why would it show on your chart with a purple showing up higher percentage.

Sara Doutre: That's a good question. Let me look and see if I can answer that for you a minute. So discussion points around this. Again, this is our first discussion consideration, is this idea of do we begin to use a multiplier as the basis instead of just dividing available funds? And if we do, what is that a part of the PCFP or not? And so, I think one thing to consider, like I said, that the main reason for doing this for integrating it, is to communicate the priority of inclusive practice. Reinforce that we're already having to do that transfer and put these funds together to serve these kids. This isn't enough money to run a special education program. A couple things the states could consider. Some states have increased the base over time, increased that weight over time according to the base. If you're going to be increasing your base with the rates you're proposing and increasing the weight, that's going to be a big increase. But that is one way to think about it. Again, in the reports, the previous reports, there were some recommendations for multiple weights. Generally those weights are the same for the largest group of kids and they are higher for kids with pretty intensive sensory disabilities or really strong behavior needs. Another way to address that is to increase the amount of funds a high cost fund and make the criteria for that a little broader. And so, some states have a criteria for their high cost fund that if the cost of the education program is more than three times the amount of the allocation, then it can be used for anything beyond that, right? That it's just simply fiscal, some of them have a criteria where that is lower, it's three for the statewide, but if you're of a certain size, if it's more than two times the size, then you can access that high cost fund. But a high cost fund is a way to do that rather than having multiple ways and playing with kids in different categories. I think that we don't see any of that. IT teams, people making the decision about what category kids in are not placing them there for that reason, but they're also like, are there kids potentially with autism who end up in a speech category because their parents want that? Or someone advocates for that. Disability categories are imperfect, I guess is what I'm saying. We just see no evidence people manipulate them, but it's a different team of seven people around the board for each kid. And those decisions are made individually, which they're supposed to be. The last piece is just considering how they would fund kids who fall into multiple categories. We're seeing a higher and higher percentage. I think more than 30% of our students with disabilities are also English learners across the country. That holds true in Nevada. And some of our research has shown that that is not just an additive. The cost isn't just additive. There's some other interaction there where it's actually more than the weight for students with disabilities plus the weight for English learners that those kids are -- that may be some of our service delivery models. But it's something to think about also that if we're going to do that, what does that interaction look like? So, that's the first consideration. My first consideration was that around the weight, I don't know if we have other questions about that.

Dusty Casey: So you are not proposing even two weights, one for what we call our resource students that spend a fair chunk of time in a general Ed class versus self-contained classes where they spend primarily most of their time receiving services from a special Ed teacher. You're not even proposing two ways just to account for the different service delivery models.

Sara Doutre: No, APA landed on one way. So location is problematic. IDEA has a requirement. A state may not have a funding formula that is based on location of services because the goal is to place students in the general education classroom. So, there are complicated ones that get around that. So like Texas, it's like the type of teacher that provides it, does that mean the location where it's provided it does a lot of the time, but location is hard too. I think the other piece that's hard about that is as we're getting better and better at serving kids in the general education classroom, I think we're learning that it may cost more that the cost of a good co-teacher in high school math who can help those students make progress in the general curriculum may be more than a separate math class where a resource teacher works with those same five kids. And so, I think --

Unidentified Speaker: Yeah. I guess, I would just say it's not just the teacher class, right? It's the aid and assistant, the one-to-one aide in a lot of cases for self-contained. So it's not just the teacher.

Sara Doutre: Yeah. The problem is whether we -- we don't collect data. So we don't know which kids -- we know their setting. We don't know which of those kids in that setting have a one-on-one aid. We don't have what we need would help us with special Ed funding incredibly is if we had a great proxy data point for need. Because what we found is disability categories. And if you think about the autism disability category. It's just a wound. It's huge. There are kids in autism category whose services are 10 minutes of social skills a week. That's it, right? And there are kids in the autism category who have maybe a two to one ratio of adults with them all the time because of their needs. And so, disability category doesn't work. Setting is really problematic because of the law and the idea that we would be reinforcing segregation by paying more for kids to be in a segregated setting. No, I agree completely and we've done some other work around that. Most states use disability category. Again, the states that have a high cost fund to account for some of that. And maybe that's part of this, I don't think the study hasn't been done to look at like what would a high cost fund need to be funded to cover those costs. But that's ended up being a better solution for other states.

Dusty Casey: Thank you, again. Those were good answers.

Sara Doutre: I wish we had a proxy for need. I mean, we think you look at outcomes, but when 4% of kids are proficient in reading who have an IP, it's hard to say we're going to fund those 4% of us and other 96 more. I wish we had a proxy for need.

Chair Hobbs: So before we move to consideration number two, Megan, help me out here. Should we be having discussion about some of the points raised in consideration of the [indiscernible] and see where the commission is or are they all linked together in such a way that we should go through all of the considerations and then have that discussion?

Megan Peterson: I think it would be beneficial to have all the considerations presented first because understanding the interplay between them may change. But how you want to respond to one of the considerations.

Chair Hobbs: Perfect.

Megan Peterson: Although they can all be implemented, I think interdependently, I think their interplay is still important to consider.

Dusty Casey: Being on the group, member Casey for the record. Yesterday, I would definitely concur with that.

Chair Hobbs: Okay. Perfect.

Sara Doutre: So consideration two is the transition away from this hold harmless based calculation that has created such significant disparities across the state. To eliminate the need for that. Again, we just saw that, right? We're going to have to more than double if we get up to that. 1.1, we have to get that much money. So what we looked at for this is given the money we have, right? Let's look at what we've got right now. So using the current allocation and just changing to that straight per pupil amount, if we just took it and said we're chopping hold harmless, we're going to take our money. Every LEA is going to get the 4,112 per child. Four LEAs have increased funding. Again, Clark Elko, Lion, and the Charter School Authority, and then decreased funding for 13 LEAs. And 12 million would be needed for those 13 LEAs to be hold. That's how much they're losing all together. And then again, I put in here that example again, that 1.1 that we talked about did not have a hold harmless. And so, that's that decreased funding. So this has impacted of just removing hold harmless in the current formula that, again, I need to look and see why Washoe wasn't showing up on here if I did something funny when I took these screenshots. But our charters again Clark, about the same, just over 7% increase to the total allocation Lyon is at six, Elko is at three. And then this is where you see those small LEAs are losing. I mean perching is losing 70% of its funding if we do this. Lincoln's at 65, Storey and White Pine and Esmeralda all about 50.

Chair Hobbs: Also [indiscernible] showing up on here just as a --

Sara Doutre: That we would expect to see there.

Paul Johnson: Chairman Hobbs.

Chair Hobbs: Great, Paul.

Paul Johnson: Yeah. And this assumes that the 13% cap on student enrollment remains the same.

Sara Doutre: Yes. This keeps the 13% cap.

Paul Johnson: Okay.

