

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
MAY 14, 2020
1:00 P.M.**

Meeting Location

Due to the circumstances created by the COVID-19 pandemic, the Commission on School Funding met via videoconference. In accordance with Governor Sisolak's State of Emergency Directive 006, Section 1, no physical location was designated for this meeting. The meeting was livestreamed on the Nevada Department of Education's (NDE) website.

SUMMARY MINUTES OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT

Via Videoconference

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

DEPARTMENT STAFF PRESENT

In Las Vegas

Jessica Todtman, Chief Strategy Officer

In Carson City

Heidi Haartz, Deputy Superintendent of Business and Support Services
James Kirkpatrick, Administrative Services Officer III
Beau Bennett, Management Analyst IV
Megan Peterson, Management Analyst III

LEGAL STAFF PRESENT

David Gardner, Deputy Attorney General

SUBJECT MATTER EXPERTS PRESENT

Jeremy Aguero, Applied Analysis
Charlie Kratsch, Infinite Campus
Eric Creighton, Infinite Campus

AUDIENCE IN ATTENDANCE

Via Videoconference

1: CALL TO ORDER; ROLL CALL

Meeting called to order at 1:02 P.M. by Commission Chair R. Karlene McCormick-Lee. Quorum was established.

2: PUBLIC COMMENT #1

The Nevada State Education Association submitted public comment regarding the Commission on School Funding and educational funding. *(A complete copy of their statement is available in Appendix A)*

3: NEVADA DEPARTMENT OF EDUCATION UPDATE

Heidi Haartz, Deputy Superintendent of Business and Support Services, Nevada Department of Education, provided an [Update](#) to the Commission.

The Nevada Department of Education (NDE or Department) has continued to develop fact sheets regarding the components of the Pupil-Centered Funding Plan (PCFP). Most recently, the NDE team has created a document explaining the flow of funds from the State Education Fund through the PCFP, including the allocation of funds to school districts, charter schools, and university schools for profoundly gifted students, and the disbursement from there to individual schools.

During its April meeting, the Commission received a presentation regarding a proposed administrative cap and requested further information on current district data and how that administrative cap was calculated. School district Chief Financial Officers expressed concerns with how the administrative cap was calculated, as well as definitions of administration and administrative costs. The Department is working with districts and APA Consulting to reassess the data and calculate an administrative cap and will have an update for the Commission at its June meeting.

The Department is working with WestEd to provide an update regarding strategies for implementation guidelines and development of the reports required in Senate Bill (SB) 543. WestEd has shared their initial findings, but the Department has requested that WestEd postpone their presentation until the PCFP model is further developed. Chair McCormick-Lee clarified that the WestEd presentation would be in June or July, dependent on the outcome of the May Commission meetings.

NDE continues to work with the Department of Taxation to revise the school district template that will be used upon PCFP implementation in Fiscal Year (FY) 2022. Progress on the work has slowed, as Taxation has prioritized tax revenue projections and collections, but their collaboration with the Department continues.

During the May 15th Commission meeting, the budgets prepared by school districts will be reviewed. While not required to do so under SB 543, charter schools have asked to go through the same process and hope to present to the Commission in either June or July.

Finally, the Department has continued to investigate alternative definitions and/or indicators for At-Risk. The presentation from Infinite Campus during the May 14th meeting addresses strategies for identifying At-Risk and tracking indicators through Infinite Campus, a student management system in place within districts throughout the State.

4: PRESENTATION ON USING RISK INDICATORS IN INFINITE CAMPUS AS A MEANS OF IDENTIFYING AT-RISK STUDENTS

Representatives from Infinite Campus, Charlie Kratsch, Chief Executive Officer and Founder, and Eric Creighton, Chief Product Officer, conducted a PowerPoint presentation regarding [Risk Indicators in Infinite Campus](#) as a means of identifying At-Risk Students.

Member Andrew Feuling emphasized that transparency was critical in the development of the PCFP, and he had concerns that the process by which Infinite Campus calculates At-Risk would not be accessible to parents and constituents due to its complexity.

