

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
AUGUST 13, 2021
9:00 A.M.**

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

SUMMARY MINUTES OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT

Via Videoconference

Dusty Casey
Andrew J. Feuling
Jason Goudie
Guy Hobbs, Vice Chair
Dr. David Jensen
Paul Johnson
Mark Mathers
Punam Mathur
Jim McIntosh
Dr. Lisa Morris Hibbler

DEPARTMENT STAFF PRESENT

Heidi Haartz, Deputy Superintendent for Student Investment
James Kirkpatrick, Administrative Services Officer III, Student Investment Division
Beau Bennett, Management Analyst IV, Student Investment Division
Megan Peterson, Management Analyst III, Office of District Support

LEGAL STAFF PRESENT

Via Videoconference

Greg Ott, Chief Deputy Attorney General

AUDIENCE IN ATTENDANCE

Via Videoconference

Sarah Adler, Silver State Government Relations
David Blodgett, Nevada Preparatory Charter School
Rebecca Feiden, Executive Director, State Public Charter School Authority
Johntay Mooney, Nevada Preparatory Charter School
Victor Salcido, Nevada Charter Association

1. CALL TO ORDER; ROLL CALL

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

2. PUBLIC COMMENT #1

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

David Blodgett, Nevada Preparatory Charter School, provided public comment regarding school transportation under the PCFP. *(A summary of the statement is available in Appendix A)*

Victor Salcido, Nevada Charter Association, provided public comment regarding charter school funding under the PCFP. *(A summary of the statement is available in Appendix A)*

Sarah Adler, Silver State Government Relations, provided public comment regarding the treatment of charter schools under the PCFP. *(A summary of the statement is available in Appendix A)*

Johntay Mooney, Nevada Preparatory Charter School, provided public comment regarding school transportation under the PCFP. *(A summary of the statement is available in Appendix A)*

3. APPROVAL OF COMMISSION MEETING MINUTES

Member David Jensen moved to approve the June 11, 2021, Commission Meeting Minutes. Member Paul Johnson seconded. Motion passed.

4. NEVADA DEPARTMENT OF EDUCATION UPDATE

Heidi Haartz, Deputy Superintendent for Student Investment, Nevada Department of Education (NDE or Department) provided an update regarding the work of the Department since the June 11th Commission meeting.

Deputy Superintendent Haartz reported that the Department has been working on the implementation of the Pupil-Centered Funding Plan (PCFP), including technical assistance and support to districts and charter schools with local implementation and updating the fiscal year 2022 (FY22) payment book to align with the legislatively approved PCFP, with first payments issued August 1st.

The Department has worked with multiple State agencies to identify and track the revenue sources flowing through the State Education Fund. The Department has also begun drafting business rules for the components of the PCFP, specifically for making payments to districts, charter schools, hospitals, and healthcare facilities, as well as the process to be used by districts for allocating funds to schools. The Department distributed the draft business rules to chief financial officers (CFOs) and held office hours to solicit feedback and recommendations. The drafting process will continue over the next several weeks, including the office hours with CFOs.

NDE has also met with the Governor's Finance Office (GFO) and the Fiscal Analysis Division of the Legislative Counsel Bureau (LCB) to develop the process and data sources to be used for calculating ending fund balances for districts. The Department also revised and summarized the Commission's recommendations put forward for inclusion in the Governor's recommended budget during the last legislatively approved budget, which will be shared shortly.

Vice Chair Hobbs expressed that it was important to monitor implementation of the PCFP to determine whether it was operating as expected; he thanked everyone working on the funding migration. Member Mark Mathers asked whether a review of the model would be conducted to identify changes to work prior to the next Legislative Session. Deputy Superintendent Haartz stated that changes made during the last session were summarized at the

last meeting of the Commission, including specific items the legislature had requested additional work from the Commission on. Department staff also presented a proposed project timeline that would provide the Commission time to review all items within their scope in advance of the next legislative session.