Sara Doutre: So, that's the impact of removing it. This next scenario we looked at is what if we took away the hold harness but increased our funds if went from 245 million to 400 million. So rather than a weight said we're going to keep an amount allocated to meet that state maintenance of financial support a little easier. And then took away the hold harmless. You'll see there, your biggest changes there. Almost all the money goes to your big LEAs and then the impact on the smaller LEAs is less of course, but it's still fairly significant. [indiscernible] That's true. I'm going to figure that out. I apologize. I'm not sure. I'm glad you did it. In the scenario before Washoe is not there because it actually loses, so it doesn't make sense. I'll figure out what was going on there. This is a really hard, there's no easy decision here. This has a huge impact on LEAs without a significant increase in money. This is on the left and right. Reducing the hold harmless to 75%. So we'll give you 75% of your base from the prior year or 50% on the right with the current amounts. Again, if we didn't add any money just to show you over time, the winners aren't winning near as much as the losers are losing, I guess is kind of the takeaway from this as we start to do this that just taking away the hold harmless, it does help bring them closer, but the impact on your smaller [indiscernible] shows up there. So it's in there. It just must not be one of the highest losing on the other ones. I don't know. It's really an impossible decision when we're talking about the limited amount of funds we have. And again, these have come about for a reason because the changes in population. That the population in those areas has gone down of students with disabilities. And so, that per pupil amount has gone up as we've maintained the total amount. But if I am in a small LEA that has two special education teachers, if we have 12 kids and three of them leave, I don't necessarily need one fewer special education teacher, right? Or if I have one teacher and four of my six kids leave, I still need a special education teacher. I still have to somehow contract to provide related services, speech, occupational therapy. I still have to have a school psychologist that is either on staff or contracted to help me with identifying new students with disabilities. The costs don't necessarily decrease just because students have left, especially in those smaller LEAs. So discussion points for this one, the whole harmless provision has provided increases including based on inflation and it's based on those old counts. And it's created that relative adjustment for small and rural LEAs really clearly. The current formula doesn't adjust for those factors in other ways. Your broader formula does. I think there could be discussions had about whether adjustments should also apply to special Ed. Whether they don't need to apply to special Ed because they've already been applied in thinking about the broader larger pot of money, most states do not add that into their special education formula as well if it's there for their base funds. Other options for creating stability. If it's hold harmless, if we say why do we have it to help them meet maintenance of effort, that's one reason. Like I said, I think there's been an under utilization in Nevada of the exceptions to maintenance of effort where we could have reduced that in some cases. Stability though, if we're hoping to create that stability, something else we can do. Some states use like a three year average of population to allocate. So if I do lose students, I don't lose money right away. We spread that out a little bit by using an average count instead of the annual count if we're doing an annual count. Again, I already said this, but that this whole harmless provision was intended to be temporary. While we may change this formula, I think everyone envisioned. A group like this, I'm sure envisioned increases over time so that eventually everyone would be getting a larger base amount per child and we wouldn't need the whole harmless anymore. And then again, I think you have to consider that you're not under an obligation to give them enough state funds to meet Emily every year. They can do that with that combination of the state and their local transfer. And there are exceptions that the state does have to maintain its total allocation from year tier. Questions about hold harmless? Okay. The need and appropriateness of the 13% cap. All but two LEAs are serving above that right now. We only have Davidson Academy and the public charter school authority who are below that in FY 24. Removing the cap though results in increases for Clark and Lyon and reductions for all other LEAs. So that removing the cap without taking into consideration some economies of scale is really just going to put money toward your largest LEAs if it's continued to be allocated how it is right now around a per pupil basis. So --

Dusty Casey: Member Casey for the record. What's the history of the 13% cap?

Megan Peterson: So that was added back around 2016 when we made the transition from teacher allocation model to the per pupil. And part of that was to intended, like Sara was mentioning earlier with trying to reduce incentivizing over identification and placing students in -- what's the word?

Sara Doutre: More restrictive setting.

Megan Peterson: More restrictive settings. Yes. Thank you. So the intent was to try and make sure that we're not over prioritizing those type of situations.

Dusty Casey: Was there a recommendation from a consultant or something for that 13%? Was it derived internally?

Megan Peterson: Sorry, my understanding is it is a national average recommendation.

Sara Doutre: It was like above the national average type.

Megan Peterson: Yeah. It actually was higher, but that is what is seen nationally as well as that target range.

Dusty Casey: I mean, we just acknowledged no district, I think Jason's made this point over time. No district is going to over identify a special Ed student. It's not favorable economically when you do that. And so, the premise of a cath to me was flawed. So just to answer your question, Dusty, I mean I think it was a cost consideration and political compromise somewhat. I don't see a lot of justification for it if money was no object.

Sara Doutre: If money was no object, yeah, to recoup your cost of even we've tried to figure this out before, but the cost of making a child eligible for special Ed, like all of the testing that has to be done, all of the professionals that have to be at the meeting and all of that, it would take you like five years of that kid being a kid with a disability. It can be a cost of determining that they are a kid with a disability. So, I think that we have a lot of other ways that we look at over identification, especially looking at disproportionality if we see certain groups being over identified programmatically. I think we have other ways to get to that. I think this also protected, again, what it's resulted in is protecting the rural and the small LEAs and I think that's where, thinking about it, if that's a priority, there's probably a better way to do that intentionally. And like I said, does that look like that being part of a high cost fund, right? That a high cost fund is available in for small and rural LEAs at the lower threshold to get access to that. There are other ways to say, we're going to support high cost programs than to create these structures that have the same result in the end, but are convoluted I would say.

Chair Hobbs: Paul.

Paul Johnson: Yeah. Thanks Chairman Hobbs, appreciate that. I appreciate the discussion about the 13%. And thanks for the history on that, Megan. You're exactly right. And I think it was cost based. It certainly wasn't optimal based. So if we're looking at funding under the lens of the optimal, I don't know if that 13% makes sense. 15 of the 19 categories of the 17 school district, Davis Academy and State Charters exceed 13%. Some go as high as 19%. So in those situations, the 19% is Churchill. I mean the funding basically is coming from the base in order to cover that extra with the exception of the 13% extra. So, I would agree that in my opinion, it really doesn't make sense to have that. No surprise that Clark County School District is closer to 13%, which is probably why our statewide average is around 13%.

Megan Peterson: Okay. The next line, we've just talked about this, as part of these others, but I think one consideration really is revisiting the funding of it and the criteria for that high cost fund. This is something that is compared to other states that have a high cost fund that is underfunded and over restrictive, has more restrictions on it than others. And so, making this a little simpler to access and then potentially putting some more money into it. The legislature's been really good at continuing to make that 2 million available even though it hasn't been used each year. And so, I think that could be used better, if you will.

Dusty Casey: Can I ask a question?

Megan Peterson: Yeah.

Dusty Casey: Not used because not aware of it or just simply not used because we don't have students that rise level of being for [indiscernible].

Megan Peterson: I think it's complicated to get them approved. So, I think the first year there were 128 applications and two were funded.

Paul Johnson: Yeah, I can explain the reason why we haven't accessed it. You need the money in the year in which you're having the services. So at the end of the year you actually apply for the money. So you get the money after the year in which you need the revenue, which really hasn't made much sense to me. And then in our case, we would just fund it through our general fund transfers and get that through the local MOE and wouldn't have to go through the process of filling out an application for a small amount of money.

Dusty Casey: Thank you.

