

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
MAY 15, 2020
9:00 A.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

Greg Ott, Chief Deputy Attorney General

SUBJECT MATTER EXPERTS PRESENT

Amanda Brown, APA Consulting
Jeremy Aguero, Applied Analysis
Justin Silverstein, APA Consulting

AUDIENCE IN ATTENDANCE

Via Videoconference

1: CALL TO ORDER; ROLL CALL

Meeting called to order at 9:01 A.M. by Commission Chair R. Karlene McCormick-Lee. Quorum was established.

2: PUBLIC COMMENT #1

Dr. Kristen McNeill, Superintendent of the Washoe County School District, submitted public comment regarding the Pupil-Centered Funding Formula blueprint. *(A complete copy of the statement is available in Appendix A)*

John Vellardita, Executive Director of the Clark County Education Association submitted public comment regarding the economic crisis and the Commission on School Funding. *(A complete copy of their statement is available in Appendix A)*

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

3: APPROVAL OF COMMISSION MEETING MINUTES

Member David Jensen moved to approve the April 16th, 2020 Commission Meeting minutes. Member Paul Johnson seconded. Motion passed.

Member Jim McIntosh moved to approve the April 17th, 2020 Commission Meeting minutes. Member Johnson seconded. Motion passed.

4: COMPARATIVE ANALYSIS OF THE DISTRIBUTION OF PUBLIC SCHOOL FUNDING UNDER THE NEVADA PLAN AND THE PUPIL-CENTERED FUNDING PLAN

Heidi Haartz, Deputy Superintendent of Business and Support Services, James Kirkpatrick, Administrative Services Officer IV, and Megan Peterson, Management Analyst III conducted a PowerPoint presentation regarding the [Comparative Analysis](#) of public school funding under the Nevada Plan and the Pupil-Centered Funding Plan.

Member McIntosh inquired how the Education Stabilization Fund would be funded, and what would happen if there were no funds funneling into it. Deputy Superintendent Haartz responded that Senate Bill 543 does not contemplate that possibility, and the Commission may want to review the possibility under agenda item 6.

Member Jensen asked about categorical funding; under the current funding process, the majority of funds are competitive, and review levels of success. Some funds are reverted to the State and get reallocated to districts that could better utilize the funds. Member Jensen inquired how this money would now be distributed, and the impact it would have on district hiring and retention. Deputy Superintendent Haartz noted that each district would need to contemplate this matter once they identified their funding for Fiscal Year (FY) 22 and FY23.

Member Jensen asked what would occur if there were not sufficient funds in FY21 or FY22 to meet the Hold Harmless Provision, and what next steps would be if that were the case. Deputy Superintendent Haartz responded that the Hold Harmless Provision in SB 543 references FY20 appropriations and allocations of the State and districts as the baseline. Budget reductions in FY20 were not contemplated, and at this time it was unclear if the Hold Harmless would be reset to calculate based on FY20 reductions or FY20 as it was originally budgeted.

Member Jensen inquired about surplus revenue; Deputy Superintendent Haartz clarified that surplus revenue is discussed in the context of the Stabilization Fund; at the end of each fiscal year, any ending fund balance of 16.6% goes into the Education Stabilization Fund, barring the grandfather clause for districts with ending fund balances already over 16.6%.

Member Mark Mathers requested further clarification on the weights. At its April meeting, the Commission recommended aspirational weights for categories of pupils, and some of the weights reflected in the May presentation are higher than the aspirational weights. Member Mathers expressed concern that Special Education funding, for example, would need to gradually be reduced to meet the weight, presenting a philosophical and mathematical issue. He inquired about the impact of local funding on the weights.

Chair McCormick-Lee clarified that all local and State funding goes into the Education fund; Member Jason Goudie emphasized that the use of the term “local” relates to “district.” Chair McCormick-Lee confirmed that the “local” funds being discussed are dollars that the district, at their own discretion and from their general fund, choose to spend above and beyond the required base allocations to weighted categories.

For Special Education, the Pupil-Centered Funding Plan (PCFP) provides a weight of 1.1. Districts may have maintenance of effort (MOE) requirements that would require they transfer funds from their base funding into the weighted category in order to match their MOE of 1.5. These differences are a matter of State-to-district and district-to-school allocations. How the funds are transferred from the base is relevant, as funds cannot be returned from the weighted category back to the base.

Deputy Superintendent Haartz noted that weights would be discussed further in June based on the Commission’s requests for additional information during its April meetings. She indicated there were challenges in using a single weight for Special Education given MOE. However, the current weights reflect only the State funding, which addresses the mathematical issue.

