

Agenda Item #5

Nevada Department of Education Update

Commission on School Funding

April 9, 2021

Governor's Recommended Budget

- January 19, 2021: State of the State Address and release of the Governor's Recommended Budget for the 2021-2023 Biennium

Governor's Recommendation: Phased Implementation of PCFP

Phase 1

- 2021-2023 biennium
- Funding currently administered by NDE
- Allocated through the PCFP
- School District Hold Harmless using State funds received in FY 2020
- Initiate transfers to the Education Stabilization Account

Phase 2

- 2023-2025 biennium
- State and local revenues identified in SB 543
- School District Hold Harmless using funds received in FY 2020

State Education Funding Account

Phase 1: 2021-2023 biennium

Same revenues allocated through DSA

- General Fund
- Marijuana Taxes
- School Support Tax (OSST)
- Annual Slot Tax
- Transient Lodging Tax
- Federal Mineral Leasing Act
- Unclaimed Property Transfer
- Permanent School Funds Transfer
- Treasurer's Interest Distribution

Phase 2: 2023-2025 biennium

State no longer guarantees these revenues

- Local School Support Tax (LSST)
- Assessed Value of Taxable Property (PSOPT)
- Net Proceeds of Minerals
- Governmental Services Tax (GST)
- Franchise Fees

PCFP does not include a guarantee for local revenues

Previous Nevada Plan revenue guarantee will not occur: 100% LSST , 1/3 PSOPT and 1/3 Net Proceeds

Unclaimed property will fund activities in BA 2614 Educational Trust Account

Governor's Recommendation: Remove Tier A from the PCFP

- Allows NDE to be funded in alignment with historical budget policy
- Maintains equity between NDE and other Executive Branch Agencies

Education Stabilization Account

- Included in the Governor's recommendation for phased implementation
- Beginning in FY 2022
 - School district ending fund balance as of June 30, 2022 > 16.6% or the FY 2020 ending fund balance → Education Stabilization Account
 - Unexpended funds from the State Education Account as of June 30, 2023 → Education Stabilization Account
- Establishes funding in the Account prior to full implementation at the start of FY 2024

CSF Recommendations included in the Governor's Recommended Budget

- State Maintenance of Effort for Special Education is not included in the PCFP
- Inclusion of the District Size Adjustment based on Attendance Area
 - Consolidation of the Necessarily Small School Adjustment and the Small School District Equity Adjustment described in Senate Bill (SB) 543
- Inclusion of the Nevada Cost of Education Index
 - Floor of 1.0 for school districts
- Utilization of the alternative definition of At-Risk, adopted by the State Board of Education

Legislative Commission's Budget Subcommittee Hearing

- January 22, 2021: K-12 Budget Overview included
 - Commission on School Funding
 - Recommendations provided to the Governor and the Legislature
 - Overview of the Pupil-Centered Funding Plan
 - Statewide Base Per Pupil Funding
 - Adjusted Base Per Pupil Funding
 - Weighted Funding
 - Legislature's Intent: protect against a loss of funding (compared FY 2020)

CSF Recommendations to the Governor and the Legislature: Model Revisions

- Utilize the District Size Adjustment by Attendance Area
 - To replace the Small District Equity Adjustment and Necessarily Small School Adjustment
- Adopt an alternative measure for At-Risk
- Remove the State's Maintenance of Effort (MOE) for Special Education from the PCPF

CSF Recommendations to the Governor and the Legislature: Implementation

- Expand Hold Harmless to include all public schools
- Clarify school district “ending fund balance”
- Assure ability to request supplemental appropriation, if needed, until the Education Stabilization Account has sufficient funding

CSF Recommendations to the Governor and the Legislature: Reporting

- Consider flexibility in statutory reporting deadlines: timeframes rather than dates
- Consolidate reporting requirements
- Limit reporting of Professional Development to amount of funding expended and source of funding by district annually

Post Hearing Information Request: January 22, 2021

- Estimated revenues by source for each school district for each year of the biennium
- Analysis of the costs that led to the recommendation to exclude local revenues from the State Education Fund in Phase 1
- K-12 funding provided to each school district and charter schools for FY 2017 – FY 2019; including per pupil amounts for each

Information Request (continued)

January 22, 2021:

- Updated counts for weighted categories
- Methodology used to ensure students are only counted in weighted category with highest multiplier
- Calculations for the NCEI

Subcommittee Hearings

- February 16, 2021: NDE Budget Hearing, including the State Education Funding Account
- March 3, 2021
- March 9, 2021
- March 19, 2021
- April 7, 2021: Work Session on the PCFP

Post Hearing Information Request: February 16, 2021

- October 2019 counts for weighted categories
- Methodology for enrollment projections
- Documentation to support budgetary shortfall anticipated with full implementation.
- Updated tax revenue projections for each county.

Information Request (questions): February 16, 2021

- How will the Infinite Campus module to measure students who are at risk be paid for?
- Why aren't teacher incentives allocated through the PCFP?
- Will budget implementation bill (BDR) eliminate interest earnings on the SEF, except for Room Tax revenue?

Information Request (continued): February 16, 2021

- Identify other options considered for the cost adjustment factor and why those were not selected.
- Explain NCEI calculations: CWI and RPPI
- How would funding shortfalls be addressed if no funding is available in the Education Stabilization Account?
- How were programs selected for funding through the PCFP?

Summary of Work Session

April 7, 2021

- Revenues:
 - Additional revenue sources for SEF
- Hold Harmless:
 - Various Adjustments FY 2020 Baseline/Hold Harmless Amounts
 - Apply “excess” funding to hold harmless, instead of increasing weights (FY 2022 ONLY)
 - Consider a phase out of “hold harmless” provision

Summary of Work Session (continued)

- Transportation
 - Methodology options for funding for transportation
- Per Pupil Funding:
 - SWB/P funding for students enrolled in district sponsored charter schools FT distance education program
 - Adjust CPI to calendar year, using 2020
 - NCEI
- Weighted Funding
 - Reduce the weight for GATE to 0.05
- Education Stabilization Account

PCFP Scenarios Modeled

- Since January 2021, NDE has modeled approximately 15 scenarios
 - All anticipated revenues
 - Include charter schools in the FY 2020 baseline
 - Various adjustments to
 - Revenue
 - Inflation
 - Enrollment
 - Base Per Pupil Adjustments
 - Weighted Funding

Next Steps: Budget Closing Process

- Model updates to support LCB/GFO
- April 15, 2021 (est): NDE to update enrollment projections
- May 1, 2021: Economic Forum Projections Anticipated
- May 11, 2021: Budget Closing Hearing
 - Subcommittee on K-12/Higher Education/CIP
- TBD: introduction of K-12 funding bill

Thank you