

# Commission on School Funding Recommendations for Successful Implementation of the Pupil Centered Funding Plan SB 543

June 12, 2020

# Recommendations to Governor and Legislature: SB 543, Section 76.3

Examine comparisons between current funding and PCFP:

- NDE's distribution of funding using the Nevada Plan (plus) and the PCFP
- School district budgets using the PCFP

Recommend changes needed for the successful implementation of the PCFP

On or before July 15, 2020

- One-time review and recommendation process

# Commission on School Funding

## Possible Recommendation Topics

- Adjustment Factors
- Pupil Counts
- Weighted Funding
- True Up
- Hold Harmless
- State Education Fund
- Education Stabilization Account
- Ending Fund Balance
- Budgetary Timeline
- Reporting Timeline
- Implementation Timeline

# Possible Recommendation Topic: Adjustment Factors

- Cost Adjustment Factors: Nevada Cost of Education Index
  - Should density be addressed?
  - Should staffing be addressed?
- Necessarily Small School Adjustment
- Small District Equity Adjustment

# Possible Recommendation Topic: Pupil Counts for Payment Purposes

- Average Daily Enrollment:
  - Reported quarterly and audited annually
  - Continue to be used for payments and end of fiscal year true-up
- Discussion:
  - Should there be a single count day?
- English Learners and At-Risk:
  - Program modification → establish new date of measure
- Special Education and Gifted and Talented
  - Eligibility as of October 1 → count for the next school year

# Weighted Funding Multipliers

- Weight: multiplier applied to the statewide base per pupil funding amount
  - May not be less than the multiplier from the previous fiscal year,
  - Unless money in State Education Fund decreases or the increase is insufficient to fund multiplier for each category
- Baseline: FY 2020 State GF ÷ eligible students

# Weighted Funding Requirements

- Weighted funding must be accounted for separately:
  - At the district level and distributed directly to the school where the pupil is enrolled
  - At the school level by (each) category
  - Specific accounting criteria for pupils with disabilities and gifted and talented pupils (currently in statute)
- Weighted funding must be used:
  - Supplement adjusted per pupil funding amount received for the pupil
  - Solely for providing additional education programs, services or supports to ensure pupil receives a reasonably equal educational opportunity
- May not be used to:
  - Settle or arbitrate disputes...
  - Adjust district-wide pay schedules for school district employees

# Possible Recommendation Topic: Weighted Funding

- Discussion:
  - Do weights include inflationary adjustments for pay raises?
  - Should weights be applied the adjusted base per pupil funding amount, instead of the statewide base per pupil funding amount?



# Possible Recommendation Topic: English Learners

- Allowable use of funding:
  - Provide Zoom services
    - SB 534, Section 8.10(b)
  - And additional services for pupils that belong to other weighted categories
- Discussion: Does the Commission wish to confirm they have no recommendations for this topic?

# At-Risk Pupils

- At-Risk: pupil eligible for free or reduce-priced lunch or an alternative measure prescribed by the State Board of Education
- Allowable use of funding:
  - Provide Victory services
    - SB 534, Section 8.10(a)
  - And additional services for pupils that belong to other weighted categories
- Concerns with current definition:
  - Stigma → deters some eligible families from completing paperwork
  - Confidentiality Issues → teachers don't know which students are eligible for free or reduce-priced lunch

# Possible Recommendation Topic: Alternative Definitions of At-Risk

- Alternatives:
  - Infinite Campus
  - Opportunity Gap
  - Bottom Quartile
  - Foster Care
  - Living Below Poverty Line
  - Alternative Factors, such as repeating a grade
- Discussion:
  - Should an alternative be sought from the State Board of Education?
  - If so, what should the alternative be?
  - Does Victory meet the needs of at-risk students using an alternative definition?