Sara Doutre: And my understanding is, I think, Julie is our director of Office of Inclusive Education is in Carson City and can speak to it a little more, but it's rather rigorous process and there is not a significant high proof of rate. It's very low actually.

Dusty Casey: Thank you.

Megan Peterson: Okay. The last one is thinking about revisiting special education funding for charter schools. And this rises to the top because both the APA and AAR studies sound and we saw, like we showed that special education funding is lower in charter schools than it is our districts. Why is that? It's a little bit due to the lower identification rates. They're not getting the supplemental piece for 13%. That's not a lot of money. The status of charter schools as schools of an LEA rather than as an LEA itself, when we take all of the schools in different places and put them together across the state, give them one average, it's going to be lower. It's not reflecting differences in location and changes like the districts do. And then again, the impact of the hold harmless provision that was built on those base amounts that they didn't have, there wasn't a base amount to keep maintaining. And so, they have definitely stayed lower due to that. So there are a few things to think about with that. Like we saw changing a weight, implementing a weight really evens that out really quickly. Removing the whole harmless provision and using newer numbers helps that a lot. Any of those things are going to help. Anything we've talked about is going to decrease that disparity between our charters and our school districts. A couple of things to consider, one is that charter schools do tend to serve a different population of students with disabilities. They generally don't have the resources to serve students who are medically involved or need significant services. And so, we do see lower spending. That's not a surprise that we see lower spending overall in charter schools. For students with disabilities, a little bit, not to the point we're seeing in Nevada right now. Another thing to consider is that thinking about how we allocate funds to charter schools, because there's schools of a huge LEA, we start to say, well, what if we treated each of them as their own LEA. And about half of states, which charter schools either have that option or treat all of their charter schools as their own LEA. That can be helpful for funding purposes. But it's important to consider for special education that if we do that, we also change their status for purposes of accountability under IDA. And so, they then become responsible for some of the things that the SPCSA takes responsibility for right now, like ensuring a continuum of placement and all of those things that make you eligible for special education, federal funding at least. But the burden on NDE would be significant to suddenly treat every charter school as its own LEA because it would have to put them into its six-year monitoring cycle to be in each of those schools. It would be a large shift. Most of that on the part of CDE. And then charter schools would take responsibility. They could be party to a due process hearing where right now the public charter school authority as the LEA becomes the subject of litigation and hearings and those things. So, it's complicated for funding, but the implications of that, and I think if Julie said she could speak to that, the implications of that for NDEs work around special education monitoring would be a significant change. And those are the findings of patients that rose to the top for you all to think about. I'm thinking about next steps.

Paul Johnson: I think the biggest challenge is the amount. It doesn't matter what we do at this point because it doesn't change anything. Because this is a lot. So, I'm apprehensive to recommend making any of these changes right now knowing that nothing can happen. But I don't want to take it too far down the road because I think we should set up a model that even if we don't have the funding like we talked about with the PCFP. We have a model that will work if we get adequate funding. I'm concerned as I look at a lot of those scenarios. I mean, we benefit from the PCFP because of proportional. I get that. But I'm concerned looking at, I don't know which one it was. Maybe White Pine losing like 47% of their special education funding. I mean, that scares me a little bit. Those are big changes. And this remind me, so when we talk about these dollar amounts, this is the increases or that's the total allocation.

Megan Peterson: This is their current final allocation. Their FY24 is the final allocation column and the change from current is, no, that's not true. It would be their new final allocation given the scenario I put in. And then the change from their current and the difference.

Paul Johnson: And this is --

Megan Peterson: This is just taking out hold harmless.

Paul Johnson: But is this taking out hold harmless. This is --

Megan Peterson: This is just if we said we have our same amount they gave last year, we're just going to take our child count with the 13% cap that's still in here actually. We're going to take that with the 13% cap and just give everyone the money based on their number of kids.

Paul Johnson: Help me understand which special education monies we're talking about. If I recall, so the way we've got the -- and I'm trying to think. So this is the state piece of ours, which we get like 145 million. This is not the piece that goes in is the local portion here that's a separate.

Megan Peterson: Correct.

Paul Johnson: That's what I thought I was making sure because we got [indiscernible].

Chair Hobbs: It doesn't increase your [indiscernible].

Paul Johnson: Yes it does. Yes. Yeah, that's what I'm saying. And great. And [crosstalk] to us, it's not going to change the world. But I feel like $800,000 could change White Pine's world. Again, trying to think bigger picture that it scares me a bit to make those drastic changes that would impact those that much knowing that we don't have the time to do it.

Dusty Casey: Member Casey, for the record. And I agree with that point. I mean, to see some of these smaller districts with that drastic of a change, however, I do go back to something Punam talks a lot about is the plumbing and the mechanics of the formula, right? And it's the one area where money doesn't follow the kid. It follows the LEA in general. And for example, just in Churchill or look at White Pine, a kid with an IEP moves across the street from the district to the charter, or they automatically lose half their funding in that scenario. Or if they go the other way, their funding could be double theoretically per pupil. Or if we were just to change sponsors, I don't know if this would work exactly like that, but if Churchill became our sponsor, our funding could hypothetically -- our account would be lumped in with theirs and their funding could automatically go up. So that part of the mechanics of this one area where the other weights, it doesn't. The money follows the kid and the rest of the funding follows the student. But again, if funding would increase, it would take care of a lot of the problems as well. But I do think the mechanics of it, the point, if you will, is flawed in special education and that that part where a student can move across the street and lose resources seems flawed.

Paul Johnson: Yeah, I agree. And I think that we talked about the massive increases that we saw in general fund, that we've literally got nothing else in special education. And our costs skyrocketed our identification rates. And I mean, I agree. I don't think anybody's intentionally over identifying, but I don't think we have as good control over it as a district because it's at the school level. And sometimes it might be easier to do that for them. And I mean, let alone our teacher costs have 10%, 80%, so 18% over in two years that, and we got no more funding in special education. And so, we built it in our model how we were doing it. We knew we already transfer more out. But it's a challenge. And I agree. I don't want to kick the can road, say we don't. I don't want to fix the mechanic out. I don't know enough right now. Look all those pieces to say something today, I don't think this is a six month conversation, but I think we should think about how to fix it and then worry about the funding later because ultimately I thought I don't want to change it so much that it really impacts these [indiscernible]

Dusty Casey: And I think the problem -- Member Casey for the record. Is exacerbated by the fact that we're funded based on a prior year's count from the beginning of the school year. So, it's not even the end of the school year account that we get funding for next year. I mean, it's literally the beginning of the prior school year, which as students shift and move, it just magnifies the problem that much more.

Unidentified Speaker: From my understanding I think I agree with you Casey. We're looking at the mechanics of how we would fund this and really how we focus so much the problem as it is how this system actually works. And those changes really need to occur before we make bigger changes about how we go about funding all of this. I mean, how we adjust those things, right? So I think that's probably all federal.

Paul Johnson: Yeah. Thanks Chairman Hobbs. I appreciate the discussion and I agree with all of that on the mechanics and the funding. There's considerations three, four, and five that I think we probably could move forward with. Examine the need for the appropriateness of 13% cap. I don't think there's any controversy on that. Revisit the criteria fraction, the state's high cost fund. I don't think that's controversial and revisiting special education funding for charter schools because I absolutely agree with what Dusty said. If the charter school is just across the street here, should get the same funding here because they have the same costs relative. I'd be comfortable moving forward with at least those three items.

