

**Formula and Distribution Work Group
COMMISSION ON SCHOOL FUNDING
Friday, October 11, 2019
9:30 AM**

Meeting Location:

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

SUMMARY MINUTES OF THE WORK GROUP MEETING

Work Group Members Present:

Vice Chair Guy Hobbs
Paul Johnson
Dr. David Jensen
Mark Mathers
Punam Mather (joined at 10:42a.m.)

Department Staff Present:

Heidi Haartz, Deputy Superintendent for Business and Support Services

Others Present:

Jenn Blackhurst, HOPE for Nevada
Vikki Courtney, Clark County Education Association
Jimmy Lau, FPA
Sylvia Lazos, Nevada Immigrant Coalition
R. Karlene McCormick-Lee, Chair, Commission on School Funding
Amanda Morgan, Educate Nevada Now
Brian Rippet, Nevada State Education Association
Jason Willis, WestEd

Agenda Item #1 - Call to Order

Work Group Lead Dr. David Jensen called the meeting to order at 9:30a.m.

Agenda Item #2 - Public Comment #1

Public comment will be taken during this agenda item regarding any item appearing on the agenda. No action may be taken on a matter discussed under this item until the matter is included on an agenda as an item on which action may be taken. A time limit of three minutes will be imposed by the Commission Chair in order to afford all members of the public who wish to comment with an opportunity to do so within the timeframe available to the Commission. Public comment #2 will provide an opportunity for public comment on any matter within the Commission's jurisdiction, control, or advisory power.

No public comment.

Agenda Item #3 - Approval of Flexible Agenda (For Possible Action)

Member Paul Johnson moved to approve a flexible agenda.

Member Mark Mathers seconded the motion.

The motion passed unanimously.

Agenda Item #4 – Reporting and Monitoring Work Group Organization and Key Tasks (Information and Discussion)

The Formula and Distribution Work Group's charge includes reviewing base funding, the weights for categories of pupils, cost adjustment factors, and the distribution processes (Senate Bill 543 §11.1(a)(c)(e)). The Work Group will review its charge and identify related key tasks and responsibilities.

Lead Jensen asked if a member of the Work Group would be willing to serve should his schedule not allow him to attend and preside. Member Johnson indicated his willingness to serve in that capacity.

Lead Jensen reviewed the Work Group's charge, which includes reviewing base funding, the weights for categories of pupils, cost adjustment factors, and the distribution to the different agencies throughout the state. He indicated that if other tasks arise, the Work Group would engage with the Chair to determine how best to move forward. He advised that the Work Group is not a decision-making body, but rather is tasked with collecting information and reporting out to the full Commission for potential action.

Work Group Goals

Lead Jensen asked the Work Group Members to share goals for their work.

Vice Chair Guy Hobbs and Member Paul Johnson both spoke to the need to deconstruct and understand the assumptions in the proposed model from subject matter experts. They also noted the importance of clearly defining the revenue streams and funding that will serve as base funding, which will necessarily impact any comparisons that will be made between different potential approaches to the formula. They also spoke to importance of the conversation about funding adequacy and how it will impact conversations about different models of the Pupil-Centered Funding Plan (PCFP).

Member Johnson raised a concern of whether all the operating costs of school districts are captured in the PCFP, including indirect and administrative costs.

Member Mark Mathers said that though there is an outline of the model in existence, the charge of the Commission is to review the cost adjustment factors and weights and not take the existing model as complete.

Vice Chair Hobbs said it was equally as important to understand the assumptions in the formula as it is to understand how the weights in the APA Consulting report were derived. He also said that running a different formula through the same amount of base funding will result in winners and losers among districts so the hold harmless component of the legislation would have to be taken under consideration.

Lead Jensen summarized four goals identified in the Members' comments as follows:

1. Review and evaluate adequate base funding as it would be applied to the PCFP;
2. Review and evaluate weights for at-risk populations;
3. Review and evaluate appropriate cost adjustment factors based upon Nevada's unique composition; and
4. Consider and recommend an effective distribution model.

Member Johnson asked whether the effective distribution model goal would include a comparative analysis of the two funding models. Lead Jensen agreed that it would. Member Johnson and Vice Chair Hobbs also indicated that they believe the conversation regarding the hold harmless provision would also fit under goal four.

Work Group Deliverables

The Work Group discussed and concurred on deliverables for their work:

- Validating the per-pupil funding formula
- Validating identified student weights to ensure a specific level of targeted funding
- Reasonable assurance that the distribution model is appropriate for NV
- Recommending optimal funding of the base funding, adjusted weights, and cost adjustments

Dependencies

Lead Jensen opened the conversation regarding dependencies as to the extent that the Work Group will need additional resources or expertise to meet its goals. The Work Group discussed and concurred on the following dependencies:

- Determination of the constitutionality of the proposed sweep of the net proceeds of minerals
- Deconstruction and finance plan of the proposed PCFP; Applied Analysis
- Comparative analysis and alignment of the PCFP and the existing structure and ensuring all expenses are captured
- Review and discussion of the process used to determine the proposed student weights; APA Consulting
- Review and discussion regarding assumptions of the sufficiency of the PCFP and centralized expenses at NDE

Member Johnson indicated that the sufficiency and staffing at the Nevada Department of Education (NDE) would need to be looked, both with regard to human capacity and resources.

[Member Punam Mathur joined the meeting at 10:42a.m.]

Member Mathers disagreed that determining the level of need at NDE would be within the Commission's scope and indicated that would be a matter for the legislature or governor to determine for an executive agency.