Member Dusty Casey inquired about the data on the Nevada Cost of Education Index, which appeared to conflict with previously presented data. Deputy Superintendent Haartz reported that APA Consulting’s original presentation had the data in the incorrect order; the presentation provided during the May 15th, 2020 meeting was accurate.

Member Johnson asked about costs that influence weighted categories, and whether it would be appropriate to have an adjustment. Deputy Superintendent Haartz cited section 4.5 of SB 543: weighted funding is to be expressed as a multiplier for base per pupil; the multiplier should be equal to or greater than the previous fiscal year unless there was a decrease in funding, in which case there should be a proportional reduction; if there is an increase, but the multiplier isn’t sufficient, it should be funded as closely as possible; a non-proportional adjustment to multipliers may be made if necessary to serve students.

5: COMPARATIVE ANALYSIS OF SCHOOL DISTRICTS’ BUDGETS UNDER THE NEVADA PLAN AND THE PUPIL-CENTERED FUNDING PLAN

Heidi Haartz, Deputy Superintendent of Business and Support Services, and James Kirkpatrick, Administrative Services Officer IV conducted a PowerPoint presentation regarding the [Comparative Analysis](#) of Public School District Budgets under the Nevada Plan and the Pupil-Centered Funding Plan.

Member Jensen requested clarification on the approach to grant funding through the PCFP. Mr. Kirkpatrick noted that some state grants are included in the adjusted base and some are not. Member Mathers asked if it was the Commission’s role to examine the impacts of the PCFP on each individual district. Chair McCormick-Lee emphasized that implementation challenges and the effectiveness of the formula were the most important considerations for the Commission. Deputy Superintendent Haartz reflected that it was at the discretion of the Commission whether they would like to go through each of the submitted district budgets, or look at key decision points; the current budgets do not include the Hold Harmless Provision to demonstrate the impact of the Provision if it were not available.

Member Johnson noted that distributive school account adjustments were easy to contextualize, and that understanding the shifts and groupings in the PCFP would assist in better understanding the impacts of the formula and improving it. Member Johnson expressed concern regarding the differences between the blueprint presented at the May 14th, 2020 Commission meeting and the Comparative Analysis presented today; there were differences that needed further explanation. Deputy Superintendent Haartz noted that while it represents a snapshot in time, the analysis should match the model.

Member Mathers expressed concern regarding the changes in district figures from year to year. While the PCFP may provide greater stability over time, he requested a multi-year forecast regarding how district funding will change. Member Jensen seconded this request and highlighted that the PCFP doesn’t address density. He further requested a staffing analysis on a handful of schools to understand the impact it would have on the model.

Vice Chair Guy Hobbs reflected that, barring the current economic circumstances, there should be greater stability than under previous models, with a guaranteed amount affected by inflation and a requirement of the Governor's Office and the Legislative Council Bureau to fund education. By reducing the number of moving parts and creating greater focus, more sensitivity can be given to growth assumptions, recovery, and more.

Members Jensen and Mathers questioned the inclusion of debt services and proprietary funds, as they felt it did not significantly add to the work.

Vice Chair Hobbs noted that Section 2.2 of SB 543 discusses the responsibility of the legislature to adequately fund education; given how the bill was written, he inquired how that requirement would be affected in a down-revenue environment; the Attorney General's Office may respond at a later date.

Member Punam Mathur emphasized that SB 543 noted "to the extent practicable" and the decision was in the hands of the Governor's Office; the duty of the Commission was to assemble the structure and ensure that the structure was equitable.

6: DISCUSSION AND RECOMMENDATIONS BASED ON THE COMPARATIVE ANALYSES OF THE NEVADA PLAN AND THE PUPIL-CENTERED FUNDING PLAN USING FISCAL YEAR 2020 BUDGETS

Heidi Haartz, Deputy Superintendent of Business and Support Services opened discussion with the Commission regarding Recommendations the Commission may make to the Governor and the Legislature regarding changes the Commission determines to be necessary for the successful implementation of Senate Bill 543. Deputy Superintendent Haartz noted that a recommendations item would also be on the June and July Commission meeting agendas in anticipation of the recommendations being submitted in accordance with the July 15, 2020 deadline.

Member Mathers requested a recommendation regarding a Cost of Living Adjustment (COLA) and the Hold Harmless Provision, and meeting adequacy with inflation. Members Johnson and Jensen seconded this item.

