

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
FEBRUARY 21, 2020
1:30 P.M.**

Meeting Location:

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

SUMMARY MINUTES OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT

In Carson City

Dusty Casey
Dr. David Jensen

In Las Vegas

Andrew J. Feuling
Jason A. Goudie
Guy Hobbs
Paul Johnson
Mark Mathers
Punam Mathur
Dr. R. Karlene McCormick-Lee
Jim McIntosh
Dr. Lisa Morris Hibbler

DEPARTMENT STAFF PRESENT

In Las Vegas

Jhone Ebert, Superintendent of Public Instruction
Heidi Haartz, Deputy Superintendent of Business and Support Services
Felicia Gonzales, Deputy Superintendent of Educator Effectiveness and Family Engagement
Jessica Todtman, Chief Strategy Officer
Beau Bennett, Management Analyst IV
Megan Peterson, Management Analyst III
James Kirkpatrick, Administrative Services Officer III

In Carson City

Peter Zutz, Director of Assessment, Data, and Accountability Management

LEGAL STAFF PRESENT

Greg Ott, Chief Deputy Attorney General

SUBJECT MATTER EXPERTS PRESENT

Amanda Brown, APA Consulting
Justin Silverstein, APA Consulting

AUDIENCE IN ATTENDANCE

In Las Vegas

Alexander Marks, Nevada State Education Association
Ken Paul, Lyon Middle School
Lindsey Dalley, Community Educational Advisory Board
Meredith Freeman, HOPE for Nevada
Stephen Augspurger, Clark County Association of School Administrators

In Carson City

Jeff Zander, Eureka County School District

Jessica Garcia, Nevada Appeal

Jim Penrose, R&R Partners

Kenneth Retzl, Guinn Center

Mary Pierczynski, Nevada Association of School Superintendents

Victor Salcido, Charter School Association of Nevada

1: CALL TO ORDER; ROLL CALL

Meeting called to order at 1:30 P.M. by Commission Chair R. Karlene McCormick-Lee. Quorum was established.

2: PUBLIC COMMENT #1

Lindsey Dalley, Community Educational Advisory Board, spoke on agenda item 6, regarding necessarily small schools and the needs of rural schools. *(A complete copy of his statement is available in Appendix A)*

Ken Paul, Principal, Mack Lyon Middle School, spoke on agenda item 6, regarding necessarily small schools and the needs of rural schools. *(A complete copy of his statement is available in Appendix A)*

3: APPROVAL OF FLEXIBLE AGENDA

No action was taken; the Commission agenda moved directly from public comment to the approval of meeting minutes.

4: APPROVAL OF MEETING MINUTES

Member Punam Mathur moved to approve the December 20, 2019, January 9, 2020, and January 10, 2020 meeting minutes. Member Guy Hobbs seconded. Motion passed.

5: DISCUSSION AND POSSIBLE RECOMMENDATION REGARDING THE DEFINITION OF THE AT-RISK CATEGORY OF PUPILS IN THE PUPIL-CENTERED FUNDING PLAN

Peter Zutz, Director of Assessment, Data and Accountability Management, Nevada Department of Education (NDE), conducted a PowerPoint presentation on the [Definition of the At-Risk Category](#) of pupils in the Pupil-Centered Funding Plan (PCFP).

Member Mathur asked for clarification regarding the accessibility of Free and Reduced Lunch (FRL) eligibility status data to school leaders and teachers. Director Zutz noted that FRL data is protected as it is a socioeconomic indicator. Superintendent Jhone Ebert clarified that FRL data is available for the purposes of directing funding, but teachers are not privy to the status of FRL students. Member Jason Goudie noted that under federal law, the data regarding FRL cannot be shared, even to principals, which hinders the ability to provide services to eligible students.

Member Mathur inquired about a tiered weight for At-Risk students, and whether other states use this model. Director Zutz referred to the [State Comparison of At-Risk Funding](#).

Member Paul Johnson noted that FRL rates tend to decline between elementary school and high school not because of economic circumstance, but because FRL applications are not submitted by families; he suggested that an additional metric is needed to capture the At-Risk category.