Chair Hobbs: We can cut on that. Joyce?

Joyce Woodhouse: Yes. Thank you Chair Hobbs. This is a very illuminating report. Thank you so much for putting it together. I just wanted to go back in history a little bit in 2019 when we put together SB 543, the issue of special Ed funding was just so complicated and that's why it ended the way it did and the way that we've had to operate over the last few years since 543 passed. So this is really helpful to know, gives us some direction or ideas of where to go. I don't want to kick the can down the road, but I also am not comfortable with action today. I'd really like us to put this on our next agenda and see if we can come up with a path at least to identify what the model for Nevada should be. And I certainly don't want to develop a model that is going to hurt certain counties more than they already are regarding special Ed funding. So, I for one need a little more time on this one. But this report helps a lot in identifying what we could and should do. Thank you.

Chair Hobbs: Let me make a suggestion to see this is where the commission is. So we would bring this back and I think by next agenda, you don't mean next Thursday, but probably the one in July, Right?

Joyce Woodhouse: Yes.

Chair Hobbs: Okay. So our first meeting in July. We'll end up having to, but whatever the first one is, right? The working group that met yesterday, has the working group gotten to a point where it is ready to make a presentation back to the full commission, and would it be by July?

Dusty Casey: Member Casey for the record. No, because we were missing a couple of members. So, it's just me. I'm happy to make a recommendation if you [indiscernible].

Chair Hobbs: No, I mean, by July is it possible that you all could reconvene, look this material over, Paul made this suggestion that three, four, and five look like they could be right for action. If the working group were to evaluate where we think we are by way of, again, if the working group can't make recommendations, but they can certainly bring back observations and suggestions to the full condition. So by that July meeting, do you think the working group would be in that position?

Dusty Casey: Potentially. I mean, I would look to Member Johnson as well. And I believe member Bernie Is not on. But I think the question would be, could we even achieve three, four, and five without number two, which is the transition from the whole home without a huge increase in funding of course.

Megan Peterson: I think what maybe the commission signed division now is a timeline of when this much money is available, I think there has to be an overarching recommendation of an increase in funds in some way, either through a weight or an increase to the amount that's coming from the state fund. And I think that it's possible to say, to identify some thresholds that when it hits this point, we would be comfortable reducing the hold harmless by this amount or when it hits this amount, we'd like to remove the 13% cap, right? And prioritize which of those come first, if you will. And how much, because I think a lot of this unfortunately is how much money needs to be in the system. And what we found unfortunately is it's a lot right? That the disparities have been created over time so much that to not really negatively impact some LEAs, there has to be quite a bit of money in the system. I think that's what you're asking for, right? Is a plan over time of the end goal is to get to something simpler. And I think knowing what that end goal is would be helpful for the committee that the working group probably that how can we get there and what has to be the investment to be able to flip some of these levers, if you will. If we talk about these as policy levers.

Chair Hobbs: I think all of that is accurate. I think the working group is the place for that to start. So can we make an effort to go a working group meeting together sometime in the next couple weeks? So in advance of the July item coming back to us, there's some additional with your assistance formation of some recommendations that -- and they could be recommendations over time or that have triggers or that sort of thing. That's all fine too, but if that's possible, I think that by the July meeting we'd be able to take whatever action we are ready to take to work. Alright, thank you so much.

Punam Mathur: One clarification question. The 1.1 is based on the special Ed piece or the per pupil?

Megan Peterson: Based on the per pupil base it's intended --

Punam Mathur: All of these [indiscernible].

Megan Peterson: If we add a weight. Like I said, right now we call it a multiplier, we can calculate on the backend. Right now there's no multiplier. The way a weight would work is within your [indiscernible]

Chair Hobbs: Can you calculate the multiplier just to show what it would've been if there was one?

Megan Peterson: Yeah, that's what we currently do. It's just a back end into it, but it's not used to allocate funds. But also the recommendation from AIR and APA was to use that weight against the overall base.

Paul Johnson: But if we do it, it'll be exactly like we were when we first did the PCP, will be on at risk that we have these weights called aspiration and they back in what they actually give us because we have a plan, right? So it won't be 1.1, it'll end up being 0.2.

Punam Mathur: That's obvious because we went to legislature because you write on zero sum, just to picture again, restated it, right? But we made recommendations for the weight. So that was the first thing the legislature has [indiscernible] the weight that they pulled out. And so, would this also going to imagine because right now the -- correct me if I'm wrong, the specialized money is sitting outside the waterfall completely and doesn't charge the state education fund. So that this would put the confirm within the state education fund.

Megan Peterson: It could, but the one thing to keep in mind with all this, Megan Peterson. As soon as we start moving to a full multiplier situation, the state still has the maintenance of financial support requirements. So they're we're never able to change that allocation. What would occur is at the LEA level, the amount per year would fluctuate based on the enrollment. So if a district were or an LEA were to experience a decline, then they would experience the effective decline. However, if it's based off of a void that's increasing, there would still be an increase. It's just depending on how the enrollment is trending. So it introduces a lot of variation that then is guard railed by the fact that we can't ever reduce that amount of funding. So even if the statewide crew people were not worth to drop because of revenue decreases, the weight would have to adjust and it couldn't decrease then.

Chair Hobbs: [Crosstalk] Okay. So I think we have our direction on that. Moving that, thank you so much. Moving to item number seven, and I know that a couple of items that we've had today have taken an unbelievable amount of time. I apologize for that. It was all very helpful. And I know we'll probably end up losing a couple of people in the next hour or so. So, I'm going to try to move through as quickly as I can here.

Item number seven, the working group reports, first working group optimal funding. I think we've talked about that. And then just jumping ahead to working group number six, Jim, at the last meeting, the report was accepted by the commission. They were given an opportunity to provide comments or ask questions. That period has expired. And so, that at this point, that report is called the report from that working group. Everybody is good with that?

Dusty Casey: There were no recommendations.

Chair Hobbs: No, that's okay because it meant the charge of what we were asked to. And that was brought up at the last meeting. So, the report satisfies the requirement.

Dusty Casey: Okay, I was just checking.

Chair Hobbs: Yeah. Great. So, unless anybody feels otherwise, we're bringing closure to that working group. We have the report accepted. Now the report is formally accepted. I don't think we need to take any additional action on that. So we'll go to working group. In fact, I think we can take working group two off from now on, Megan, because that'll come back as a full report. And working group number six can come off of that list. So that take us back to working group number 3, 4, 5 and then combo eight, nine. So Jason. Yeah, we could grab them while we go through it. So, guys, [indiscernible] ahead of time.

Jason Goudie: A pretty quick update. We're still working on gathering some of the info. We've got some more information from some of the districts. We're working with NDE through Kelsey and Amanda and starting to draft the report. And we will continue to update next time. We have you.

Chair Hobbs: Thank you very much. Four and five we've been combining and I don't believe Dr. Brune is on the line at this time. Paul, it's all on your shoulders.

