

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
JUNE 24, 2022
9:00 A.M.**

| Office | Address | City | Meeting |
|-------------------------|--------------------|-------------|----------------|
| Department of Education | 2080 E. Flamingo | Las Vegas | Room 114 |
| Department of Education | 700 E. Fifth St. | Carson | Board Room |
| Department of Education | Virtual/Livestream | n/a | n/a |

SUMMARY MINUTES OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT

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

DEPARTMENT STAFF PRESENT

Heidi Haartz, Deputy Superintendent for Student Investment
Jessica Todtman, Deputy Superintendent for Educator Effectiveness and Family Engagement
James Kirkpatrick, State Education Funding Manager, Student Investment Division
Beau Bennett, Management Analyst IV, Student Investment Division

LEGAL STAFF PRESENT

Greg Ott, Chief Deputy Attorney General

AUDIENCE IN ATTENDANCE

Ellen Minetto, Washoe County School District Trustee
Diane Nicolet, Washoe County School District Trustee
Lindsay Anderson, Washoe County School District

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

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

2. PUBLIC COMMENT #1

Dianne Nicolette, Board of Trustees Member, Washoe County School District provided public comment regarding agenda item 9. *(A complete copy of the statement is available in Appendix A.)*

Chris Daly, Nevada State Education Association, provided public comment regarding optimal funding. *(A complete copy of the statement is available in Appendix A.)*

3. APPROVAL OF COMMISSION MEETING MINUTES

Member Andrew Feuling moved to approve the May 20, 2022 Commission Meeting Minutes. Member Punam Mathur seconded. Motion passed unanimously.

4. NEVADA DEPARTMENT OF EDUCATION UPDATE

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

Deputy Superintendent Haartz noted that the Department has obtained approval of the contract for subject matter experts to generate information the Commission has requested regarding property taxes. The Department has received Interim Finance Committee approval to acquire the funding needed in order to move forward with the contract to complete a similar type of study for sales tax. Deputy Superintendent Haartz noted that both of these contracts will contribute to a larger conversation regarding revenues that may be needed to support K-12 education within the State.

NDE has been meeting with the Department of Taxation to review the revenues that are identified in Assembly Bill 495 (2021) that will benefit public education beginning in fiscal year (FY) '24 and '25. Beginning in FY24, the State Education Fund will begin earning revenue from the gold and silver tax. The Department has been instructed to continue level funding from the new tax revenue which is estimated to total approximately \$81 million per year. Additionally, beginning in fiscal year 2024, the State General Fund portion of the net proceeds of minerals will be deposited into the State Education Fund. While no revenue will be earned in FY24, it is anticipated that in FY25 there will be approximately \$71 million of revenue that will begin to flow into the State Education Fund and continue on an annual basis. The Department has also been working with the Governor's Finance Office to ensure that it is able to accurately track all the revenues that will flow through the State Education Fund as it transitions from one fiscal year to the next.

Chair Hobbs noted that, at its May meeting, the Commission identified the gap between funding at the national average, funding at the APA recommended level, and current funding, which did not consider new revenue sources and in particular the mining tax. Chair Hobbs requested the Department recalculate those amounts including the new tax sources so the Commission will have revised target values.

5. INFORMATION AND DISCUSSION REGARDING MESSAGING RELATED TO OPTIMAL FUNDING

Brian R. Gordon, Principal, Applied Analysis, provided a PowerPoint presentation regarding [Sales and Use Tax](#).

Chair Hobbs noted that the digital goods category is a great place to start the discussion on expanding the base for taxable goods and services and asked what else should be considered. Member Jason Goudie referenced slide 29 of the presentation that lists areas in which Nevada does not tax, but other states do, such

as cellular phone services, interstate telephone and telegraph, other fuel, natural gas, electricity, and software. Member Goudie noted that these are modernization simplicities given the fact that 80% of states already tax these items.

Mr. Gordon noted that the appendix of the presentation explains the sensitivity analysis of expanding the tax base and who the beneficiaries are on a county-by-county basis. Member Nancy Brune requested a breakdown of percentage of the economy being taxed if the base were to be expanded in the ways the Commission has suggested thus far. Mr. Gordon agreed to calculate those figures and provide them to the Commission at a later date.