Superintendent Ebert clarified that, given the timeline, NDE's recommendation for the time being is to use FRL as the defining factor for At-Risk students. Superintendent Ebert added that NDE would like to conduct further research on At-Risk indicators.

Member Johnson noted that some communities within the White Pine County School District do not receive FRL and, by extension, there is no reporting for At-Risk in those schools. Member Andrew Feuling clarified that some communities do not participate in the FRL program. Member Feuling emphasized the importance of an appropriate At-Risk definition and related funding methodology.

Member Mark Mathers clarified that Community Eligibility Provision (CEP) qualified schools are 100% FRL. He further raised concern with At-Risk funding being defined by FRL eligibility, as funding would be attributed to CEP qualified schools without schools being able to identify the students they need to serve, as they are unable to distinguish FRL students from ineligible students. Member David Jensen noted that CEP communities or districts at 100% FRL were not necessarily the intent of establishing an At-Risk category of pupils.

Vice Chair Hobbs stated that, as FRL is immediately available and the most widely used definition and there are not any immediate alternatives, FRL may serve as an appropriate indicated at this time and the Commission should continue to look for an alternative definition of At-Risk.

Vice Chair Hobbs moved to accept the recommendation of the Department of Education to define At-Risk as eligible for FRL. Member Mathur seconded.

Member Johnson noted that if At-Risk is not restricted to using the FRL application as the tool to survey the student population, schools and districts may better be able to assess their At-Risk populations. Member Mathers noted that there had been several recommendations for how to survey for At-Risk;

Chair McCormick-Lee stated that the motion is to provide an index to use for analysis within the formula; a new index would take time to construct. Furthermore, Chair McCormick-Lee clarified that the weight for At-Risk is not affected by the indicator. Member Mathers asked if census data was available for use in determining the At-Risk indicator; Superintendent Ebert noted that currently available data is from 2010.

Chair McCormick-Lee requested a timeline from NDE regarding identifying another methodology for defining At-Risk; Superintendent Ebert noted NDE would be able to respond at the next meeting. Member Dusty Casey asked how the FRL student population is accounted for in the current model, if the CEP affects the student count, and whether that is accounted for in the model; finally, would those models change if the Commission defined At-Risk as FRL. Deputy Superintendent Heidi Haartz noted that the data presented by Jeremy Aguero in the Blueprint shared during the Commission's morning meeting on February 21, 2020 represented the students currently qualified for FRL.

Member Jensen noted that the Commission had previously directed NDE to stand up the model with the existing recommendation for purposes of the Blueprint and was opposed to the motion. Rather, he supported Member Feuling's suggestion that the Commission wait to define At-Risk until NDE was able to propose alternative models.

Members Jensen, Feuling, Mathers, and Casey dissented. The motion carried.

6: WORK GROUP REPORTS

Member Paul Johnson, Formula and Distribution Work Group, presented an update and report on the progress and work of the Formula and Distribution Work Group.

[Report]

Member Johnson shared that APA Consulting provided a presentation to the Formula and Distribution (F&D) Work Group on the Comparable Wage Index (CWI) and other cost adjustment factors, including the Regional Cost Adjustment. To address previous concerns with the CWI, APA presented a Cost of Living Factor, a CWI inclusive of all workers of all education levels, and a Nevada Cost of Education Index. APA Consulting recommended the Nevada Cost of Education Index.

APA Consulting provided a presentation to the F&D Work Group on the Necessarily Small School Adjustment. To address previous concerns with the Necessarily Small School Adjustment, APA examined stratified layers of schools and sizes, providing Nevada-specific data. They identified 83 schools of the 660 in Nevada. APA Consulting recommended a tiered implementation of the Necessarily Small Schools that ranges from less than 7 to between 125-149 students.

APA Consulting provided a presentation to the F&D Work Group on the Small District Equity Adjustment. To address previous concerns with the Small District Equity Adjustment, APA surveyed stakeholders to identify factors that would influence and escalate cost in order to account for economies of scale. APA Consulting maintained their original recommendation.