Paul Johnson: Oh, great. And do help me out as well on Nancy's piece. But they had identified immediate term goal, short-term goals and long-term goals dealing with reporting and considered various audiences that we need to consider. Commission policy makers, district and charter leaders in the public. And talked about potential recommendations, data visualization priorities and types of data to be collected. And there is quite a bit of crossover between that group and our group that the group that I'm on. But I'm going to defer any comments for my section. You have a presentation on the next agenda item. Kelsey Krausan will talk on that. So much of that information is going to be covered right there. The only thing I can tell you, we're planning on having a document and some considerations for the next meeting next week, that we are going to meet with Punam first and she's going to meet with her group before we roll it out to the full commission. And I acknowledge. I think that's about it for right now. Do you have anything else on Nancy's piece?

Unidentified Speaker: No, I think that you covered that part.

Chair Hobbs: Alright, thank you so much. Dusty, it goes to you next. And this is one where I believe we were waiting to see if the recommendations from the task force since those were largely being referenced in your recommendations, if you all have had a chance to see those. And if we're ready to move forward on this.

Dusty Casey: So Member Casey for the record. Yeah, our combined group, we just received the report this week that the task force forwarded. There's a lot in this report and it links to a lot of other studies. It pulls together recommendations from other entities that we are fully aware of, like the Nevada Coalition for Educator Recruitment and Retention, Superintendents Teacher Advisor Cabinets, Superintendents Principal Advisory Cabinet. It's kind of unclear to us right now reading this report and Punam would probably agree that who owns it and who is responsible for gathering all this data, it needs some clarity before the commission can make a recommendation of yes, this is absolutely what we want to wrap into our recommendations or how those recommendations might work. Punam do you want to answer that?

Punam Mathur: I think that's right. They've done a lot of work. It's 29 recommendations and if we could actually deliver we may move the ball. I'm just not sure that we're set up as a state with any organization that's gotta fight each other to getting five things going well. Because we're not in this one group as much as the work that been done. They're ill equipped. And so, at some point I think legislative, it's policy decision to say, this is fundamentally important to everything else in the state. They need to set a team up that's gotta fight shot of being successful, and then we need to lean on them and then hold them accountable. And who needs to be there. And I look at a group like us, it's important that you are here appointed by the governor of our state to be here. So we got fighting shots because of the way we're constructed in that expertise that's around this table. We actually have a fighting shot, but it's hard. It's fair enough. Everything that has to do with recruitment, retention, the HR piece is so important, but this particular group didn't have HR [indiscernible] for example.

Chair Hobbs: So is it fair to say that at this point you're still absorbing those recommendations? And I suppose there's a possibility that the working group might -- instead of just saying, Hey, everything those guys says, we agree with it, but pointing to some in particular that we think are particularly important. So is that the direction?

Punam Mathur: And there may be some discussion around from upstream recommendations for the legislature.

Chair Hobbs: Got you.

Punam Mathur: Yes. They look at the overall constructs of who owns what. 'cause right now, several, several organizations work clinicians own different pieces and parts. That's another way terms of having no one own it.

Dusty Casey: Member Casey for the record. If you add us in, we're not even listed in here of course. So if you add us in as well as another entity that's trying to decipher all of this, these reports are going to be --

Chair Hobbs: Oh yeah, no, I get that. I'm just thinking about it in terms of specific deliverable ask. And I think that's where we really need to work our focus. And I think this has been a good exercise and a good way to lean. So you need a little bit more time with that. July sounds reasonable?

Dusty Casey: Yeah.

Chair Hobbs: There is a lot of stuff in July. Okay. Then we will hopefully be able to take some action as the commission on recommendations there and satisfy our required deliverables. Okay. Item number eight, the commission will receive a presentation related to, according to December bill, 400 has SB98, Kelsey Krausan, glad to see you again, and this is an item that we are hopefully moving [indiscernible]

Kelsey Krausan: Hey, good afternoon, Kelsey Krausan, director of the resource planning team at WestEd. And thanks for this opportunity to present and I hope you will eat while I'm talking. I don't want to hold you from that. I'm going to keep this relatively short. This is intended as a queue up for some of the decision points that the commission will be digging into in more detail at next Thursday's meeting. But do feel free to stop me at any time and ask questions. I'm going to talk about three distinct components of the development, the operational analyzing, the new reporting framework and wire frame. And then talk a little bit, just add on very briefly to Member Goudie's update and then a little bit more on the work that we've been doing to support the new reporting framework. Okay. So the focus is really about how the commission can best position the state to measure progress under the CCSP. And I've shown this several times before. But the focus is really on those quarterly reports that are required to show how funding from the new formula is being used to improve academic performance and progress of peoples. So really we're looking at progress both at the school level and student level as outlined in AB400 and SD98. So the three work groups that are really focused on this, three, four, and five. The work group three and four, there's some crossover in this focus on really making sure that any reporting framework is focused on the correct or the optimal metrics. So which data are most meaningful for measuring system progress? And given that the commission is in this position to outline new reporting requirements, what opportunities are there to eliminate some of the existing inefficiencies and reporting across the state. So rather than just being additive and the commission's recommendation, really trying to think through how to make this align with other reporting requirements. Then the second big piece of work is really around operationalizing the new reporting framework. So AB400 and S98 really outlines the metrics that should be included in the reporting framework. But there's some work that the commission needs to do in their recommendations in order to operationalize those metrics, which we'll talk more about in a little bit more detail about which metrics should be included, how should those data be collected and when, how many times per year. And how will the new reporting framework be aligned to some of the other frameworks in the state. And then finally, how will that information be shared out with practitioners with the public, with your education partners? How will it be visualized to make those data meaningful for really understanding the progress in the city? Okay, so member Goudie already talked about this, but just a quick high level note to say that our team with member Goudie and others has been doing outreach both to NDE and to the leaders at school districts to identify some potential adjustments to reporting requirements. And across different groups, there seems to be agreement that there's some need to do some streamlining. And so, it's a good starting point for a move forward in this space. And we're currently gathering information to bring to the commission next week on some of the reporting requirements that really merit some further discussion in investigation. And then, I know member Goudie mentioned this, prior meeting, but I'm also thinking about what are some guidelines or principles when thinking about reporting requirements that the commission might recommend as just good practice for reporting. And since you are in the process of creating a new framework, how can you apply any of those principles to this current reporting framework that you're facing through? Okay, so now the framework itself, and member Johnson, please jump in if I miss anything here. But we've been doing a lot of work to connect with NDE to really understand the metrics that are outlined in AB400, SB98 to gather more information from those who work most closely with these data and with school districts through member Goudie's work. So, some of the decision points, things that we hope you all will be thinking about when it comes to next week's meeting, first is around the frequency of reporting. AB400 and SB98 require submission of a quarterly report to the commission on how the funding is being used to improve student and school performance. Now that we have dug into the metrics more deeply, we have learned that most of the metrics that are outlined in legislation are collected only once a year. So collecting them on a quarterly basis may be something that the commission will want to think through and weigh in on. Another important decision point is around the timing of the reporting. We learned that most of the metrics are currently collected sometime between late winter, spring, and summer and are available in early fall. So we want to make sure that we don't require recording when data does not available. So this an issue around timing that we'll be presenting for each of the metrics so you can get a sense of that and make a decision on that, on your recommendation. Data collection and reporting efforts. So, again, we want to think about the level of effort that is required of both NDE and our school districts and charter schools when setting any or new requirements around reporting. We have learned that the metrics that are outlined in AB 400 and SD 98, because there are these different buckets around workforce data, around student performance, around route by grade three, around satisfaction surveys. So those metrics come from a real mix of sources. Some of them are reported directly to me, some of them have to be reported by school districts and charter schools. So it's just another consideration as you think about how to reduce some of the administrative burden and create alignment between operationalizing this new reporting framework and existing framework. We want to make sure that we're not creating a new duplication in the system around reporting. And then a couple more points here that will be important for the commission to weigh in on next week is just the availability of the metrics outlined in legislation. Some of the data are currently available and reported on the