5. DISCUSSION AND PRIORITIZATION OF THE COMMISSION'S REVIEW OF THE COMPONENTS OF THE PUPIL-CENTERED FUNDING PLAN

Heidi Haartz, Deputy Superintendent for Student Investment, facilitated a discussion regarding the prioritization of the Commission's review of various components of the PCFP.

Deputy Superintendent Haartz noted that the Commission has rules and responsibilities established within Nevada Revised Statute (NRS) 387.12463, which fall into the following categories:

- Providing guidance to districts and the Department regarding implementation of the PCFP.
- Monitoring the implementation of the PCFP and making recommendations for areas of improvement, within the limits of appropriated funding.
- Reviewing the statewide base and adjusted per-pupil funding amounts and the multipliers for weighted categories each biennium including whether revisions are necessary to create optimal funding; if so, they must provide corresponding recommendations for how to pay for those recommendations over a ten-year period .
- Reviewing laws and regulations relating to education within the sState and making recommendations to the Legislative Committee on Education regarding revisions to improve the efficiency or effectiveness of all education within the State.
- Reviewing and recommending revisions of the cost adjustment factors included in the PCFP, as well as the attendance area adjustment.

Deputy Superintendent Haartz noted that regulations to revise the definition of "at-risk" for the purposes of the PCFP is within this summary, and this meeting focuses on cost adjustment factors, which includes the Nevada Cost of Education Index (NCEI), and attendance area adjustments, which include the necessarily small school and the district equity size adjustments.

The Nevada State Legislature also drafted a Letter of Intent (LOI) to the Department requesting that the Department and Commission collaboratively conduct a review of the NCEI and develop a plan and timeline for eliminating the floor of 1.0 in the index. The response to the Legislature is due August 30, 2022. The goal is to develop a plan to address items so that recommendations may be included in the agency request budget.

Vice Chair Hobbs asked for a clear timeline of requirements versus subjects with open-ended deadlines. Deputy Superintendent Haartz stated that the Legislative Session established limitations regarding when the Commission could meet. Specifically, they may begin meeting July 1 of an odd-numbered year and must conclude their meetings for the interim session by September 30 of an even-numbered year. The Legislative Committee on Education (LCE) meets from February through June of an even-numbered year. Due to these scheduling constraints, recommendations for the LCE should be prepared for delivery in early 2023.

Member Mathers noted that the last discussion regarding NCEI was in April during the presentation from Ekay Economic Consultants (EEC). There was subsequent discussion that EEC work with APA Consulting to look at alternative calculations using Department of Employment, Training, and Rehabilitation (DETR) data. Vice Chair Hobbs acknowledged that EEC and APA gave contrasting viewpoints regarding the NCEI. Deputy Superintendent Haartz reported that the Department's contract with APA expired on June 30, 2021 and there are no additional funds available to enter into an ongoing contractual agreement with them. The Department, in collaboration with the Governor's Finance Office, is looking for guidance from the Commission regarding how best to move forward in supporting their work with regard to the NCEI.

Member Jason Goudie stated that they needed to focus on more relevant cost factors, such as cost of housing and tax structures. Member Goudie was supportive of continuing work with APA. Member Johnson also supported continued work with third-party consultants and highlighted the importance of the Commission work with the Department to address budgetary constraints so that external expertise could be sought in a timely manner. Member Goudie agreed and asked the cost of the previous contract with APA. Vice Chair Hobbs asked that NDE reach out to APA to see what the consultants' level of effort would be to continue discussion with the Commission on work that APA had previously contributed.

Regarding the attendance area adjustment, Member Jensen expressed his preference to see more data regarding the current process prior to revisiting. Vice Chair Hobbs agreed and emphasized the importance of having further professional services available to the Commission to support their work.

