

Comparative Analysis Distribution of Public School Funding: Nevada Plan vs Pupil Centered Funding Plan

May 15, 2020

Commission Responsibility: Comparative Analysis

- SB 543, Section 76.1
- Project the distribution of funding for public schools using the Pupil Centered Fund Plan (PCFP)
 - Using assumptions Commission deems appropriate
 - For 2019-2021 biennium
- Compare distribution to the projected distribution under existing law
 - Nevada Plan
 - Additional Funding Distribution

Commission Responsibility: Identify Recommendations

- SB 543, Section 76.3
- Examine the results of the comparison
- Make recommendations
 - To the Governor and Legislature
 - Changes deemed necessary for the successful implementation of the PCFP

Assumptions for Comparative Analysis

Limited to FY 2020

Known Factors

- NDE budget
 - Legislatively approved:
 - Revenues
 - Enrollment
 - Allocations
- School district budgets
 - Final amended budgets

Excluded FY 2021

Unknown Factors

- Tax revenues
 - Due to Taxation in March 2020
 - Due to NDE by March 15/April 1
- Basic Support Guarantee
 - Dependent on updated tax revenue information
 - Due by May 31
- School district budgets due dates
 - Tentative budgets: on or before April 15
 - Final budgets adopted: on or before June 8

Comparative Analysis: Considerations

Current Funding Process

- Revenues
 - Inside the Nevada Plan
 - Outside the Nevada Plan
 - Not part of the Nevada Plan
- Nevada Plan → Basic Support Guarantee
- State Funded Grants
 - Formula Driven
 - Competitive

Pupil Centered Funding Plan

- Revenues
 - Includes identified State and local revenues
- Adjusted base per pupil funding includes revenue allocated through State Funded Grants
- Establishes weighted funding for identified categories of pupils

Presentation of Comparative Information

Today's Presentation

- Policy
- Financial Comparisons

Recommendation Process

- Identify items for further discussion
- Develop formal recommendations in June/July

On-going Process

- More review may result in additional discussion points
- Recommendations for adjustments – subject to revision
 - FY 2021 data pending

Revenue

(as reported in blueprint and excluding federal and private grants)

Nevada Plan

Source	Amount
General Fund	1,166,677,713
Wholesale Marijuana	40,983,256
Rec Marijuana Retail Tax	58,554,600
Slot Tax	27,421,600
Perm School Fund Int.	7,000,000
Fed Mineral Lease	4,000,000
OOS LST	187,177,000
IP1 Room Tax	185,648,000
Total State Share	1,662,129,169

State Education Fund

Source	Amount
State Share	1,662,129,169
GF (not in NV Plan)*	380,879,724
Other NDE Revenues	11,083,506
LSST	1,456,597,410
Property Tax	743,376,608
GST	119,352,266
Net Proceeds of Minerals	17,643,263
Franchise Fees	5,068,000
Total K-12 Funding*	4,317,036,339

* GF includes funding for non-K-12 programs/activities, such as Pre-K and adult education, as well as match and Maintenance of Effort

Revenue “Guarantee”

Current Funding Process

Nevada Plan

- GF advance/borrow from next FY or
- Supplemental Appropriation

Not part of the Nevada Plan

- IFC Contingency Fund Request, if eligible

Pupil Centered Funding Plan

Education Stabilization Account

- If revenue collected in a FY will result in State Education Fund receiving 97% or less of the authorized expenditure amount, then
- IFC Resolution
 - Establish amount of money to transfer from the Education Stabilization Account to the State Education Fund

Formula Adjustments

Nevada Plan

Equity Allocation Model

- Adjusts the statewide average basic support per pupil amount
- Adjustments for each district in the following areas:
 - Wealth
 - Salary Costs (grouped based on similarities in size)
 - Transportation
 - Teacher Allotments
- Calculates the basic support guarantee for each county/school district

