

Agenda Item #9:

Impact on the Nevada Cost of Education Index
using the Nevada Department of Employment,
Training, and Rehabilitation (DETR) Data
for Salary and Wages

Commission on School Funding

June 24, 2022

Nevada Cost of Education Index

NCEI

NRS 387.1215

1. To account for variation between the counties of this State in the cost of living and the cost of labor, the Department shall establish by regulation cost adjustment factors for the school district located in, and each charter school that provides classroom-based instruction in, each county of this State

Previous Presentations and Discussions Relating to NCEI

- December 2019
- January 2020
- February 2020
- April 2020
- May 2020
- July 2020
- April 2021
- December 2021
- January 2022
- February 2022

Previous Motions Related to NCEI

- April 2020
 - Motion to use APA’s final NCEI and apply a floor of 1.0. Motion passed
- April 2021
 - Motion to reconsider or rescind initial support of the NCEI for the implementation of the PCFP and set every district at zero until further study is directed by a third-party subject matter expert. Motion failed
- February 2022
 - Remove the 1.0 floor for the upcoming biennium Motion passed

Commission on School Funding

Recommended NCEI

- Nevada Cost of Education Index (NCEI)
 - Wages
 - A Comparable Wage Index (CWI) is used for the wage portion of the Index
 - All workers at all education levels were included
 - Contributes 72 percent to the total index
 - Goods
 - The Regional Price Parities (RPPs) is used for the non-wage portion of the index
 - Contributes 28 percent to the total index

Legislatively approved NCEI

- Cost of Education Index for the PCFP as of 4-28-21
- Comparative Wage Index = 86.12%
 - Used all industries
 - Education included
- Regional Price Parity Index = 13.88% (Goods)
- Percentages are based on the NRS 387.303 reported actual expenditures
 - Includes District and Charter School expenditures

| Districts | All Workers CWI | RPP, Goods subcomponent | Raw NCEI |
|-------------|-----------------|-------------------------|----------|
| Carson City | 0.954 | 1.040 | 0.966 |
| Churchill | 1.026 | 1.036 | 1.027 |
| Clark | 1.037 | 0.990 | 1.031 |
| Douglas | 0.954 | 1.036 | 0.965 |
| Elko | 1.026 | 1.036 | 1.027 |
| Esmeralda | 1.026 | 1.036 | 1.027 |
| Eureka | 1.026 | 1.036 | 1.027 |
| Humboldt | 1.026 | 1.036 | 1.027 |
| Lander | 1.026 | 1.036 | 1.027 |
| Lincoln | 1.026 | 1.036 | 1.027 |
| Lyon | 0.954 | 1.036 | 0.965 |
| Mineral | 1.026 | 1.036 | 1.027 |
| Nye | 1.026 | 1.036 | 1.027 |
| Pershing | 1.026 | 1.036 | 1.027 |
| Storey | 0.954 | 1.036 | 0.965 |
| Washoe | 0.984 | 0.990 | 0.985 |
| White Pine | 1.026 | 1.036 | 1.027 |

LO1 Raw NCEI Summary

| Description | Detail |
|--------------------|--------|
| District Above 1.0 | 12 |
| District Below 1.0 | 5 |
| Total Districts | 17 |
| High Index | 1.031 |
| Low index | 0.965 |
| Index Range | 0.065 |

Scope of Work Proposed by Washoe County School District

- **Regional wage indices**
 - Included industries
 - Industries with wages typically higher than the education industry
 - Example industries: accounting, engineering, and other predominantly college-education requiring industries.
 - Excluded industries
 - Industries with low wages and do not typically provide competition for teachers
 - Examples industries: leisure, hospitality and Retail industries

Scope of Work

Continued

- Methodology
 - DETR data is determined using 4-quarter rolling average or annual data
 - At the State and county level wages will be divided by employment to arrive at average annual wage per employee by county
 - The wage index will be created by dividing the average county wage by the statewide wage
- Calculation
 - Step 1:
 - Calculated for each County and for the entire State
 - Total annual wages / total annual employment = average annual wage
 - Step 2:
 - Calculated for each County
 - Average annual wage (County) / average annual wage (State) = the wage index