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

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

Member Goudie expressed concern with the four-year average, which is likely to underfund districts with population growth. Clark County School District spends \$10-15 million on fuel alone each school year. Current transportation costs are distorted, but transportation costs per-pupil would similarly distort the funding. Member Goudie expressed support for an inflation factor when calculating transportation costs, as fuel is the largest individual cost outside of the student and fuel costs will outpace consumer price index (CPI) growth; it is the single largest risk to the annual budget. In addition, discussion should be had related to transportation for charter schools.

Member Punam Mathur confirmed that transportation costs are included in the annual NRS 387 reports. Member Johnson noted that transportation may be a consideration for optimal funding, and that the need for new buses was an additional consideration. Member Jensen highlighted that the data reported for Humboldt County School District was inaccurate and needed correction. Vice Chair Hobbs stated that a four-year average was typically used due to volatility, which did not apply in this case. Regarding 2020, which was anomalous, an adjustment was likely needed. However, this ultimately becomes mathematically challenging unless you agree on a factor across the board. Different approaches may be used, but inflation should be considered.

Member Mathers asked about discarding the four-year average and using the most recent data. He noted that there was a 22% increase between 2017 and 2019, and a four-year average was too slow to adjust. He suggested using the previous year's actual cost, making an exception for 2020, and adjusting for fuel prices and other components. Member Goudie stated that funding restrictions have minimized the ability to receive more funds, but PCFP allocation and distribution will differ from previous practice. He suggested a trend analysis of the prior three years and a forecast for year four which would become the normalized number. Member Johnson expressed a preference for a one-year model.

Member Dusty Casey asked whether, if a district has an inflated year and the district spends less in the following year, they would retain those surplus dollars in their general fund. Mr. Kirkpatrick stated that the district would retain the surplus, subject to its return to the stabilization fund if the district's ending fund balance exceeded the 16.6% cap. Member Casey noted concerns with using a one-year model. Member Mathers suggested separating out transportation operating costs and stripping capital costs, using a four-year average with a two-year cost average and increasing based on one year's inflation. Member Jensen expressed concern with creating additional complexities in trying to address the problem of the four-year average.

Vice Chair Hobbs noted that there was some agreement for retention of the four-year average if accompanied by weights. Member Jensen asked that the Department provide further information regarding how calculations would be made and the weights that would apply. Mr. Kirkpatrick confirmed that the presentation would include a four-year average with weights and options for outlier years and an industry-specific inflation factor with alternative indexes in consideration.

7. PRESENTATION AND DISCUSSION OF THE MONITORING PLAN FOR FISCAL YEAR 2022

Beau Bennett, Management Analyst IV, Student Investment Division, provided a PowerPoint presentation regarding [Monitoring Implementation](#) for the PCFP in FY22.

Member Goudie highlighted the importance of a consolidated reporting platform which may be used at the district level and the State, eliminating the need for individual accounts. While the Department doesn't have the funding to stand up such a platform, he noted that State-level funding should be a consideration as a Statewide accounting infrastructure would be a benefit to all. Member Mathers supported a consolidated system and added that the Commission should be looking at the guts of the PCFP, with implementation inquiries related to improvements to the model, unintended consequences, and how it affects districts in real time.

8. FUTURE AGENDA ITEMS

Future agenda items included optimal funding and funding opportunities; auxiliary services for charter schools; access to consultants for future work of the Commission, including drafting a letter to the Governor requesting additional funding and resources; addressing funding issues created by legislative implementation and an overview of how requirements to existing law are affected; formula considerations; reporting accountability; cost index; hold harmless; enrollment caps; and the use of four-year moving averages for transportation costs.

9. PUBLIC COMMENT #2

No public comment.

10. ADJOURNMENT

The meeting was adjourned at 11:31 A.M.