# Special Education

- Funded through Federal and State and Local General Funds
- Maintenance of Effort requirement
  - Nevada Department of Education
  - Each school district
- Concerns:
  - Because money follows the pupil to their school, it limits districts and schools ability to reallocate funding based on cost of service
  - Central Service Models
  - Using a single multiplier for all districts may impact MOE

# Special Education: FY 2020 MOE

Current Funding Methodology				Pupil Centered Funding Plan (BETA 20.35)		
School Districts	FY2019 State & Local Funded Special Education Expenditures	FY2020 Special Education Enrollment	FY2020 Per Pupil Amount	School Districts	Special Education Enrollment	Baseline FY2020 Weighted Funding
Carson City	\$ 12,175,333	1,216	\$ 10,013	Carson City	1,157	\$ 9,649
Churchill	\$ 4,787,966	553	\$ 8,658	Churchill	525	\$ 9,649
Clark	\$ 455,820,315	42,304	\$ 10,775	Clark	40,018	\$ 9,649
Douglas	\$ 7,573,758	803	\$ 9,432	Douglas	784	\$ 9,649
Elko	\$ 9,565,421	1,316	\$ 7,269	Elko	1,266	\$ 9,649
Esmeralda	\$ 92,405	10	\$ 9,241	Esmeralda	7	\$ 9,649
Eureka	\$ 634,489	45	\$ 14,100	Eureka	42	\$ 9,649
Humboldt	\$ 4,058,194	518	\$ 7,834	Humboldt	506	\$ 9,649
Lander	\$ 798,685	128	\$ 6,240	Lander	133	\$ 9,649
Lincoln	\$ 1,288,408	154	\$ 8,366	Lincoln	151	\$ 9,649
Lyon	\$ 12,228,851	1,255	\$ 9,744	Lyon	1,250	\$ 9,649
Mineral	\$ 545,031	86	\$ 6,338	Mineral	94	\$ 9,649
Nye	\$ 10,474,754	813	\$ 12,884	Nye	752	\$ 9,649
Pershing	\$ 1,292,715	125	\$ 10,342	Pershing	112	\$ 9,649
SPCSA	\$ 13,743,423	4,690	\$ 2,930	SPCSA	3,811	\$ 9,649
Storey	\$ 506,091	53	\$ 9,549	Storey	64	\$ 9,649
Washoe	\$ 74,101,921	9,546	\$ 7,763	Washoe	9,107	\$ 9,649
White Pine	\$ 1,623,089	203	\$ 7,996	White Pine	248	\$ 9,649
<b>Total</b>	<b>\$ 611,310,849</b>	<b>63,818</b>	<b>\$ 9,579</b>	<b>Total</b>	<b>60,027</b>	<b>\$ 9,649</b>

# Possible Recommendation Topic: Special Education

- Alternatives:
  - Establish an Account for Special Education, in accordance with SB 543, Section 2.5, and remove weighted funding for Special Education from the PCFP
- Discussion:
  - Should the Commission recommend creating a separate account for Special Education, to maintain each school district's current MOE and to create flexibility for the funding of services?

# Gifted and Talented

- Summary:
  - NAC 388.435: pupils must receive not less than 150 minutes of differentiated educational activities each week, during the school year
  - Current weight, based on State General Fund, is 0.38
  - Target weight, recommended by CSF, is 0.05
- SB 543, Section 4.5(a):
  - *“It is the intent of the Legislature that, to the extent practicable, the multiplier for each category...not be less than the multiplier for the immediately preceding fiscal year...”*
- Discussion:
  - Does the CSF wish to confirm its previous recommendation to reduce the multiplier for Gifted and Talented, understating there currently is no multiplier for the preceding fiscal year?