NCEI Methodology as Proposed

Data Results

- **Year** – 2020
- **Period** - Annual
- **Ownership** – Federal Government, State Government, Local government and Private
- **Industry Code Title** – Educational Services, Finance and Insurance, Health Care and Social Assistance, Management of Companies and Enterprises, Mining, Quarrying and Oil and Gas Extractions, Professional and Technical Services, Public Administration, Transportation Warehousing, and Utilities

Proposed District Wage Index

| Index | Index |
|-------|-------|
| 0.721 | 1.018 |
| 0.723 | 1.024 |
| 0.734 | 1.037 |
| 0.754 | 1.064 |
| 0.807 | 1.087 |
| 0.864 | 1.094 |
| 0.902 | 1.103 |
| 0.947 | 1.172 |
| 0.988 | |

Proposed Wage Index Summary

| Description | Count |
|---------------------|-------|
| Districts Above 1.0 | 8 |
| District Below 1.0 | 9 |
| Total of Districts | 17 |
| High Index | 1.172 |
| Low Index | 0.721 |
| Index Range | 0.451 |

District Proposed Raw NCEI

| Index | Index |
|-------|-------|
| 0.765 | 1.014 |
| 0.767 | 1.025 |
| 0.776 | 1.036 |
| 0.793 | 1.060 |
| 0.839 | 1.080 |
| 0.888 | 1.086 |
| 0.920 | 1.094 |
| 0.960 | 1.153 |
| 0.988 | |

Proposed Raw NCEI Summary

| Description | Count |
|--------------------|-------|
| District Above 1.0 | 8 |
| District Below 1.0 | 9 |
| Total Districts | 17 |
| High Index | 1.153 |
| Low index | 0.765 |
| Index Range | 0.388 |

Lo1 Raw NCEI Compared to Proposed Raw NCEI

LO1 Raw NCEI Summary

| Description | Detail |
|--------------------|--------|
| District Above 1.0 | 12 |
| District Below 1.0 | 5 |
| Total Districts | 17 |
| High Index | 1.031 |
| Low index | 0.965 |
| Index Range | 0.065 |

Proposed Raw NCEI Index

| Description | Detail |
|--------------------|--------|
| District Above 1.0 | 8 |
| District Below 1.0 | 9 |
| Total Districts | 17 |
| High Index | 1.153 |
| Low index | 0.765 |
| Index Range | 0.388 |

Discussion and Decision Points

Is the recommendation of the commission to use DETR wage data for determining the wage component of the Nevada Cost of Education Index (NCEI)?

Or

Is the recommendation of the commission to use the previously recommended and legislatively approved Comparable Wage Index (CWI) for determining the wage component of the Nevada Cost of Education Index (NCEI)?

Decision Point Ownership Level

If the commission recommends using DETR wage data for determining the wage component of the Nevada Cost of Education Index

Which DETR data ownership level data will be used for determining the wage component of the Nevada Cost of Education Index?

- Federal Government?
- State Government?
- Local Government?
- Private?

Decision Point Industry Level

If the commission recommends using DETR wage data for determining the wage component of the Nevada Cost of Education Index

Which DETR data industry level data will be used for determining the wage component of the Nevada Cost of Education Index?

- Accommodation and Food Services?
- Administrative and Waste Services?
- Agriculture, Forestry, Fishing and Hunting?
- Arts, Entertainment, and Recreation?
- Construction?
- **Educational Services?**
- **Finance and Insurance?**
- **Health Care and Social Services?**
- Information?
- **Management of Companies and Enterprises?**
- Manufacturing?
- **Mining, Quarrying and Oil and Gas Extractions?**
- Other Services, (except Public Administration)?
- **Professional and Technical Services?**
- **Public Administration?**
- Real Estate, Rental and Leasing?
- Retail Trade?
- **Transportation and Warehousing?**
- Unclassified?
- **Utilities?**
- Wholesale Trade?