Member Mathers requested a recommendation regarding the prohibition against the use of weighted funding for salary increases.

Member Mathers requested a recommendation regarding amending and clarifying the wording regarding the 16.6% end fund balance.

Member Johnson requested a recommendation regarding a density factor.

Member Johnson requested further discussion regarding how additional funding will flow into the PCFP; whether it will go to weights first, whether it will be proportional, etc.

Member Johnson requested a recommendation regarding whether the weights are applied to the base or the adjusted base; Member Jensen seconded this.

Member Jensen requested further discussion on the definition of At-Risk.

Chair McCormick-Lee noted that requests to discuss adequacy and additional revenues, staffing analysis, charter analysis, and various sensitivity testing to analyze how the model reacts to certain changes would be future discussion items.

Member Johnson requested a recommendation regarding whether student counts would be done on a daily average or a county day.

Chair McCormick-Lee noted that timelines for reporting were also an item for future engagement; Member Johnson seconded that timelines regarding budget, staffing, etc., do not align.

Deputy Superintendent Haartz noted that the Department may have additional recommendations for review in June, and that the Department would compile a list.

7: FUTURE AGENDA ITEMS

The Commission recapped that future agenda items included density adjustments, model sensitivities, At-Risk definitions, and a comparative analysis of charter school budgets.

Member Casey remarked that, regarding a charter school analysis, a discussion of the Hold Harmless Provision would be necessary; additional issues include charters counted as one complete district, when they need to be disaggregated by location to reflect distinctions between rural and urban charters.

Member Mathers requested further clarification regarding whether districts will provide MOE for weighted categories of pupils.

Member Jensen inquired if the June meetings would be virtual or in-person; Nevada Department of Education Chief Strategy Officer, Jessica Todtman, noted that Governor Steve Sisolak's Emergency Declaration 006 was valid through May 30, 2020, and further information was pending, but current thinking anticipated an extension of the Open Meeting Law exceptions related to COVID-19. Ms. Todtman added that the Directive relates to providing a physical space for the public to attend meetings; Open Meeting Law always allows the Commission members to meet or participate virtually as long as there are means for public engagement.

8: PUBLIC COMMENT #2

No public comment.

9: ADJOURNMENT

Meeting adjourned at 11:22 A.M.

Appendix A: Statements Given During Public Comment

1. Dr. Kristen McNeill, Superintendent of the Washoe County School District, submitted public comment regarding the Pupil-Centered Funding Formula blueprint.
2. John Vellardita, Executive Director of the Clark County Education Association submitted public comment regarding the economic crisis and the Commission on School Funding.
3. The Nevada State Education Association submitted public comment regarding the Commission on School Funding and educational funding.

Item A1, Dr. Kristen McNeill

From: Superintendent, Dr. Kristen McNeill, Washoe County School District

Madame Chair and Members of the Commission on School Funding

On behalf of the Washoe County School District, I would like to articulate the severity of the financial impacts of the current blueprint on the Washoe County School district budget. While the supporting materials appear to be inconsistent with each other, what is clear in all the various models is a significant reduction in funds for the students of Washoe County School District. While these models may not incorporate the statutorily required “hold harmless” provision, the current blueprint model shows a reduction in funds to the tune of approximately \$23.8 million dollars. This would have a massive impact on our students. This could mean a reduction of 277 teacher positions and more than a 25% increase in our already large class sizes in grades 4 – 12.

While the Commission has yet to consider making recommendations about optimal levels of funding that if passed into law could potentially prevent this “winners and losers” approach, this comparison crystalizes the fears in our district about a potential loss of funding related to this Commission’s work, coupled with likely reductions of K-12 funding due to the current economic crisis.

We understand you are moving through the work you are statutorily required to do, but we ask that you require that no district face this kind of reduction in services to students. We ask that you continue to reevaluate the regional cost factor, which does not consider the expensive housing costs in Washoe County, which are the highest in the state. We ask that you do not move forward with a formula that robs Peter to pay Paul. And please keep in mind that each time information is put out to the public, it is having an emotional impact on employees and families in our districts that are already facing tremendous stress – both their health and their financial stability.

Our team stands ready to make this transition to a pupil centered funding formula successful, but we do not believe we are at a point where we are improving outcomes for students.

Item A2, Clark County Education Association

SB 543 Commission Members:

We applaud the work of the Commission, NV DOE staff, and the work of consultants in particular Applied Analysis. CCEA represents over 18,000 educators in southern Nevada. We have consistently been supportive of this Commission's charge. Forward thinking will advance public education in Nevada. Now more than ever we need to stay the course.

