

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
October 16, 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
Guy Hobbs
Dr. David Jensen
Paul Johnson
Mark Mathers
Punam Mathur
Dr. R. Karlene McCormick-Lee
Jim McIntosh

DEPARTMENT STAFF PRESENT

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

In Las Vegas

Jessica Todtman, Chief Strategy Officer

LEGAL STAFF PRESENT

Greg Ott, Chief Deputy Attorney General

SUBJECT MATTER EXPERTS PRESENT

Amanda Brown, APA Consulting
Justin Silverstein, APA Consulting

PRESENTERS IN ATTENDANCE

Via Videoconference

Mary Peterson, Co-Director, Region 15 Comprehensive Center at WestEd
Dr. Susan Leddick, PKR Inc.
Andy Pechacek, PKR Inc.

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

The Nevada State Education Association submitted public comment regarding funding concerns and the implementation of the Pupil-Centered Funding Plan. *(A complete copy of the statement is available in Appendix A)*

Amanda Morgan, Executive Director of Educate Nevada Now, submitted public comment regarding optimal funding and the Pupil-Centered Funding Plan. *(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 funding and the Pupil-Centered Funding Plan. *(A complete copy of the statement is available in Appendix A)*

Ryan D. Russell and Robert M. Salyer of Allison MacKenzie Attorneys & Counselors at Law submitted public comment regarding the implementation of the Pupil-Centered Funding Plan. *(A complete copy of the statement is available in Appendix A)*

3: APPROVAL OF COMMISSION MEETING MINUTES

Member Dusty Casey moved to approve the September 25, 2020 Commission minutes. Member Paul Johnson seconded. Motion passed.

4: NEVADA DEPARTMENT OF EDUCATION UPDATE

Heidi Haartz, Deputy Superintendent of Business and Support Services provided an update to the Commission regarding the work of the Nevada Department of Education (NDE or the Department) since the September Commission meeting.

The Department received input from Members regarding the factsheets presented at the September Commission meeting; based on this feedback, the Department will begin revisions as well as the development of additional support materials, such as an executive summary of why the new funding formula is needed and how it will assist students in Nevada, as well as the role of the Commission. A factsheet will also be developed tracking questions raised, as well as progress made during the discussions around optimal funding.

The Department shared the [2020 Statewide Plan for the Improvement of Pupils \(STIP\)](#), which is a strategic plan for Pre-K-12 education over the next five years; it was shared to provide additional context in guiding the discussion around optimal funding.

Deputy Superintendent Haartz noted that the Department presented an alternative definition of At-Risk to the State Board of Education in October in accordance with the recommendation of the Commission on School Funding. The State Board was supportive but requested a more specific definition be presented at their November 12 meeting.

The Department has assisted the Governor's Finance Office and the State Controller's Office in identifying the funds that will flow through the State Education Fund as outlined in Senate Bill (SB) 543, and identifying the taxes outlined in statute and ensuring there are no prohibitions in transferring those funds to the State Education Fund.

Based on the recommendations of the Commission at their September meeting, the Department will be scheduling meetings with the Chief Financial Officers (CFOs) of school districts to develop a timeline and process to further develop the guidelines for the budgeting and reporting process for the Pupil-Centered Funding Plan (PCFP).

5: DISCUSSION REGARDING OPTIMAL FUNDING

Mary Peterson, Co-Director of the Region 15 Comprehensive Center at WestEd; Dr. Susan Leddick, PKR Inc.; and Andy Pechacek, PKR Inc. facilitated a discussion regarding optimal funding, guided by an [action agenda](#) and a [synthesis of the September discussion](#).

Member Dave Jensen noted that an essential element of the definition of optimal funding would need to be “clear in its strategic intent, not just adding money.” Member Jim McIntosh supported “anchored with the current level of funding with a plan for progress toward attainable goals or targets,” provided it included clear goals and measures and strategic intent. Vice Chair Guy Hobbs agreed with Member McIntosh regarding strategic intent. He emphasized that funding would first need to be recouped at baseline, before disaggregating component parts to determine areas which need additional funding and putting metrics in place for assessment and accountability. Vice Chair Hobbs supported an incremental approach over the 10-year period in which to achieve optimal, and a thorough investigation of what is meant by “strategic intent.”