Pupil Centered Funding Plan

Cost Adjustment Factor

- Nevada Cost of Education Index
 - Includes Cost of Living and Cost of Salaries

Necessarily Small School Adjustment

- Includes 6 categories of adjustment
- Based on number of students in the school

Small District Equity Adjustment

- Based on “J” curve
- Natural logarithmic function that accounts for the increasing costs incurred by smaller districts due to economies of scale

Necessarily Small School Adjustment

	<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Tier 6</u>
Minimum Number of Students:	1	7	50	75	100	125
Maximum Number of Students:	6	49	74	99	124	149
Small School Student-Teacher Ratio:		7	9	11	13	15
Number of Teachers:	1					
Number of Administrators (Assistant Principal):	1	1	1	1	1	1
Inflation:	0%	0%	0%	0%	0%	0%
Small School Teacher's Salary	\$ 78,430	\$ 78,430	\$ 78,430	\$ 78,430	\$ 78,430	\$ 78,430
Small School Administration Cost	\$112,734	\$ 112,734	\$ 112,734	\$ 112,734	\$ 112,734	\$ 112,734

CSF previously recommended 7 adjustment categories; the blueprint determined that the 7th category resulted in no financial gain to the eligible schools.

Nevada Cost of Education Index

**Hybrid: NCEI, Using CWI All Workers for Wages, and RPP "Goods" for Non-wages
(1.0 Floor)**

Churchill	1.000
Clark	1.030
Douglas	1.031
Elko	1.000
Esmeralda	1.030
Eureka	1.030
Humboldt	1.030
Lander	1.030
Lincoln	1.030
Lyon	1.030
Mineral	1.000
Nye	1.030
Carson	1.030
Pershing	1.030
Storey	1.000
Washoe	1.000
White Pine	1.030

Model Includes

Nevada Plan

- Per Pupil Funding
- Transportation
 - reimbursed at 85% of 4-year average + 2.5% inflation
- Weighted Funding
 - Special Education
- Per Pupil Funding
 - Gifted and Talented

Pupil Centered Funding Plan

- NDE and SBE
- Auxiliary Services
 - Transportation
- Per Pupil Funding for Districts
- Per Pupil Funding for Charter/University Schools
- Weighted Funding
 - English Learners
 - At Risk Pupils
 - Pupils with Disabilities
 - Gifted and Talented Pupils

Per Pupil Amounts

Nevada Plan

- Estimated weighted average per pupil amount
- Statewide Average Basic Support Guarantee FY 2020 = \$6,218 (inside)

Pupil Centered Funding Plan

- Statewide Base Per Pupil Funding Amount
 - FY 2020: \$6,383
- Adjusted Base Per Pupil Funding Amount
 - School districts
 - FY 2020 Average: \$6,657
 - Range: \$6,401 - \$15,745
 - Charter/University schools*
 - FY 2020 Average: \$6,542
 - Range: \$6,383 - \$6,574

Transportation

Nevada Plan

- Included in Basic Support Guarantee amount (per pupil)
- Paid to school districts and charter schools
- Funding based on:
 - 85% of prior 4-year average
 - Plus 2.5% inflation adjustment

Pupil Centered Funding Plan

- Included in Auxiliary Services
- Paid to districts (only)
- Amount = determined to be sufficient the Legislature when combined with other resources for this purpose

Categorical Funding

Current Funding Process*

- Class Size Reduction
- Financial Literacy
- Nevada Ready 21 Technology
- Read by Grade 3
- School Social Workers
- Turnaround
- LEA Library Books
- Peer Assistance and Review
- School Resource Officers
- Special Elementary Counseling Services
- Vocational Student Organizations

Pupil Centered Funding Plan

Included in the Statewide Base Per Pupil Funding Amount

Hold Harmless Provision

Nevada Plan

- Declining Enrollment
- If quarterly enrollment decreases by 5% or more from the previous year, funding based on higher amount of
 - Current year's enrollment
 - Previous quarter's enrollment