The public needs to know what funding levels our educational system needs with this new funding formula. We understand the parameters of the recommendations that you will be making. But we are asking that this Commission have a discussion on what optimum funding levels should be and make a recommendation stating those so the public understands what we really need to adequately fund our schools. Legislators also need to hear this so that they are forced to address another key component that was left out when passing SB543- and that is revenue. Not just how much but what revenue streams that will provide adequate and stable funding for our schools.

What the old Nevada plan laid bare was not only the archaic way funding was cobbled together but how that system did not provide stable and adequate funding for our schools. We need to restructure our revenue streams to support education. For example property taxes should be the main stabilizer for funding k-12 education. But they are not. They are not in the current Nevada plan nor are they part of SB543. We know that is not your charge. But we believe that the work of this Commission can assist in a broader discussion that was not thought of when this bill was passed.

Today we are experiencing the worse economic collapse in our State's history. We believe that there will not be enough budget cuts to bridge the fiscal gap that our State is facing without decimating two key delivery systems i.e. healthcare and public education. Budgets cuts must take place in the context of new revenue and restructuring the current revenue system. And that discussion should be done in the context of rebuilding Nevada's economy. Our economy must be more diversified and not be dependent on two revenue streams. After the 2008 economic crash, Nevada Legislators passed AB 449 in 2011 to do precisely that.

What we are suggesting is that the Governor and Legislators, when receiving the work of this Commission, should make decisions in the context of a strategic plan to rebuild our economy. Providing them with recommendations of what optimum funding levels are and stable revenue streams for education will assist them in making decisions.

CCEA is moving its revenue solutions forward. Some may say this is the worse time to do so. We disagree. We believe COVID-19 is further evidence that we must discuss revenue. We are wed to our Initiative Petitions that tax gaming and increase the local school support tax. But we are wed and firm on moving a discussion about revenue and restructuring our current revenue system. We are wed to going in a direction that rebuilds our economy. A diversified economy that creates new industries, new jobs and a new future for Nevada. But key to that is investing in our public education system with a goal of making it the best in the nation. Providing the needed revenue levels and stable sources of revenue for SB543 can take us in that direction.

We believe that history will look back and acknowledge the work that is being done by this Commission has been critical to revamping our education delivery system. Accordingly, we believe that it is invaluable for a recommendation to come out that presents to the Governor, Legislators and more important the public what the stable sources of funding, as well as the levels of funding are, that our education system needs to be adequately funded.

Thank you.

John Vellardita, Executive Director

Item A3, Nevada State Education Association

The Nevada State Education Association has been the voice of Nevada educators for over 100 years.

We would like to thank Jessica Todtman, the Chief Strategy Officer for the Nevada Department of Education for reading our public comment into the record. You should be pleased to hear our testimony today is significantly more concise than yesterday.

Over the past year, NSEA has consistently cautioned SB543 would result in a multi-million-dollar giveaway to charter schools. A slide presented in yesterday's meeting by Jeremy Aguero confirmed our suspicions, showing the transfer from neighborhood public schools to charter schools after the activation of the new funding model would be even larger than we feared. Charter schools are estimated to receive \$329,644,119 in the current fiscal year with the Nevada Plan. Under the new "pupil-centered funding plan" their calculated distribution would be \$397,802,683, an increase of over \$68 million or 20%!

During the last legislative session, the backstory of SB543 was how Clark County generated so much education funding, yet received less per-pupil than nearly every other school district, despite great need. Many pundits saw the politics behind 543 as southern Nevada striking back. Ironically, numbers presented by Mr. Aguero yesterday don't back this up. The Clark County School District, who was thought to be the biggest beneficiary of the new funding model, would receive less than a 1% increase with the new plan. Even in total dollars, charter schools stand to gain nearly \$50 million more per year than CCSD. Charter schools, not the Clark County School District, are the big winner in SB543.

While the "hold harmless" provisions would delay part of this annual charter windfall for a number of years, as most other school districts are frozen in place, it is now clear the transfer of precious dollars from neighborhood public schools to billionaire-backed charter schools is the essence of SB543. NSEA has consistently pointed out the problems with Nevada charter schools and mercifully won't do so again this morning.

It is now clear SB543 is not the answer Nevada schools need. It does not bring greater transparency. It will not bring greater education equity. And it is not truly centered on the student, 90% of whom attend our neighborhood public schools.

Thank you.