Appendix A: Statements Given During Public Comment

1. Rebecca Feiden, Executive Director, State Public Charter School Authority, provided public comment regarding charter school access to auxiliary services under the Pupil-Centered Funding Plan (PCFP).
2. David Blodgett, Nevada Preparatory Charter School, provided public comment regarding school transportation under the PCFP.
3. Victor Salcido, Nevada Charter Association, provided public comment regarding charter school funding under the PCFP.
4. Sarah Adler, Silver State Government Relations, provided public comment regarding the treatment of charter schools under the PCFP.
5. Johntay Mooney, Nevada Preparatory Charter School, provided public comment regarding school transportation under the PCFP.

Item A1, Rebecca Feiden

Good morning, my name is Rebecca Feiden, I am the Executive Director of the State Public Charter School Authority.

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

I'm speaking this morning regarding agenda item #6. As you know, public charter schools currently do not have access to the auxiliary services funding for food service and transportation that is available to school districts. However, the majority of charter schools we sponsor provide food services, and currently one provides transportation services. We have two additional schools that plan to add transportation service in the near future.

When charter schools choose to provide these services to meet the needs of their community, but don't receive funding, they must divert funding from classrooms to cover these costs. I would encourage the commission to consider enabling charter schools that provide these services, to receive the associated funding. If a charter school provides food service, but not transportation, they could receive the food service portion of the auxiliary funding. If they provide both food service and transportation, they could receive funding for both.

Again, thank you for all of your work and for your consideration.

Item A2, David Blodgett

Mr. Blodgett emphasized that one of the most important things we can do is create more acceptable and equitable charter schools. Providing school transportation for charters is difficult operationally as there is not a model to follow. His school purchased two retired Clark County School District at a discount. Providing the buses is a large expense, and total costs for the bus were close to \$45,000 per bus, but the cost was worth it based on the value it provides to families and how they extend the school's reach into their community. With their two buses, more than two-thirds of their students have travelled to and from school every day on a bus since school opened. Mr. Blodgett offered to provide ride-alongs to see what the bus means to their community. He believes that if transportation was funded for public charters as they are in districts, it could be adopted on a wide scale in public charter schools for schools like theirs. Independent nonprofits not supported by a large for-profit management company would benefit from the extra support. Each year, they receive outreach from numerous schools asking if they can partner to provide transportation, but his school must decline as they are already stretched thin trying to provide for their own families. Until school transportation funding is provided to charter schools, he doesn't know if they will ever meet their goals of diversity and access.

Item A3, Victor Salcido

Mr. Salcido noted that charter schools represent 12% of the state's student population enrolled in public schools, and those students are often not treated equitably in funding. He highlighted two issues: the first was that the hold-harmless provision was not sufficient, as a significant number of schools are receiving less per-pupil this year than last. The second relates to food service and transportation funding, which charters are excluded from. In part this is because many schools do not provide transportation. However, some do, and to his knowledge all charters are providing food services. Mr. Salcido recommended that public charter schools have equitable access to these funds if said services are provided.

Item A4, Sarah Adler

Ms. Adler shared on behalf of Washoe County Public Charter Schools concerns regarding the inequitable treatment of public charter schools that resulted from the legislative implementation of the PCFP. The district size and attendance area concepts in the model are ineffective and inappropriate when applied to public charter schools within urban areas. Since charters are schools of choice and draw students from across the community, estimating costs based upon the charter's rotation within the county is inappropriate and has produced inequity. She estimates \$240 less per student in a charter school with which to educate the child. Ms. Adler asked that the Commission undertake additional analysis of the formula and funding model as it applies to charter schools, and for additional consideration of food and transportation services funding for those schools providing those services to their families and students.

Item A5, Johntay Mooney

Ms. Mooney emphasized the needs of students and families as it relates to transportation services. When their school opened four years prior, there is great need for transportation as many families had over an hour commute to get students to the school while administration worked to develop transportation services. Being one of the few charters with transportation has been a great help to the community, and many families have stayed with the school. The demand for transportation is high, with families all over the Las Vegas Valley relying on their transportation services.