APA Consulting provided a presentation to the F&D Work Group on their Work Plan for determining the maximum amount of money that each school district may deduct for its Administrative Expenses from the adjust base per-pupil funding. APA noted that there is not an established model for this item, and Nevada

will be pioneering this work. The bill does not include a definition of “administrative expense.” The F&D Work Group noted that school districts record and report items differently and consistency will be important moving forward. The elements of administration that APA identified included: superintendent’s office, cabinet and boards, business services, payroll, human resources, curriculum, coaching, professional development, legal, communications, community engagement, purchasing, warehouse, information technology, assessment, grants, research, evaluation, accountability, compliance, behavioral services, maintenance, and operations.

Member Johnson noted that there did not appear to be any factors to account for size within the administrative expenses. Member Johnson added that the administrative burden for weighted programs was also not accounted for, and it was unclear whether this funding would come from administrative expenses or the weighted funding. The F&D Work Group agreed that there was additional work for them to do regarding administrative expenses.

Jim McIntosh, Lead, Reporting and Monitoring Work Group, presented an update and report on the progress and work of the Reporting and Monitoring Work Group.

[Report]

NDE presented to the Reporting and Monitoring (R&M) Work Group regarding the proposed format for budget projections to be submitted by school districts as described in Section 76.2 of Senate Bill (SB) 543. The Work Group reviewed an updated template developed by Mr. James Kirkpatrick that was based on existing forms used by NDE.

In response to a previous request from the Work Group, NDE presented to the R&M Work Group regarding the reporting requirements for State-funded categorical grants. These grants were historically provided as line-item appropriations to districts, but would now become a part of base funding. The Work Group is under the understanding that any new programs would similarly be incorporated into the base to provide districts flexibility to use funding, similar to a block grant.

WestEd provided a presentation to the R&M Work Group regarding exemplars of implementation and reporting requirements for the Pupil-Centered Funding Plan (PCFP). WestEd began by identifying guiding principles in pupil-centered funding models nationally: equity, accountability, autonomy, and transparency. WestEd further identified that the main goals represented in SB 543 were equity and transparency, which should therefore be the focus of the Work Group’s discussions of exemplars. WestEd recommended that the Commission determine how new funds will flow into the base funding, for example, to promote adequacy in the base or to flow into Tier E. Other school districts have set adequacy targets and then prioritized funds to schools that are furthest from those targets.

WestEd recommended a consolidation of financial and data reporting timelines. Before making staffing or resource recommendations, WestEd has requested guidance from the Work Group on what indicators will be monitored / analyzed to ensure the Pupil-Centered Funding Plan is working and what consequences or interventions are anticipated if districts do not meet targets under the PCFP.

SchoolNomics provided a presentation to the R&M Work Group regarding In\$ite data collection requirements and reporting. In\$ite is the methodology through which costs are allocated from the district-to school-level to determine per-pupil spending. In\$ite indicated in its presentation their belief that the tool would be well suited to support reporting requirements under SB 543.

WestEd provided an update to the R&M Work Group regarding their work plan to determine the anticipated level of effort and fiscal impact of the reporting requirements included in SB 543 as well as their work plan to provide guidance to school districts to support the implementation of the PCFP. WestEd indicated that they plan to look at five or six local education agencies (LEAs) to understand their current processes – including methodologies, resources, and people involved – in order to report back to NDE regarding anticipated level of effort and impact. Collecting this information will also support WestEd in providing a gap analysis to NDE regarding what support districts and schools will need in

implementing the PCFP. WestEd also shared that an incremental “stair-step” approach to implementation is the best practice from other LEAs that have implemented a pupil-centered funding model.

7: DISCUSSION AND POSSIBLE APPROVAL OF RECOMMENDATIONS REGARDING COST ADJUSTMENT FACTORS AND OTHER COMPONENTS OF THE PUPIL-CENTERED FUNDING PLAN

Member Paul Johnson, Formula and Distribution Work Group, shared an overview of the Formula & Distribution (F&D) Work Group’s conversations based on the presentation by APA Consulting regarding the cost adjustment factor.