Nevada report card. Some of these data are not currently available and we have learned that either some data collection would be problematic or other concerns expressed by NDE, all of which we will share with you for each individual metric. And that there are some metrics included in legislation that are very close to, but not exactly the same as data that is currently collected. And so, there's potentially an opportunity to create some greater alignment there. And then finally, we learned a lot about level of reporting. For the most part, and maybe you can harken back to my colleague, Dr. Tanner's presentation on why school level data is really important for understanding differences, variation and progress at the school level or student level. So school level data is available for most of the metrics. So that's another important consideration when you think about how you will ask for data to be reported new framework. So those are I think, some big, high level decision points. And then next week you'll also get to look at each metric individually and all of the research base and what we've learned from NDE and where those data are currently collected, hopefully to inform your recommendation. I just have next steps. So any questions on that before I keep going here? So for next Thursday, I mentioned before we're going to be looking at those reports that may be less useful or there's opportunities for greater efficiency in reporting requirements. We're going to be talking through, how to operationalize the new reporting framework, the frequency, the due date, the metrics for inclusion, and the level of reporting, and then time permitting, we'll start talking a little bit about the wire frame.

Chair Hobbs: So with regard to, let's say the first bullet we'll then be coming back with in the form so we can make actually a recommendation to report planning or elimination or?

Kelsey Krausan: That's the helpful part.

Chair Hobbs: That's specific.

Kelsey Krausan: Yeah, I think we're going to start with just a few that there is real consensus across the system.

Chair Hobbs: I think there's an assumption that over time, this is something that will continue on. Continuous improvement in reporting.

Kelsey Krausan: Yes.

Chair Hobbs: It's not a one shot deal, but --

Kelsey Krausan: Yeah. And it is a big deal to shift reporting requirements. So you want to be thoughtful in approaching it. And so, taking it in smaller pieces, maybe you do that.

Chair Hobbs: And going back to the comment you made too about some of the areas where the data is available. Will you be making recommendations with respect to oxy data or?

Kelsey Krausan: Yes. Or an opportunity to maybe fold those data in later, is another potential approach. So, we're trying to gather information also on planned reporting in the state. So, there are some reporting infrastructures that are still being built in the state. So like we heard about the educator survey. So is there an opportunity to leverage some of these processes that are already in progress?

Chair Hobbs: Well it occurs to me when we get on topics like that, there will be the level of effort required to collect certain pieces of data that now [indiscernible] versus the value of having that data. I mean if it's, if it's not worth the effort, why do you go through it, right? If it's critical then you have [indiscernible] doesn't really add much to the conclusions, then it might go a different way.

Kelsey Krausan: Absolutely. And I think this commission can make that kind of reputation as well. That's right. And you want a framework that provides a comprehensive picture of student and school progress, but there is likely a point in which there could be so much data that maybe things that are the most -- you want to be able to focus on the things that are most important too.

Chair Hobbs: Makes sense. And so, this was really the TFB item for next week, so everybody's ready to go.

Unidentified Speaker: This isn't real.

Chair Hobbs: Alright, that's perfect. Thank you so much.

Kelsey Krausan: Thank you.

Chair Hobbs: That brings us to agenda item number nine. The commission will receive a presentation on the review of the current attendance area adjustments. And that brings Amanda and Justin.

Amanda Brown: Not Justin. You just get me today [indiscernible] helping get the presentation. Amanda Brown for the record. So again, you have to see this month now adjusting too. And this is a follow-up presentation to our presentation last month on the attendance area size adjustment. So what I want to share with you all today is an additional mapping that we did at the attendance areas, and I'll talk about what the new pieces were, provide some recommendations for an attendance area definition or criteria for funding purposes, and to think about what next steps are once you've adopted. At least a draft definition. So last month we shared how the attendance areas laid out across the state and additional data that we wanted to bring board for mapping the schools within attendance areas to really understand where schools spread out widely in these areas. Where were district central offices. To respond to member Mather's suggestion about looking at density, we tried to see what data was available. This will surprise no one in our other conversations. There's limited data in some places available, but we found some information on density from the Department of Transportation on urban areas that are defined as either a minimum population of 5,000 or housing unit count of at least 2000 units. So again, it's mostly going to provide some data on your larger urban areas versus everyone in the state, but it was what we had to bring forward. So you'll see that when we look at the mapping. And then we also explored drive time, travel time, distance between attendance areas and district central offices. In part because sometimes the attendance areas may appear to overlap, but if you really take into account there might be a mountain there, something that's really getting in the way of being able to travel that distance that you might see. So we match that as well. And just a little refresher again, all the orange dots on the screen or on the slide are the different attendance areas. There's 74 different attendance areas in the states and these worth, historical coming out of the prior funding plan. What you also see is, again, circles where there's overlap. So if those 74, there's 24 that are within 20 miles of another attendance area. And then the little squares that you see are the district offices. So we're going to look a little more close when we get this. In addition, we also match those schools and the density, but because the maps so that you can't quite see them, you'll see it a couple examples. So in part we did this, deeper dive again to look at when it appears that they overlap, can you actually get place to place? How spread out are the schools? So I've got two examples that I want to share that show two different payers of overlapping attendance areas and how when you dig a little deeper, there's different implications for how you might want to treat those payers. So this one is an example of two attendance areas. They're, again, within 20 miles of each other. Gardnerville, Minden and Jacobson both are in a dense area that's contiguous. So the yellow that you see is that mapping of that urban area density information. So again, Jacobson actually happens to be in the same town of Minden. So this is an example there. You probably would not treat them as separate attendance areas. They're in the same place. The next example instead is, and it's not here. Look at this, but this is in Humboldt. So they are Orvada [ph] and Paradise Valley. So another pair where they're within 20 miles of each other. But if you can kind of see that green shaded area sitting between them is a mountain. So they are really more than a 40 minute drive away from each other due to the avail roads and geographic convictions. So there's an example of where it makes sense that places that are close together you would probably treat separately because of those logistic challenges of serving them. So, we did that for also, those are just two examples of one where it's very clear that they should probably be treated similarly and one where you would want to treat them differently. So criteria for what we think would be at least a good draft attendance area definition, and we'll talk about what next steps would be. So that first blush was, you should be separated by more than 20 miles from another attendance area. If you're within 20 miles from another attendance area, you should be at least a 30 minute drive away from your district's central office. And that's again, a part of that filter that sometimes things that beer closed take much harder to get to. And then the tiers I think about it is if you're then less than a 30 minute drive, there must be extenuating certain circumstances that necessity a separate attendance area. And I would say that should be reviewed on a case basis. So for example, you might have a place that's within a 30 minute drive, but perhaps in the winter that road closes frequently. And so, that's another consideration. It doesn't show up when we do this criteria look, but you would want to have that capacity to say, okay, it still makes sense to treat those separately. So what we would suggest is starting with that as a draft definition, identifying that list of regardless of attendance areas for funding purposes. And as I mentioned, there were 24 places that overlap applying these criteria. There's about 10 places that I think you could make a case. We're not treating them as separate attendance areas, but I would suggest you then share that list with districts to gather some any additional feedback or if there's those extenuating circumstances that we're not aware of right off the bat. And then indeed potentially the help of commission members approve everybody changes to that revised attendance area list. And then finally, once you have that list, really evaluate what the funding impact is due to the changes to see how significant it is and if it's something you want to kind of transition over a period of time. So those are the recommended criteria that we think about. We'd love some thought or feedback if they are the right pieces of criteria, if there's something else that should have been considered or if you feel like it's a definition you could move forward is helpful.