Member Goudie noted that in exploring a sales tax comparison, the Commission must keep in mind distinctions in the total taxes levied on a state's population. Chair Hobbs agreed that a higher tax rate with a comparatively narrower burden oftentimes makes the overall burden of the sales tax smaller than one applied to a broader base. Member Brune noted that it would be helpful to analyze Nevada's peer states that don't have an income tax to see what percentage of their economy is being taxed by a sales tax.

6. INFORMATION AND DISCUSSION REGARDING THE IMPACT OF OPTIMAL FUNDING ON EDUCATION

Dr. Dave Jensen, Member, Commission on School Funding, provided a document regarding the [Nevada Association of School Superintendents Prioritization Recommendations](#).

Vice Chair Jim McIntosh noted that class sizes are a large issue in Nevada, and it appears to be addressed in priority four of the NASS recommendations under infrastructure. He noted that he is assuming class sizes are addressed under adequate staffing patterns. Member Jensen responded that the intent of the adequate staffing bullet was to address class sizes. Member Jensen noted that the intent behind priority four is that when you increase the number of teachers in your school district, it will require additional physical space.

Member Paul Johnson provided an excel spreadsheet regarding [Comparison of APA Prototypes to Nevada Revised Statutes \(NRS\) 387.303](#).

Chair Hobbs noted that this spreadsheet will help quantify NASS priority one and asked if there is a way to quantify priorities two and three, leaving out priority four as it separate and apart from the Commission's charge. Member Johnson affirmed that such calculations could be completed.

Member Dusty Casey expressed concern with identifying the equilibrium wage for school staff to attract new labor to the market. If Nevada is 16,000 positions short, clearly Nevada wages are well below a wage that will attract those positions to the market. Member Casey asked if there is a process to decipher the equilibrium wage. Member Goudie responded that Clark County has done a number of reviews of what they consider comparable areas for which they heavily recruit and offered to share those resources and work with the fellow Commissioners to determine that equilibrium wage.

7. INFORMATION AND DISCUSSION REGARDING AN ANALYSIS OF K-12 STUDENT ACHIEVEMENT RANKINGS

Kenneth J. Retzl, Ph.D., Director of Education Policy, Guinn Center, provided a PowerPoint presentation regarding [National Education Rankings](#).

Member Mathur noted that there were 13 funders for this research project and thanked them. Member Mathur noted that the reason behind 13 different funders for the project is to ensure diversity in the funders for the research so the results would be accepted by the broadest possible audience. The Guinn Center was chosen to conduct the research because it was important to have an uncompromising commitment to the

facts. Member Mathur noted that the impetus for this project originally was the need to tell a compelling story to support the Commission's work on optimal funding.

Member Brune noted that Nevada has seen advances and improvements such as participation in career and technical education and advanced placement programs and requested an appendix either in the Commission's report or in Phase III of the Guinn Center's report where proficiency rates and other points of progress are reviewed. Dr. Retzl noted that there needs to be a broader conversation for all of Nevada to have as to what data points we want to say matter. This is not just a conversation just for the Guinn Center but a conversation for NDE, school districts, and communities.

8. INFORMATION AND DISCUSSION REGARDING MESSAGING RELATED TO OPTIMAL FUNDING

Member Mathur noted that there is nothing new to report at this time.

9. PRESENTATION ON THE NEVADA COST OF EDUCATION INDEX USING NEVADA DEPARTMENT OF EMPLOYMENT, TRAINING, AND REHABILITATION (DETR) DATA FOR SALARY AND WAGE DATA

James Kirkpatrick, State Education Funding Manager, Student Investment Division, NDE, provided a PowerPoint presentation regarding the [Impact on the Nevada Cost of Education Index using the Nevada Department of Employment, Training, and Rehabilitation \(DETR\) Data for Salary and Wages](#).