Mr. Kratsch noted that using free-or-reduced-price lunch eligibility (FRL) as an indicator for At-Risk is an easily identifiable and explainable model, but it is inefficient, as there are false negatives (in other words, students who are At-Risk due to other factors but not FRL, and therefore incorrectly identified as not At-Risk). Approximately 20,000 students who should be identified as At-Risk and receiving funding are not identified as such, in part

because families do not enroll for FRL due to stigma. The machine learning model proposed by Infinite Campus is able to track several weighted factors, such as poor grades or attendance, to identify At-Risk students, including an additional 20,000 students correctly identified. Districts that currently use Infinite Campus's model are provided a dashboard which explains how scores were calculated for individual students.

Chair McCormick-Lee clarified that Infinite Campus was already in use across the State and, in identifying students as At-Risk, would be using pre-existing student data. Mr. Kratsch affirmed that Infinite Campus would not need to collect additional student information beyond that which is already available in the day-to-day use of Infinite Campus across districts and charter schools. Responding to Chair McCormick-Lee, Mr. Kratsch noted that Infinite Campus uses 127 factors and inputs to determine At-Risk, referred to as ABCs, including attendance, behavior, curriculum, demographics, and stability.

Member Jason Goudie expressed that FRL data is protected, sometimes hindering the ability for schools to identify and support At-Risk students. Infinite Campus would use readily available data which could be used to identify specific needs and respond to them appropriately. However, Member Goudie noted that Infinite Campus's system overidentifies students At-Risk. Mr. Kratsch responded that using FRL as an indicator results in fewer false positives (students who are not At-Risk, but identified as such) but more false negatives (students who are At-Risk and not identified as such); it is a matter of preference in the data.

Member Goudie inquired if students would move in and out of At-Risk categories as the Infinite Campus data is updated daily based on outcomes and other factors. He noted that the Commission would need to define criteria for how students are evaluated as qualifying and how long they would remain in an At-Risk category, should their At-Risk identification change regularly. Member Andrew Feuling seconded this concern.

Member Punam Mathur asked how many states currently use Infinite Campus to determine At-Risk students. Mr. Kratsch responded that no other state currently uses it to calculate their At-Risk funding formula. However, Kentucky does use it in their daily operations. Mr. Kratsch emphasized the flexibility of the Infinite Campus system, and that Nevada could leverage their pre-existing investment with Infinite Campus to make informed decisions with data, as all districts and charters currently use Infinite Campus.

5: PRESENTATION OF THE PUPIL-CENTERED FUNDING PLAN MODEL USING FISCAL YEAR 2020 FINANCIAL INFORMATION

Jeremy Aguero, Applied Analysis, presented the Model to Distribute Funds through the Pupil-Centered Funding Plan using fiscal year (FY) 2020 financial and enrollment data.

Mr. Aguero noted that the Blueprint is a precursor to the final PCFP model, and it is designed to provide a test environment and serve as a platform for comparison. He then proceeded to review the changes that had been made to the Blueprint since the April meeting, highlighting that statute and administrative codes are linked to the data presented, along with instruction for interpreting the Blueprint.

Member Mark Mathers requested further information regarding charter school funding. For example, in Washoe County under the current Nevada Plan, charters have a base per-student amount of approximately \$6,034, increased by property taxes to total between \$7,200-7,300 per pupil. In comparison, the Blueprint reflects significantly less. Upon further discussion, Deputy Superintendent Haartz noted that the validation process was ongoing as they stood up the model, and they would look into charter allocations.

Member Mathers inquired when weights and multipliers would be discussed within the Blueprint; Chair McCormick-Lee clarified that they would be reviewed during the May 15th, 2020 and June Commission meetings.

Vice Chair Guy Hobbs requested clarification regarding the purpose of reviewing the model without the Hold Harmless Provisions included. Mr. Aguero noted that it provides a perspective of potential impacts or shifts upon school districts.

Member Paul Johnson asked if the Commission could see spreadsheets showing the impacts of various revenues; Deputy Superintendent Haartz highlighted that the May 15th, 2020 meeting would include various budget comparisons and scenarios; the Commission agreed additional discussion was best held for the May 15th meeting.