Chair Hobbs: Just a quick question, I'm probably the only one that doesn't know the answer to it. How does the designation of attendance series affect the allocation?

Jason Goudie: There's [indiscernible] we changed it a couple times. So we used to have a couple of ways to address rurals. And so, we changed it into that. So this is part of that component as to how we define them versus how we might define in a better way.

Amanda Brown: Exactly.

Jason Goudie: It multiplies, it adds actually money. There's amount of money that gets patted into our base for geographic dispersion, I think is a better word.

Amanda Brown: Amanda. To respond a little bit further, the size adjustment is a curve. And so, each attendance area goes through interdependent adjustments on it. So if you're very small, you're higher up on the curve. So you're getting more dollars for that school if you remove an attendance area. And by removing essentially means combining it with its neighbor or nearby, we'll bring them both kind of down the size curve so it produces less additional funding for their size. And the intention was to address their economies of scale issue, additional cost they face by being more remote or isolated. So this is trying to just make sure that funding's still going out, but that the definition is consistent across the place and that you're not funding places that are not necessarily isolated from somewhere else.

Chair Hobbs: That seems clear. Mark, and then Dusty, do you have a comment?

Mark Mathers: Yeah. Just to follow up on your question really. Because I struggle with this. I think clearly isolated areas, there's some adjustment. I think about Washoe and [indiscernible] In the mountains carrying isolated, there's fewer kids. So we're getting a per pupil now Washoe set on. Half a million people in Washoe, but incline in this little area. We can't have the same class sizes for incline as we do for everywhere else because they're isolated. Makes perfect sense to me. But where I struggle to understand is, why are rural districts who aren't really rural, why are they one attendance zone? Because it seems like that's duplicating adjustments elsewhere in the model. So I think of Carson and Douglas, they're pretty dense little areas. I mean they're not isolated. None of their schools in Carson are isolated and way far away from each other. [indiscernible] that's the heart of others. So am I misunderstanding when a county school district gets an attendance zone adjustment in addition to their other adjustments, it just doesn't make sense to me.

Amanda Brown: Member Mathers -- Amanda Brown for the record. Let me make sure I'm hearing the question. So it's a bit -- so I think what we're trying to adjust here is to get rid of some of those places where they, are we located or close together. So by applying the criteria that should resolve some of those issues while it's still it for great work.

Mark Mathers: It's great work.

Amanda Brown: Yeah. And still leaving it for the places like Lincoln being a great example of one that appears close, but it's far the drive time, all of that. So I think you're exactly correct. Because we're trying to eliminate how they were historically developed that allowed for places that are closely located in dense areas to be treated separately from each other. So I think that's what we're trying to resolve. So tell me a little bit more about your question. I'm not sure --

Mark Mathers: So this is really good work and we need to clean this up. So this is great. So, sorry I'm pivoting a little bit, but I think it's somewhat related to Chair Hobbs question. I still understand though why we provide -- maybe I'm wrong, correct me if when I'm wrong. Why do we provide an attendance zone adjustment for all of Carson City School District? It's a separate issue.

Amanda Brown: No, so it's a great question. So, going back to what Jason was touching on is, we originally had the size adjustment that was applied based on district size. Which we then shifted to applying to attendance areas in part so we could also account for the communities that are small and isolated. But underlying that is still the idea that there are different economies of scale based on district size. So Carson as a whole is only one attendance area. So essentially they're receiving a district size adjustment for the entirety of their district. So I think it's because we've then applied the district size to the attendance area where it makes a little confusion, but it's still trying to address the cost pressures based on district size as well.

Mark Mathers: So you don't think there's an overlap or duplication of the district size adjustment and the attendance zone concepts?

Amanda Brown: Because, because they're one in the same as they are. We just combined the two ideas for a little more simplistic application, but you would still want every district to go through the size adjustment to account for their district size based costs. And then we just drew in the smaller attendance areas to also account for it costs more to serve those areas. Does that makes sense?

Mark Mathers: Momentarily.

Amanda Brown: Okay, perfect. And you can ask me again.

Mark Mathers: Thank you.

Amanda Brown: I have to revisit topics. We'll do it again and again.

Mark Mathers: Thank you.

Punam Mathur: Would Clark County be receiving any additional anything for the remote rural, because that was part of what we were trying to do. Account for this, the science of the district and also the vaguery within a district. [Crosstalk] And not necessarily small schools.

Amanda Brown: And that's exactly correct. And I can't remember exactly how many Clark has to, well yeah, it's quite a few.

Punam Mathur: It is a double bid, but it's not a different cross bucket.

Amanda Brown: It's not a double dip, it's treated separately. So it's almost the way -- to think about the attendance areas is essentially districts within a district because they're really small communities that if you had more districts, they would be their own. So they're all going through the same size adjustment. So it's not a double dip. No one's ever getting like two adjustments. They're just getting accounted for that in Clark. Like Good Springs is a really tiny unit far away from Las Vegas and Henderson. So they're going through independently and the adjustment is accounting for their cost pressures separate from parks because cost were very different. They have any size adjustment for [indiscernible] I meant Las Vegas and [indiscernible] in that sample.

Mark Mathers: Quick question. What constitutes a district office? So, if I went to Las Vegas --

Amanda Brown: Central office.

Mark Mathers: And they designate one central office.

Amanda Brown: Yes.

Mark Mathers: There's multiple district offices throughout the area.

Amanda Brown: Correct. For Clark County, that's their primary district office. Every other district had a single one other than that we do have two.

Mark Mathers: Chair Hobbs.

Paul Johnson: Yeah, you couldn't hear me wave my hand obviously. So I'll leave louder next night.

Chair Hobbs: But actually I actually saw you waving your hand and I was just [indiscernible].