Member Goudie moved to approve the use of DETR industry-level data that includes accommodation and food services, arts, entertainment, and recreation, construction, educational services, finance and insurance, health care and social services, information technology, management of companies and enterprises, manufacturing, mining, quarrying and oil and gas extractions, professional technical services, public administration, transportation and warehousing to determine the wage component of the Nevada Cost of Education Index. Member Mathur seconded. Member Jensen opposed. Motion passed with ten members in support and one opposed.

Member Brune moved to approve the use of Federal Government, State Government, Local Government, and Private ownership level data to determine the wage component of the Nevada Cost of Education Index. Member Feuling Seconded the motion. Motion passed unanimously.

Member Jensen suggested instructing NDE to take the information on the prior two motions to bring the impact results back to the Commission and then decide on whether to use DETR wage data for determining the wage component of the Nevada Cost of Education Index.

Deputy Superintendent Haartz noted that the Legislative Committee on Education is looking forward to receiving the Commission's recommendations. If the Commission decides to see these numbers again before making a final recommendation, it will need to be carefully phrased before going in front of the Legislative Committee on Education.

Member Johnson moved to approve the use of DETR wage data to compute the Nevada Cost of Education Index. Member Brune seconded. Motion passed unanimously.

Member Joyce Woodhouse moved to instruct NDE to compute the wage component of the Nevada Cost of Education Index using DETR wage data to be brought back to the Commission at a later date to then make a final decision. Member Jensen seconded. Motion passed unanimously.

10. INFORMATION AND DISCUSSION REGARDING FUNDING ALLOCATED THROUGH THE PUPIL-CENTERD FUNDING PLAN FOR PUPILS ENROLLED IN DUAL CREDIT PROGRAMS AND ATTENDING NEVADA SYSTEM OF HIGHER EDUCATION (NSHE) INSTITUTIONS ON A FULLTIME BASIS

Beau Bennett, State Education Funding Specialist, Student Investment Division, NDE, provided a PowerPoint presentation regarding [Dual Credit Enrollment](#).

Member Mathers asked if the Department’s recommendation is to keep funding at the adjusted based funding that is specific to each district versus using a lower Statewide average. Mr. Bennett responded yes, that is correct. Member Mathers agreed with the recommendation as to not disincentivize school districts from offering dual credit courses. Deputy Superintendent Haartz noted that, given variations in the ways that students access dual credit courses and districts partner with Nevada System of Higher Education institutions to offer courses, adjusting the per-pupil payment to a school district does not appear to be reasonable at this time.

Member Goudie moved to maintain the funding for dual credit early college high school at the adjusted base funding as is currently in the Pupil-Centered Funding Plan. Member Casey seconded. Motion passed unanimously.

11. DISCUSSION OF RECOMMENDATIONS APPROVED BY THE COMMISSION ON SCHOOL FUNDING TO FACILITATE THE SUCCESSFUL IMPLEMENTATION OF PUPIL-CENTERD FUNDING PLAN

Heidi Haartz, Deputy Superintendent for Student Investment, NDE, provided a list of the [Commission on School Funding Recommendations](#).

Deputy Superintendent Haartz noted that NDE is seeking approval and amendments from the Commission on the recommendations for the Legislative Committee on Education.

Member Goudie referenced the recommendation to allow charter school to develop a line-item budget for projected auxiliary services needs and the recommendation regarding a different methodology for funding. Member Goudie stated that he believes these two recommendations conflict. Originally the Commission had a plan for a budget line-item and, once it changed, the Commission ultimately selected to calculate auxiliary services on a four-year average. Member Goudie stated that he would like to see language that states that this is a funding mechanism, not a spending mechanism, and districts are not tied to spending only capital funds on capital costs. Member Mathur echoed member Goudie’s points. Vice Chair McIntosh recommended adding language that states, “allow charter schools to develop a line-item budget projection for auxiliary services in their first year they would like to begin providing those services.”