6: DISCUSSION OF PRELIMINARY RECOMMENDATIONS FOR THE SUCCESSFUL IMPLEMENTATION OF THE PUPIL-CENTERED FUNDING PLAN

Heidi Haartz, Deputy Superintendent of Business and Support Services, Nevada Department of Education, conducted a PowerPoint presentation regarding [Preliminary Recommendations](#) for the implementation of the Pupil-Centered Funding Plan.

Deputy Superintendent Haartz noted that the responsibility of the Commission to develop recommendations on the PCFP is ongoing, and the Commission will provide recommendations at least biennially. The initial set of recommendations are those that the Commission will provide to the Governor's Office and the Legislative Council Bureau in July; however, the Commission will continue to make recommendations to the Legislative Committee on Education, which may decide to pass those recommendations on to the Governor's Office or the Legislative Council Bureau on a biennial basis, in accordance with SB 543.

Member David Jensen noted that the State faces current budget reductions and expected reductions in subsequent years. SB 543 establishes FY20 budgets as the baseline for the Hold Harmless Provision. Member Jensen expressed concern that the PCFP will be implemented to less than optimal funding matched by budget reductions and emergent issues as Nevada engages and recovers from the current COVID-19 crisis.

Chair McCormick-Lee supported Member Jensen in requesting further review of administrative caps and their definitions as a possible item for recommendation.

Member Johnson asked about the fluidity of funding for students who frequently shift between weighted categories, and whether funding would be allocated on quarterly or daily enrollment. He expressed additional concerns, as labor and expenses are often on contract, and the fluid recalculation of students in a category and their associated allocation may not be feasible for a school district's budgeting and accounting process.

Member Mathers noted that Member Johnson previously discussed the Hold Harmless Provision having an inflation increase to base funding, which needs to be considered. In addition, a clause in SB 543 prohibits using weighted funding for salary and benefit increases. It is unclear how salaries and benefits would be addressed in a case such as Washoe County School District, which has employees funded from their Special Education Fund. Chair McCormick-Lee and Member Johnson expressed similar concerns.

Member Feuling requested further information regarding a mechanism to retain net proceeds of mineral dollars within its given county. Chair McCormick-Lee remarked that WestEd had presented a summary of reports, including when they were gathered and submitted; she suggested exploring fluidity and recommendations regarding those due dates. Member Jensen noted that while examining documents, there may have been a table error in the cost adjustment factors for Elko and Douglas; Mr. Aguero agreed that he would review the data again.

7: PUBLIC COMMENT #2

No public comment.

8: ADJOURNMENT

Meeting adjourned at 3:28 P.M.

Appendix A: Statements Given During Public Comment

1. The Nevada State Education Association submitted public comment regarding the Commission on School Funding and educational funding.

Item A1, Nevada State Education Association

The Nevada State Education Association has been the voice of Nevada educators for over 100 years. While NSEA appreciates that many things within your scope of work have drastically changed due to the global COVID-19 pandemic (and would direct you to the letter we sent on this topic last month), we also feel compelled to respond to remarks provided by Senators Woodhouse and Denis to the Commission on School Funding at your February 20th meeting.

A FUNDAMENTALLY FLAWED LEGISLATIVE PROCESS

In their remarks, Senators Woodhouse and Denis claim they spent months working with education stakeholders to develop SB543. As we have consistently communicated over the past year, nothing could be further from the truth. While NSEA was an active participant in the development of SB178 during the 79th Legislative Session and participated on the Funding Study Work Group during the last interim, NSEA and most other education stakeholders were shut out of the process to develop SB543 for over 6 months, from November through the first week of May. On May 6th, NSEA received an overview presentation of the bill from Jeremy Aguero. On May 13, the 99th day of the session, NSEA finally got our first chance to review the massive overhaul of Nevada's school funding formula and the language in SB543. What was called "the most important legislation" of the session received a single hearing on May 31st. NSEA members turned out to that hearing and expressed numerous concerns with the legislation. The final language of SB543 wasn't unveiled until late in the evening on Sine Die, with the legislation passing in the final hour. None of NSEA's concerns, nor those of many other education stakeholders, were addressed in the amendments to the legislation. This legislative process was fundamentally flawed and resulted in a new funding plan riddled with problems. But don't just take our word for it. Even legislators that voted in favor of SB543 did so with serious concerns and reservations. Here are just a few legislator responses when asked for comment on the legislative process that gave us SB543...