Lead Jensen noted that the Commission may not determine specific staffing levels at NDE, but that it could consider capacity to implement the work.

Vice Chair Hobbs indicated that the conversation about dependencies should remain open and fluid as the Work Group progresses.

Assumptions

Lead Jensen opened the conversation regarding assumptions relative to the Work Group's charge. The assumptions discussed include:

- The current revenue stream is inadequate
- The PCFP will change the way we "do business" and better accomplish educational goals and objectives
- The Commission's work will stand the test of time and be "bullet proof"
- The Commission operates within the framework for the PCFP provided by Senate Bill 543 and may recommend improvements, but is limited with regard to redesigning the formula
- The PCFP will be transparent and address the unique challenges and context of NV
- The Work Group's initial analysis should align with the current allocation in the 2019 education funding bill

Project Risks

Lead Jensen provided an overview of potential risk areas and the Members provided feedback, including:

- Political
 - Sufficient time to complete the work to meet deadlines
 - Perception that the PCFP will create winners and losers and benefit certain groups over others
 - The work may become divisive
- Skills
 - Availability of subject matter experts
- Regulatory
 - Weight allocations may reduce other funding sources
 - Simple redistribution of inadequate funding which could result in more harm than good

Action Steps

Lead Jensen opened conversation on action steps under the Work Group's four goals:

1. Review and evaluate adequate base funding as it would be applied to the PCFP
 - Review the mechanics of the PCFP
 - Deconstruction of the PCFP as described in SB 543
 - Review the assumptions of the APA study
 - Identification and review of funding streams
2. Review and evaluate weights for at-risk populations
 - Review process for identifying and expand understanding of the weights
 - Analysis of interplay between per-pupil base funding and weights

- Compare proposed weights in PCFP to the APA study
 - Consideration of the appropriateness of weights
 - Validation of proposed weights
3. Review and evaluate appropriate cost adjustment factors based upon Nevada’s unique composition
 - Review proposed cost adjustment factors in PCFP
 - Discussion of proposed factors, e.g., J-curve, Comparable Wage Index
 - Validate the cost adjustment factors
 - Consider modified cost adjustment factors
 4. Consider and recommend an effective distribution model.
 - Comparison of the PCFP to the current Nevada Plan
 - Ensure equitable approach to the formula
 - Develop talking points to clarify and defend the equity of the formula

Agenda Item #5 – Project Plan Status and Updates (Information and Discussion)

The Work Group will create a project plan to guide their work and ensure that they are positioned to make timely recommendations and reports to the full membership of the Commission on School Funding to meet the deadlines outlined in Senate Bill 543.

Lead Jensen asked the Work Group Members if they would be able to meet on Thursday afternoons and/or Friday mornings in advance of Commission on School Funding meetings if necessary to complete their work. The Members indicated they would – to the extent possible – make themselves available.

Vice Chair Hobbs volunteered that Lead Jensen could assign research or legwork out to individual members to move the work forward.

Member Mathur suggested that, given the amount of work on their plate, the Work Group leverage technology for teleconferencing if schedules do not allow for travel.

Agenda Item #6 – Future Agenda Items (Information and Discussion)

Lead Jensen requested recommendations for future agenda items for the Work Group’s November meeting.

Member Johnson suggested that the Work Group look at a comparative analysis between the PCFP and the Nevada Plan.

Lead Jensen asked Chair McCormick-Lee whether subject matter experts would be available for November Work Group meetings. From the audience, Chair McCormick-Lee indicated that it was the intent that subject matter experts would be on board in time for the November meetings.

Agenda Item #7 - Public Comment #2

Public comment will be taken during this agenda item on any matter within the Work Group’s jurisdiction, control, or advisory power. No action may be taken on a matter raised under this item until the matter is included on an agenda as an item on which action may be taken. A time limit of three

minutes will be imposed by the Work Group Lead in order to afford all members of the public who wish to comment with an opportunity to do so within the timeframe available to the Work Group.

Sylvia Lazos, Nevada Immigrant Coalition, commented on the Work Group's caution regarding deliverables needing to be bullet proof. She said that the formula prepared by Jeremy Aguero of Applied Analysis leaves openings for litigation and the Work Group is "spot on" to be concerned with validating the assumptions behind the formula. She reminded the Commission Members that they are in effect counseling the legislature on their efforts to provide sufficient funding for a common system of schools. She noted that the Work Group should add special education funding issues to their agenda. Ms. Lazos suggested the Members should be more precise in how they refer to student groups and the related weights, as well as how they will define "at-risk" students. She said that research indicates that using free-or-reduced lunch (FRL) eligibility as a definition for "at-risk" is not sufficient. Research suggests that FRL circumstances are very different depending on the economic segregation of communities and should be visited at a deeper level.

Ms. Lazos continued that the Work Group's project plan is missing a deliverable around meeting with the Interim Committee on Education of the legislature to address shortcomings in Senate Bill 543 with regard to its compliance with the legislature's constitutional obligations for education. Ms. Lazos supported an interpretation of Members' comments that the weights and per-pupil base are potentially in conflict. She said that the discussion around weights has to be careful and deliberate and the weights are inadequate in the proposed model from Applied Analysis.

Brian Rippet, President of the Nevada State Education Association, commented that, after observing the meeting, he is very hopeful that they will accomplish their deliverables and is happy to see the Members' deep-seated interest in doing what's best for the students across the state.

Agenda Item #8 – Adjournment

The meeting was adjourned at 11:47a.m.