Member Mathers referenced the recommendation for a Nevada-specific consumer price index (CPI) to replace the Western Region Index and requested clarification on where the data comes from for a Nevada-specific CPI. Deputy Superintendent Haartz responded that the Commission recommended work be done to identify a Nevada-specific CPI but the work is not yet done. Member Mathers asked for clarification to confirm that any action taken by the Commission related to a Nevada-specific CPI would be conceptual to pursue that in the future. Deputy Superintendent Haartz responded in the affirmative.

Member Brune moved to approve all the recommendations with the language change to the recommendation to allow charter schools to develop a line-item budget for projected auxiliary services that states, “allow charter schools to develop a line-item budget projection for auxiliary services in their first year they would like to begin providing those services”. Vice Chair McIntosh seconded. Motion passed unanimously.

12. FUTURE AGENDA ITEMS

Chair Hobbs requested items on optimal funding, messaging, NASS and CFO priorities, and the format and contents of the Commission's recommendations report. He noted that a special virtual meeting would be scheduled to follow up on the calculation of the Nevada Cost of Education Index (NCEI) data.

13. PUBLIC COMMENT #2

No public comment.

14. ADJOURNMENT

Meeting was adjourned at 1:44 P.M.

APPENDIX A: STATEMENTS GIVEN DURING PUBLIC COMMENT

1. Dianne Nicolette, Board of Trustees Member, Washoe County School District provided public comment regarding agenda item 9.
2. Chris Daly, Nevada State Education Association, provided public comment regarding optimal funding.

APPENDIX A, ITEM 1: DIANNE NICOLETE

Good morning. Thank you, Chair Hobbs and Commission members, for your work on this committee specifically your continued commitment to making a formula that all Nevadan's can be proud of. I am here today with my fellow trustee Ellen Minetto, and my name is trustee Dianne Nicolet. We are representatives of the Washoe County School District Board of Trustees and while I will not and cannot speak for all trustees, I want you to know that we have been closely following your work as it relates to item number nine on today's agenda and the Nevada Cost of Education Index. We appreciate the clear motion that the Commission passed in February of this year to direct NDE to pursue a recalculation for the cost of wage component of the NCEI based upon DETR data and other possible data sources. I think we can all agree that the current method does not reflect the realities facing resident, teachers, and employers when it comes to the cost of education and wage levels in Washoe County. We are excited and hopeful that a complete, verified, and Nevada based data source will improve the formula and be something we can all explain to our constituents. Our trustees, employees, and community are closely watching with great interest, and we urge you to move this issue forward today by approving the revised approach that utilizes excuse me, utilizes, uses data from our State Department of Employment, Training, and Rehabilitation. The use of comprehensive State data on wages in the development of this index which allows the calculation of a specific index for each county, seems common sense approach that will go a long way to alleviating our community concerns that we have related to the prior methodology. Thank you again for your shared commitment, your hard work, and dedication and we look forward to your action today. And as a side note, please enjoy a wonderful summer. Thank you.

APPENDIX A, ITEM 2: CHRIS DALY

The Nevada State Education Association has been the voice of Nevada educators for over 120 years. Last month, NSEA submitted comments to this Commission on optimal funding as it related to the staffing crisis impacting school operations across the state.

In the past month, the most pressing crisis facing Nevada schools has only gotten worse. We know Nevada has ranked near the bottom of states in education funding and quality for decades. With the additional challenges of the last two years, we have an unprecedented shortage of educators to teach our kids and make our schools run. This week CCSD listed over 2200 vacant positions, while WCSD listed over 450. Without bold action to address this crisis right now, thousands of Nevada students can expect to return to school with no bus driver and no teacher in their classroom.

As this Commission considers optimal funding of Nevada schools, including communication strategies to promote optimal funding, we hope you appreciate the level of urgency of the crisis in our schools and convey this urgency in your actions and messaging to the public. NSEA's *Time for 20* campaign captures this urgency as felt by Nevada educators. *Time for 20* calls for a 20% increase in educator pay and at least \$20/hour for the workers who make our school run. *Time for 20* aims for an average class size of 20 students in core academic subjects. *Time for 20* would address many of the causes of the educator shortage and should be considered in any conversation about optimal funding for public education in Nevada. Educators and our students across the state require bold action.