Paul Johnson: I thought that was plan B, but I couldn't see you guys really well on the screen, so I couldn't tell if you were ignore you or not. So, just for information sentence, I have it here. There's 11 tennis areas within Clark County School District. So they do get quite a bump for those smaller areas. As Mathers said, there's the district size adjustment and we have the small school adjustment for combined and I can give you a reason why that's necessary here in, in Ely we have our metropolitan area as it is, but we have a small school that's a K12 school in one that has small class sizes. And even though they might have a class size of eight students, it's still one classroom teacher. So the economies of scale are so much larger at that school that the per pupil amount that we spend there is significantly greater than the amount that's in Ely. So I think that's the reason why it was necessary to have that adjustment within the school districts.

Chair Hobbs: So Amanda, the following, in one of your earlier slides you had set out some steps to bring closure to this. And I'm just trying think about timing because we do need to bring closure to some of these additional items. So Megan, when were we thinking we could bring this back?

Megan Peterson: So I think about it two ways of approaching it. So one, if the commission is comfortable adopting a definition or taking on the criteria. I think to me it's a question of, does the full commission need to be involved with seeing the final list or is that really just the commission adopts a definition and directs indeed to then apply what it's come up with and have this review process?

Paul Johnson: Well, but you have that other step in there that makes a lot of sense too.

Chair Hobbs: Right. So, let's just say that the commission is comfortable with your three box recommendation on how to define the attendance here. I mean, not saying you are [indiscernible] I think it would be important to then take that and circulate that back to determine whether or not we have any unforeseen issues with that. So are we in a position to consider that recommendation now and then get it out to which -- then would go to you guys. And then get it out to the district to ensure that we don't have any troubling consequences of doing that?

Mark Mathers: So you're saying make a motion to approve definition.

Chair Hobbs: Yeah. I'm asking if we're at that point. I mean I would be thinking for myself, right? I am at that point where what you presented makes sense, but we still have that other step to go through before it becomes final that we want to circulate it [indiscernible] weird outcomes.

Megan Peterson: Megan Peterson. So to clarify timeline and order of operations here, this is one of the regular duties as assigned an NRS for the commission. The commission shall make recommendations to the standing committee on education and they have asked the commission to present next month at the July 17th meeting.

Amanda Brown: We have the list ready to apply to this criteria.

Megan Peterson: Yeah, so for the July meeting with the committee on Ed, we did communicate with them about the timeline and the amount of responsibilities the commission had before them this biennium. And so they're cognizant and aware that what may be presented on the 17th are tentative recommendations and are subject to refinement. So I think for the commission today at least making some recommendations for some modeling that we would like to move forward.

Chair Hobbs: Yeah, I think that makes sense to the extent that we have any additional information in the report in July.

Mark Mathers: I don't think we need more than a few days to look at the list and take final action next week.

Chair Hobbs: That's fine too. But I mean, for today.

Mark Mathers: No, today make a motion.

Chair Hobbs: The schools it's already developed, right?

Amanda Brown: Yeah, you have the list probably. [indiscernible] As long as you feel like it's enough time for districts to get back to us.

Paul Johnson: Quick clarifying question. Just so, I want to understand what problem we're solving for based on the model now. So, I'm understanding there might be a handful of areas that essentially shouldn't get the districts, it should be combined.

Mark Mathers: It can be handful or [indiscernible].

Amanda Brown: We will be combining it with its [indiscernible].

Mark Mathers: Well, I can think of one in our county. It's not isolated anymore.

Amanda Brown: Yeah.

Paul Johnson: Well essentially what you're saying it would be [indiscernible].

Amanda Brown: You would add it to whoever is nearby and that one's still in attendance area. Does that make sense?

Dusty Casey: No. So I'm thinking of an area that was isolated 50 years ago. Because of sprawl. It's just part of Reno now.

Amanda Brown: So then you would add it to Reno. Because Reno does go through the size.

Dusty Casey: Eliminate basically.

Amanda Brown: It eliminates it and those students get -- But it's students get added. That's all this meaning. But I see what you're saying.

Dusty Casey: That's why we're just correcting that. I just want to make sure I understand what we're --

Amanda Brown: Exactly. Correct.

Chair Hobbs: We're achieving some uniformity and criteria.

Amanda Brown: Yeah. Because if you have some inequity in who's getting funded and I think historically we haven't documented the methodology or understood where we ended up with the attendance areas we have today. So it's a modernization and a documentation process. Yeah, it's a good phrasing.

Chair Hobbs: So I'll make a motion to approve the definition presented here for attendance areas, with the consideration that you'll calculate what attendance areas then apply to that definition and circulate it to the rest of the commission by next meeting

Amanda Brown: And to districts.

Chair Hobbs: To districts.

Amanda Brown: That might be a bit of a tough timeline.

Unidentified Speaker: Okay. Accept that.

Megan Peterson: I'm actually being sympathetic and supportive of our school districts given that we're there in the school year, in the summer. We have only four days to get the information out and review them and then have information.

Chair Hobbs: If we have that information back the next Thursday, fantastic. If we don't, then that part of it would go to the agenda, but at least we would've accomplish this.

Unidentified Speaker: [Indiscernible].

Chair Hobbs: So, that's your motion.

Unidentified Speaker: Okay. [Indiscernible] getting information.

Unidentified Speaker: I second the motion.

Chair Hobbs: Alright. All in favor signify by saying aye.

Group: Aye.

Chair Hobbs: Any of opposed? Good. Thank you Amanda.

Amanda Brown: Thank you all.

Chair Hobbs: Future agenda items. We've decided to [indiscernible] come back to us with respect to optimal funding. I'll certainly check [indiscernible] as far as setting up a project board plan on that. We'll be bringing back the other two items that we have on today's agenda that were on presentation. Kelsey set hers up for this Thursday. And hopefully we'll be able to bring some closure to be a part of that. And anything else from the work back list that we'll talk a little bit more about that may be offline, but anything else from the war back list that we can bring to closure sooner than later?

Megan Peterson: I think today -- Megan Peterson, for the record, we made a lot of progress. If we need to update based on the recommendations, reassess actually.

Chair Hobbs: Sounds good. Anybody else?

Punam Mathur: For the record, member Mathur. I just want to say to you and Hobbs, [indiscernible] Megan Peterson, and the team here for the rest of us don't see is much time, energy they put in behind the scenes. To keep this insanely busy railroad set of tracks that has got everything moving on time. So I just wanted to put that officially on the back road. So there, take that.

Chair Hobbs: Thank you. It's so much simpler than you think. I call Megan and she tells me what to do. I never had a problem in my life. So that brings us to public comment number two. Anybody here in Las Vegas wish to make public comment? Seeing none, I'll go to Carson City. Is there anyone wishing to make public comment in Carson City,

Secretary: There is no public comment in Carson City at this time.

Megan Peterson: I think that was a no.

Chair Hobbs: I think that was a no. Okay. You're welcome. Anybody on a telephone wishing to make comment.

Secretary: We have no common comments.

Chair Hobbs: Okay. Any comments received by way of email?

Megan Peterson: No public comment by email.

Chair Hobbs: Okay, perfect. And with that, certainly wish everybody a really nice weekend and safe travels back home.

Group: Thank you.