[Discussion]

APA Consulting recommended the Nevada Cost of Education Index (NCEI) in lieu of the Comparable Wage Index (CWI). Member Johnson indicated that, while the F&D Work Group did not reach consensus, he did not recall objection to the NCEI.

Member Mathers expressed concern that the NCEI is a blended index that is over 70 percent based on CWI. CWI accounts for a number of factors and assumes that wages that will adjust quickly based on certain factors, which has not been the case in recent history. For example, housing prices have increased dramatically in Washoe and Carson City, but wages have not increased.

Member Goudie said that, because he is not a member of the F&D Work Group, he would want time to understand the shift in recommendation to the NCEI and that indeed, housing costs in Clark increased without the commensurate increase in wages.

Member Johnson said that the updated recommendation was meant to address a too-narrow focus on the CWI and indicated his belief that the NCEI successfully addressed that concern. He agreed with Member Goudie that it is a leap of faith for other Commission members to approve information from a presentation to which they were not privy.

Vice Chair Hobbs agreed that it would be helpful for Amanda Brown from APA Consulting to provide some additional information to the full Commission before they act on recommendations.

Chair McCormick-Lee reminded the Commission of the purpose of the Work Groups to divide the work and keep it moving forward concurrently and cautioned against replicating all presentations in two settings. She suggested that, if subject matter experts are going to present information to the full Commission that had already been presented to a Work Group, Commission Members need to provide specific questions or direction for follow-up or the Commission needs to take action to move the work forward.

Ms. Brown referenced [APA’s January 9, 2020 Presentation to the F&D Work Group](#) as context for the transition from CWI to the NCEI, as well as the [February 21, 2020 cost adjustment factor presentation to the F&D Work Group](#).

Member Goudie commented that he shares Member Mathers’s concerns about the significance of housing costs, in particular as they do not often correlate to wages. Member Johnson indicated that housing costs are a valid consideration and would be comfortable directing APA to consider an adjustment for housing costs.

Member Goudie asked Ms. Brown to indicate how housing is built into the CWI. Ms. Brown clarified that the “theory of action” behind the CWI is that wage differentials accounts for the underlying cost of living and amenities of different communities.

Chair McCormick-Lee directed APA Consulting to address the questions and feedback received from the Commission in developing a new recommendation regarding the cost adjustment factors.

Member Johnson shared an overview of the F&D Work Group’s conversations based on the presentations by APA Consulting regarding the necessarily small school adjustment.

[Discussion]

Member Johnson indicated that the Work Group was interesting in a necessarily small school adjustment that was Nevada-specific. He shared that APA surveyed school districts and solicited additional information about costs and characteristics of small schools – for example, geographic isolation – and provided recommendations that would stratify the adjustment.

Ms. Brown referenced the [February 21, 2020 necessarily small school adjustment presentation to the F&D Work Group](#). APA recommended a minimum threshold for small communities and tiered the adjustment on different ranges of student populations until it grew enough to intersect with the base per-pupil amount. This approach ensures there is not a dramatic cliff based on a fluctuation in student enrollment. Member Goudie indicated his support for this approach based on similar experiences in Clark County School District.

Member Dusty Casey asked whether there is a differentiation between elementary and secondary schools. Ms. Brown said that good information on such distinctions is not available from other states and recommended that the Commission consider that differentiation in its future conversations regarding optimal funding.

Member Johnson shared that the F&D Work Group discussed the possibility of smoothing enrollment to prevent significant fluctuations that would remove funding from a district due to a shift of a handful of students.

Vice Chair Hobbs moved to adopt APA’s recommended necessarily small school adjustment including the smoothing caveat shared by Member Johnson. Member Mathur seconded. The motion carried.

Member Johnson shared an overview of the F&D Work Group’s conversations based on the presentations by APA Consulting regarding the small district equity adjustment.

Member Johnson indicated that, based on feedback previously provided to the subject matter experts by the Work Group, APA Consulting surveyed stakeholders and solicited information from small districts on their needs.

Ms. Brown referenced the [February 21, 2020 district size adjustment presentation to the F&D Work Group](#). APA Consulting’s recommendation to the Work Group was consistent with prior recommendations by APA as well as with the 2012 American Institutes for Research study.

