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July 15, 2020

The Honorable Steve Sisolak  
Governor of Nevada  
State Capitol Building  
101 N. Carson Street  
Carson City, NV 89701

**Re: SB 543, Pupil Centered Funding Plan Recommendations**

Dear Governor Sisolak,

The Commission on School Funding held its first meeting on September 27, 2019. Since that time the Commission has met monthly with the exception of March, which was cancelled due to the COVID-19 pandemic, to discuss the components of Senate Bill 543. The Commission has conducted a thorough review of the financial aspects of the Pupil Centered Funding Plan, the State Education Fund, the reporting requirements, and the applicable statutes. The Commission has benefitted from the assistance of subject matter experts who provided information from bodies of research, as well as states and school districts that have implemented pupil-centered funding methodologies. These findings and insights have informed our work.

The Commission completed an analysis of the Nevada Department of Education budgets comparing the current funding methodology and the Pupil Centered Funding Plan for FY 2020. Similarly, the Commission completed a comparative analysis of school district budgets for FY 2020. Though not required to do so by SB 543, the State Public Charter School Authority participated in the comparative budget process and shared its findings with the Commission.

As required by Senate Bill 543, Section 76.3, the Commission on School Funding submits the attached recommendations to you and the Legislature. These recommendations are intended to facilitate the successful implementation of the Pupil Centered Funding Plan, beginning in FY 2022. The recommendations, developed in accordance with the provisions of SB 543, are the result of the prescribed budget comparisons, contemplate months of public commentary, represent information and presentations from numerous subject matter experts, reflect robust discussions, and include areas of consensus by the Commission members.

The Commission made these recommendations with a focus toward promoting transparency, equity, and accountability for Nevada’s funding of K through 12 public education. Recommendations were made regarding:

- Calculations of the adjusted base per pupil funding for each school district;
- Definition for At-Risk pupils and removal of special education funding from the Pupil Centered Funding Plan;
- Reporting components and timelines;
- Expansion of the Hold Harmless provision;
- Clarification about the “ending fund balance” definition; and
- Supplemental appropriations availability, if needed, during the transition to the Pupil Centered Funding Plan.

Throughout the past ten months, the Commission struggled with reallocating funds in an equitable and student-centered manner while holding all districts harmless within the limitation of no new funds specified in SB 543. This results in the distribution of insufficient dollars to districts with highly a diverse student population only to redistribute those dollars to districts who would receive less dollars through the Pupil Centered Funding model. The work of the Commission highlights the fact that Nevada’s base funding must be increased. This is a difficult position at a time when dollars are scarce. While the Commission has addressed the necessity to optimally fund elementary and secondary education in Nevada, much of that work is still in progress. In the coming months, the Commission will be defining optimal funding and requisite district supports for a successful implementation, validating the funding formula using FY 2021, FY 2022, and FY 2023 financial and enrollment data, confirming the allocation of Special Education funding in the State Education Fund, and finalizing recommendations to the Department of Education regarding the administrative cap for school districts. The Commission will continue to share progress recognizing you may wish to include additional recommendations to the budget for the upcoming biennium.

The individual members of the Commission have undertaken their duties with zeal, passion, dedication, and the knowledge this work will impact Nevada education for decades to come. It is an honor to serve the students across this great State.

Respectfully,



R. Karlene McCormick-Lee  
Chair, Commission on School Funding

Attachment(s):            Recommendations from the Commission on School Funding, July 15, 2020