"a process that legislators and stakeholders felt was not sufficiently transparent and inclusive."

"it had some language that I thought would be problematic in its implementation."

"a more inclusive discussion of the bill would have been helpful."

"I had (and still have) some serious concerns about the methodology that underlies the budget formula."

"I had hoped for a more robust and inclusive conversation about SB 543 prior to the last days of session, understanding that this is a complicated policy to take on."

NO NEW SCHOOL FUNDING

NSEA has been consistent in our advocacy for revenue to address the chronic underfunding of public education in Nevada, and we understand that any new funding model will fail without new and additional revenue. This is exponentially the case now with the economic and budget impacts of the COVID-19 crisis

Unfortunately, the legislature failed to enact significant new revenue in the 2019 Session to adequately fund the base or student weights. New cuts to education funding will be made to a system that is already inadequately funded. While it would be naïve to think there is any chance to increase school revenues over their height in the first half of FY20, that is what will be necessary to responsibly move to adequate funding that can be identified through the "professional judgement" approach in the 2018 study by Augenblick, Palaich and Associates along with full weights.

BUDGET FREEZE AND SQUEEZE

Responding to concerns about the new funding plan's impact on school district budgets across Nevada, Senators Woodhouse and Denis claim their funding plan "provides for increases in base per pupil funding based on projected enrollment and inflation." While this response may have technically been true before the new crisis, we believe this response was intended to obfuscate the concern we and others have raised, which is a devastating projected freeze of most school district budgets. Our concern was based on data included in the presentation made by Jeremy Aguero of Applied Research during last legislative session.

While certain cost adjustment factors like those for small districts may lessen the average length of budget freeze, they will not likely alter the underlying flaw of a “hold-harmless” mechanism that provides no increase in base funding to cover increases in cost of doing business or increases in enrollment for a period of years for many school districts.

Take, for example, the Nye County School District. Under SB543, the NCS D budget would be frozen from July 1, 2021 and may not receive an increase until as late as 2027! Nye County is not only one of the fastest growing counties in Nevada, it is also one of the poorest. Nearly 2/3 of students in NCS D qualify for free and reduced lunch. The Nye County School District is one of the districts in the state that had a reduction in force in their last budget. A budget freeze for 6 years would simply decimate this district.

With the current COVID-19 budget collapse, it is difficult to even contemplate the impact of freezes on rural school districts at their greatly reduced June 30, 2021 levels. This scenario is almost too draconian to even imagine.

SUCCESSFUL ZOOM AND VICTORY SCHOOLS COMPROMISED

Similar to the response above, Senators Woodhouse and Denis respond to the serious concerns raised about watering down successful Zoom and Victory Schools with more obfuscation and without directly addressing the issue. Claiming Zoom and Victory programs will be protected by SB543 flies in the face of the fact these comprehensive school-based programs will be watered down with fewer dedicated resources. Senators Woodhouse and Denis reference SB543 uses the same definition of Zoom and Victory services as SB467, the bill that reauthorized Zoom and Victory Schools. However, they do not address our concern that current Zoom and Victory Schools will not be able to maintain the current level of services under the new funding plan to continue their success. By shifting funds away from our most impacted schools to a “pupil-centered” funding approach, Zoom and Victory schools lose significant momentum on school climate and culture, jeopardizing the gains they have made. This also ignores the evidence there is greater for students in communities that are beset with serious, intractable social and economic issues.

As a line item in the budget, it will certainly be a fight to protect funding for these programs over the coming year amidst severe cuts. On the flip side, the success of these models coupled with a growing commitment to education equity, makes this fight both worthwhile and winnable.