Member Goudie shared his concern that while Clark County School District (CCSD) is the fifth largest school district in the nation, it has a significant number of rural schools. He requested APA’s consideration of providing CCSD with a rural consideration factor despite the district’s size.

Member Feuling recollected that APA’s original study had an interplay between the small school and small district adjustment and asked Ms. Brown for clarification. Ms. Brown clarified that districts that already receive a higher weight due to their size would not “double dip” by also weighting for necessarily small schools. She confirmed that there is no net differential for schools with less than 150 students.

Member Goudie moved to adopt APA’s recommended small district equity adjustment as well as to direct APA to look into a rural consideration factor for large districts with rural schools. Member Mathur seconded. The motion carried.

Member Johnson indicated that there remains work to do regarding the weights for categories of pupils and recommended the full Commission prepare for a future presentation on that topic.

No action was taken regarding weights for categories of pupils.

8: DISCUSSION AND POSSIBLE APPROVAL OF RECOMMENDATIONS REGARDING THE FORMAT FOR BUDGET PROJECTIONS TO BE SUBMITTED BY SCHOOL DISTRICTS AS DESCRIBED IN SECTION 76.2 OF SENATE BILL 543

Member McIntosh reiterated relevant information from his report earlier in the meeting.

No formal action was taken.

9: FUTURE AGENDA ITEMS

Chair McCormick-Lee expressed interest in an item that would provide clarity around weights and base and that would allow the full Commission hear about those items with regard to both formula and flexibility in reporting.

Member Goudie requested that the academic teams from Washoe and Clark County School Districts present data on the effectiveness on the Zoom and Victory programs as a follow-up to public testimony regarding the effectiveness of those programs.

Vice Chair Hobbs indicated that the F&D Work Group would have to bring back the cost adjustment factor and the full Commission would receive a presentation on the weights for categories of pupils.

Member Mathers requested that the Commission revisit the Blueprint and how the weights were built and asked Applied Analysis to consider his prior comments that sources and uses of funds were being mixed in the model.

10: PUBLIC COMMENT #2

Stephen Augspurger, Clark County Association of School Administrators, spoke regarding salary and benefits expenses under the Nevada Plan and the new funding formula. *(A complete copy of his statement is available in Appendix A)*

11: ADJOURNMENT

Meeting adjourned at 4:17P.M.

Appendix A: Statements Given During Public Comment

1. Lindsey Dalley, Community Educational Advisory Board, spoke on agenda item 6, regarding necessarily small schools and the needs of rural schools.
2. Ken Paul, Principal, Mack Lyon Middle School, spoke on agenda item 6, regarding necessarily small schools and the needs of rural schools.
3. Stephen Augspurger, Clark County Association of School Administrators, spoke regarding salary and benefits expenses under the Nevada Plan and the new funding formula.

Item A1, Lindsey Dalley

My name is Lindsey Dalley, and hopefully you're not tired of seeing my face, maybe I need to wear a disguise, so you think it's somebody different. I live in Logandale, I've got just two things that I wanted to briefly touch on. We had a meeting this morning with all of the Northeast Clark County school district administrators over in Mesquite to relay the message and what happened at this meeting. It was a good discussion. We also had Laughlin, [who] was there as well, to kind of bring everybody up to speed. It was interesting that what came out of that meeting was very succinct and clear, and I had not visualized it yet, and so I thought I'd just share that. What they're looking for, as in the principals of all the rural schools in Northeast Clark County, Laughlin, are two different funding formulas for Clark County. One is the urban, the center urban whatever that is, and the other one would be a rural funding formula that you could apply to the rural schools. I'm probably stating the obvious that you guys already maybe had thought of, but that was what was thrown on the table, was if that can happen so there could be a split there, so that we don't have to rob money from the urban schools in order to increase funding for the rural to maintain equity. And then the other thing, and I think Mr. Paul is going to touch on that, but as we get into the agenda items, talking about small school allocations, certainly small schools have unique funding challenges, but I want to make sure that there's a point; rural schools and small schools are not the same. They're not an equivalent. There are many rural schools that are small, but in Moapa Valley, we have one small school that's under a hundred or something students, and we have one elementary school that is about 550, but they still share common rural expenses: transportation, repair costs, teachers, recruiting teachers, and the same thing at the Virgin Valley Elementary school; they're not a small school, but they have those same issues. So I just want to make sure that as we start talking small schools, don't think that you're handling the rural schools as well, because they are different. Thank you very much.