# Possible Recommendation Topic: True Up

- Process:
  - Remains unchanged
- Concern:
  - Currently, Education (K-12) funding bill provides funding for unanticipated increases in enrollment related expenditures
    - Revenue from 2<sup>nd</sup> year of the biennium
    - Supplemental appropriation for the 2<sup>nd</sup> year of the biennium
  - Will that continue?
- Discussion:



# Hold Harmless

## Legislative Intent:

- Transition to the Pupil Centered Funding Plan without causing an unexpected loss of revenue to any school district which may receive less money under the Plan than the district received during FY 20.
  - Exception: decline in enrollment for 2 or more years
- If a school district would receive less money under the PCFP than it received in FY 20, then the school district will:
  - receive the level of funding received in FY 20
  - given flexibility to reapportion money between its adjusted base per pupil funding and the weighted funding
    - In a manner similar to the FY 20 apportionment

# Possible Recommendation Topic: Hold Harmless

- Discussion:
  - Impact of FY 2020 State General Fund Reductions?
  - How is COLA accommodated in Hold Harmless?
  - Should Hold Harmless amount (FY 2020) be increased to accommodate hyperinflation:
    - COLA?
    - inflation?
  - Should Hold Harmless or a modified version of Hold Harmless extend to charter schools?

# Possible Recommendation Topic: State Education Fund

- Net Proceeds of Minerals
  - SB 543, Sections 2, and 61: require proceeds to be to be deposited in the State Education Fund
  - SB 543, Section 4.6(a): deems proceeds to be first money appropriated as part of the Adjusted Base Per Pupil Funding Amount and the weighted funding for the applicable school district
  - SB 543, Section 4.6(b): excess proceeds will be transferred to the applicable county school district for expenditure as a continuing appropriations
- Concerns:
  - Ensuring funds earned within a county return to that county

# Education Stabilization Account

- Intended uses:
  - If revenue collected in a FY will result in the State Education Fund receiving 97% or less of the authorized expenditure amount → IFC resolution
  - If balance exceeds 15% of total appropriations and authorizations from the State Education Fund, amount > 15% → State Education Fund
    - Balance excludes: this Account, federal funds, match/MOE, other revenues
- Funded by:
  - Annual (FYE) transfer from county school districts
    - If ending fund balance  $\geq 16.6\%$ 
      - Unless Section 77 applies
  - Interest/income earned by the account
  - FYE balance in State Education Fund, if transfer does not exceed threshold

# Education Stabilization Account: Section 77

- If ending fund balance of a county school district fund > 16.6% of total budgeted expenditures for the fund → county school district may maintain ending fund balance in the succeeding FY
- which does not exceed the ending fund balance for the FY ending June 30, 2020
- Any amount by which the ending fund balance exceeds that amount → must be transferred to the Education Stabilization Account

# Education Stabilization Account: Section 77 (continued)

- Until the ending fund balance of such a county school district fund reaches 16.6% or less of the total budgeted expenditures for the fund → the ending fund balance in each subsequent fiscal year may not exceed the ending fund balance for the county school district fund for the immediately preceding FY
  - Any amount by which the ending fund balance exceeds that amount → must be transferred to the Education Stabilization Account

# Possible Recommendation Topic: Education Stabilization Account

- Concerns:
  - No funding in the Account until the end of FY 2022
- Discussion:
  - Should a recommendation be made to include a possible Contingency Fund Request during the first biennium of implementation?

# Possible Recommendation Topic: Ending Fund Balance

- Ending Fund Balance:
- Section 77 provision:
- Discussion:
  - Ending Fund Balance should exclude debt service.
  - Ending Fund Balance should exclude proprietary funds.
  - Ending Fund Balance should exclude unexpended revenue from Net Proceeds of Minerals.



# Possible Recommendation Topic: Budgetary Timelines

- NRS 354.598:
  - School district budgets due by June 8
  - School districts must give notice to teachers/staff in May
- Discussion:

# Possible Recommendation Topic: Reporting Timelines

- SB 543 Reports:
  - School District Report (Section 12.3): annual report, October 1
    - Post on website maintained by the district
  - School Report (Section 12.4): annual report, October 1
    - Provide a written copy to the parent/guardian of each pupil
    - Post on website, if school maintains a site

# Possible Recommendation Topic: Implementation Timeline

- Legislative Intent:
  - Implementation: July 1, 2021 (FY 2022)
- Concerns:
  - Impact of recession on state revenues
  - Improbability of increased funding for K-12 in 2021-2023 biennium
  - Inconsistent district and charter school data may skew impact
- Discussion:

# Other Recommendation Topics for future consideration?