Pupil Centered Funding Plan

- Transition from NV Plan without causing an unexpected loss of revenue
- Receive same level of funding as FY 20
 - Based on NDE and Amended School District budgets
 - Excludes balance forward amounts
- Reduced level of funding due to decline in enrollment for 2 or more years
 - Legislature will determine how to mitigate

Weighted Funding: Per Student

Current Funding Process

English Learners

- Zoom Schools
- EL Grant Program
- Extended Learning Opportunities

At-Risk Pupils

- Victory Schools
- Extended Learning Opportunities

Pupils with Disabilities

- Allocated based on prior year caseload

Gifted and Talented Pupils

- Allocation determined by Legislature

Pupil Centered Funding Plan

Students eligible in more than one area → receive funding for the highest weighted area

- Services must be provided to student based on all areas of eligibility

Recommended Weighted Funding

PCFP: Actual vs Target

Categories	Current Weight*	Aspirational Weight	Optimal Weight
English Learner	0.31	0.50	TBD
At-Risk Pupil	0.07	0.30	TBD
Pupil with Disabilities	1.51	1.10	TBD
Gifted and Talented Pupils	0.38	0.14	TBD

*As presented in the Pupil Centered Funding Plan, beta version, on May 14, 2020; includes State and Local budgeted expenditures for each category

Recommended Weighted Funding: English Learners

Current Funding Process

Supported through State funded (categorical) grants:

- Zoom Schools
 - FY 2020: \$684 for Clark/Washoe
- EL grant program
 - FY 2020: \$695 for other LEAs
- Extended Learning Opportunities
 - FY 2020: \$1,200 per eligible pupil
 - Presume 50% of students within this category

Pupil Centered Funding Plan

- Multiplier applied to Statewide Base Per Pupil Funding Amount
- Current multiplier: 0.31
- FY 2020: \$1,959

Recommended Weighted Funding: At-Risk Pupils

Current Funding Process

Supported through State funded (categorical) grants:

- Victory Schools
 - FY 2020: \$1,236
- Extended Learning Opportunities
 - \$1,200 per eligible pupil
 - Presume 50% of students within this category

Pupil Centered Funding Plan*

- Includes pupils eligible for free or reduced priced lunch
- Multiplier applied to Statewide Base Per Pupil Funding Amount
- Current multiplier: 0.07
- FY 2020: \$434

*For PCFP estimate, At-Risk pupil is defined as eligible for free and reduced priced lunch, per SB 543, Section 16.1.

Recommended Weighted Funding: Special Education

Current Funding Process

- Fully Funded: $\$ = \text{base} + \text{enrollment growth, divided by PY caseload}$
 - FY 2020 per pupil: \$3,585
- Up to 50%: districts with IEP numbers that exceed 13% of total student population
- FY 2020 with 13%: \$3,548

Pupil Centered Funding Plan

- Multiplier applied to Statewide Base Per Pupil Funding Amount
- Current multiplier: 1.51
- FY 2020: \$9,649

Recommended Weighted Funding: Gifted and Talented

Current Funding Process

Based on an amount determined by the Legislature

- Available funding
- Number of students, prior year
- FY 2020: \$853

Pupil Centered Funding Plan

- Multiplier applied to Statewide Base Per Pupil Funding Amount
- Current multiplier: 0.38
- FY 2020: \$2,400

Fiscal Year End True Up and Reversions

Nevada Plan

Recalculate the State share using

- Actual local tax revenues
- Audited enrollment
- Reconcile:
 - If districts are owed more money, payments processed by NDE by September 1 of each year
 - If districts were overpaid, payments due to NDE by September 25 of each year

Pupil Centered Funding Plan

Recalculate using

- Audited enrollment

Surplus Revenue (excluding federal/private grants, match, MOE)

- Transferred to the Education Stabilization Account

Other NDE Funding

Surplus GF revenue

- Revert to GF
- Balance Forward to next Fiscal Year

Questions?

Discussion and
Possible Areas of Recommendation