A2, Ken Paul

I'm Ken Paul, Principal at Mack Lyon Middle School, it's in Moapa Valley near Overton. I'm still trying to get used to this, because I haven't done this too much. I was part of that meeting this morning, as we were trying to make sure that we were on—having a consensus and kind of together about the vision of what we were asking with the Commission on per-pupil funding. We support CCSD being recognized as both urban and rural. It has been a sticking point for a lot of years, even when it comes to getting state grants and obviously being rural, but we can't even have access to those because of the urban label that is on the Clark County School District. I know Jason Goudie was part of trying to define which schools would be identified in CCSD and trying to look at what the state definitions were, I know they came up with 23, there are 23 schools in CCSD, and I believe that's probably where the 7000, approximate 7000 students comes from. I also wanted to touch on a rural school is not necessarily a small school. Yes, we share some similarities, such as small schools, even my school, in order to teach a full curriculum, we either have to have additional teachers or money for additional technology to access some of those courses or that curriculum. Where there are differences is that we are remote, and not all are small. I can name two in between Virgin Valley and Moapa Valley, there's Grant Bowler, that's a typical size, and then there's Virgin Elementary that's a typical size. So not all are small, I hope I'm being clear on that. But we all are rural, and there are definitely additional costs associated with being rural, similar to what the rural districts also deal with. Again, just going back a solution that I see is to recognize CCSD as both urban and rural, by applying a per-pupil base funding for each one, recognizing both as urban and rural. Then I mentioned this already, but even now, CCSD rural schools are excluded from many state and federal grants because of the urban label, I know I've run into that personally over the many years. Alright, that's my comments. Thank you.

A3, Stephen Augspurger

My name is Stephen Augspurger, I represent the Clark County Association of School Administrators and professional/technical employees. I apologize for my comments late in the day, I know we're all ready to go home, and I want to say I appreciate very much the time you're devoting and the discussion that's occurring on this important topic. One of the things I want to put on your radar for future consideration is this: I think we can all agree that, across the State of Nevada, the biggest single expense for every school district is salary and benefits. We heard Amanda Brown say earlier 72 percent average statewide; I know in Clark it is around 88 percent. When we think of that in the context of differences between the Nevada Plan and the new funding formula that's being developed – under the Nevada Plan those of you who work for school districts know that annually there is a 2 percent roll-up that's approved by the Legislature. That roll-up is designated specifically for lateral movement across the salary schedule. In the legislative appropriations report it defines the purpose of that as an incentive for employees to continue with professional growth and those steps then would be approved. The second piece of that roll-up is health benefit money that is recommended by the Governor, approved by the Legislature. During this last legislative session, the 2 percent roll-up for salary growth is not a COLA, it's growth on the salary schedule is approximately \$160 million, the health benefit money was approximately \$30 million. Under the old plan, that money was included in the DSA. School districts then used that money to move people along the salary schedule. Typically, it wasn't negotiated. My concern is, as we move to the new funding formula, that this process thus far does not address the biggest single expense that every school district has. I know there is a desire to have greater discretion and greater flexibility to spend dollars, but I do believe we would do a disservice to 50,000 employees in the State of Nevada not to address specifically how that piece is going to work. It's not about collective bargaining, it's about money that's designated by the Legislature going into the DSA and then for what purpose is it used in school districts. Is it going to be used for the purpose the Legislature approved or does it get disbursed for other things? I just hope that, as we move forward, we give significant consideration to how do we keep employees working, how do we keep them producing, because it will be no good to have a great funding formula for kids if we have a dissatisfied workforce and that's what will happen if we don't address this.