MULTI-MILLION-DOLLAR GIVEAWAY TO CHARTER SCHOOLS

Senators Woodhouse and Denis point out several details about how charter schools are affected by the new funding plan without addressing our basic concern they are one of the biggest projected beneficiaries of SB543. According to data included in Mr. Aguero’s presentation to NSEA on May 6 on SB543, charter schools would be the recipients of a multi-million-dollar giveaway, receiving a projected \$28M increase when the new funding formula is activated, while most other districts are frozen in place for years. The windfall for charter schools in this plan is movement of precious resources from traditional public schools to charter schools and follows the talking points of the billionaire backers of charters. New projections accounting for the economic downturn will certainly change this number, however we fear the formula will continue to advantage charter schools at the expense of neighborhood public schools.

While the Senators point to some improvements related to holding charter schools accountable, including site visits by the State Public Charter School Authority (SPCSA), let’s be honest with each other—charters are now just barely clearing a very low bar of accountability. While the SPCSA has been developing their “Growth Management Plan”, they approved nearly 5000 new charter slots last year alone with minimal additional accountability provisions.

While the SPCSA has begun to address the baked-in biases against students with disabilities, English learners, and low-income students in the charter system, they have only scratched the surface. Not only do charter schools serve proportionally fewer at-risk students, English learners, and students with disabilities, but they have no plan to achieve parity in the foreseeable future. Meanwhile, they have exhibited little effort to slow the growth of charters or address the structural inequity that is built into the system of charter schools vis-a-vis their relationship to neighborhood public schools. Until charter schools serve an equivalent percentage of at-risk students, English

learners, and student with disabilities, and until charters are held to the same standards as our neighborhood public schools, they should receive no additional public dollars and no benefit over our neighborhood public schools.

ANTI-UNION END FUND BALANCE PROVISIONS

During last legislative session, there was significant contemplation of how to treat end fund balance that is not subject to collective bargaining. Currently, this is set for school districts in the Nevada Administrative Code at not more than 8.3%. Senate Bill 26 would have put this language in the NRS, however it died after a public hearing in the Senate Committee on Government Affairs. Meanwhile, Senate Bill 111 passed into law with the support of both Senators Woodhouse and Denis. SB111 clarified that any monies from the state intended for salary or benefits for the employees of the school district is subject to negotiations with an employee organization.

With almost no discussion at the end of the session, SB543 set the end fund balance for school districts not subject to collective bargaining at 16.6%. This is a gross departure from current practice, policy, and direction of the first 3 months of the last legislative session. Further, this is an anti-union and anti- collective bargaining provision that could unfairly wall off as much as \$740M from collective bargaining processes with school districts in FY21.

Senators Woodhouse and Denis say they “view unrestricted ending balances in school district budgets as one-time amounts that should, where necessary, be applied for one-time uses and not ongoing salary or benefit commitments...” While there is a case to be made that unanticipated revenue that is one-time in nature should be programmed as such, that is not the case for better than anticipated revenue from ongoing sources. And that is certainly not the case for ending fund balances that regularly appear at the end of budget year after budget year. A neutral, third-party arbitrator is best position to decide the fate of these funds.

EDUCATOR VOICE?

In response to concerns levied about no current educator serving on the Commission on School Funding, Senators Woodhouse and Denis list qualification related to fiscal policy and school finance. They go on to say, “Educators always have a voice through the public meeting process by being able to provide both written and verbal comments under public comment.” This is patronizing, and Senator Woodhouse as a former President of NSEA should know better. Let’s set aside the fact that there are a number of current educators who also possess qualification related to finance. Active educators bring to bear the expertise of day to day experience of education in the classroom and at the school site. To relegate active educators to public comment, the same forum that hundreds of educators utilized to express opposition to SB543, is telling. Those most impacted by the deliberations of this Commission have been relegated to the cheap seats.

While the lack of an active educator voice on this Commission will always remain a concern, our focus is now shifting to making sure the voice of active educators is represented in the Legislature. That is how we intend to Fix543. NSEA has recommended an indefinite delay in implementation of the new funding formula. If this is done alongside a continuation of the Funding Commission, NSEA would ask that an active educator be included in the composition of the Commission.

Thank you.