Member Johnson emphasized the importance of benchmarks and accountability, and the need to determine goals and objectives to determine the fiscal equivalent of optimal. He further noted that optimal is never attained, but something continuously worked toward, revised, and fine-tuned, as there will always be room for improvement; adequacy should be considered the floor as progress is made toward optimal. Member Mark Mathers requested clarification on “more comprehensive than the inflation or Cost of Living index.” Member Johnson responded that the intent was that the PCFP not suffer from the same erosions of the current funding formula, and goal was for the formula to keep pace with the costs that districts incur. Member Mathers was unclear whether the issue of inflation related to the issue of adequacy versus optimal, and further how the hold harmless may relate to optimal. Chair McCormick-Lee noted that optimal, adequate, and minimal are variations, and the hold harmless acts to support minimal funding.

Member Mathers noted that some items categorized under optimal are related to adequate, such as the ability to attract and retain qualified educators. Member Punam Mathur discussed funding in the context of a number line with negative numbers. Member Andrew Feuling agreed that some of the definitions under optimal are required under adequate, and the hold harmless relates to these concepts. Member Johnson emphasized the importance of stating that this was for all students, regardless of their circumstances. Member Casey emphasized maximizing outcomes. Vice Chair Hobbs asked if there was additional legislation language that may be relevant. Member Feuling responded that the State constitution has a significant portion regarding students, education funding, and equality. Chief Deputy Attorney General Greg Ott highlighted Article 11, Section 2 of the State constitution. Member Johnson pondered if “achievable” or “attainable” needed to be added to the definition in order to assist in the process of progress. Vice Chair Hobbs suggested detailing the stages, or process, of optimal.

Dr. Leddick summarized the necessary elements would include strategic intent, measurability and accountability, and the stages of optimal. Member Johnson also added that it was for all Nevada students.

The Commission moved to a collaborative discussion regarding minimal, adequate, and optimal funding. Vice Chair Hobbs recommended a review of legal requirements and definitions for varying stages, and Member Mathers further recommended reviewing prior studies regarding adequate funding, such as the study conducted by APA Consulting; Member Feuling agreed. For optimal discussions, a review of “best practices” may also be a useful analysis. Member Johnson asked if adequate should be the minimum benchmark. Member Mathur raised questions regarding growth as it relates to funding and inflation, as well as goals for optimal. Member Casey noted the difficulty of funding as it relates to minimal, adequate, and optimal due to the pandemic. Chair McCormick-Lee discussed alignment between the goals of the Department and optimal funding under the PCFP, the goal that the hold harmless ensuring no student’s funding is harmed beyond its pre-pandemic status, and that the current state of funding is in a minimal state.

Deputy Superintendent Haartz noted that the Commission did not have funds to hire a consultant to determine means of raising funds to support optimal funding, but there may be expertise on the Commission which may be used for the discussion. Member Johnson emphasized the importance of a financial path to optimal. Member Jensen noted that the FY20 hold harmless and the ten-year plan to reach optimal are critical to move forward the Commission’s work.

[Convenience Break]

6: PRELIMINARY INFORMATION REGARDING THE DISTRIBUTION OF PUBLIC SCHOOL FUNDING UNDER THE PUPIL-CENTERED FUNDING PLAN

Heidi Haartz, Deputy Superintendent of Business and Support Services, and James Kirkpatrick, Administrative Services Officer, provided an update regarding the Distribution of Public-School Funding under the PCFP.

As the Department works to build the biennial budget using the biennial budget instructions, one of the challenges is that State budgets are based on expenditures, while the PCFP is based on revenues that begin in the State Education Fund.

This budget is based on information available to the Department in September 2020, and the budget and numbers will change. Enrollment projections are included for school years 2022 and 2023, which were optimistic. There are numerous uncertainties amidst pandemic and recession. The revenues are also likely to change. Senate Bill (SB) 543 funding increases are tied to reports from the Economic Forum, which must provide those reports on or before December 1, 2020. That report will provide the revenues that will guide the Governor's budget building process in the 2021 Legislative Session; the Economic Forum will meet again in May after the 2021 Legislative Session to review and make amendments as necessary.

Regarding the hold harmless provision, the Department has used budgeted revenues and expenditures from fiscal year 2020 (FY20) to calculate hold harmless amounts. However, those numbers are subject to change once districts have submitted their final reports.

Member Mathur asked for clarification regarding enrollment projections and the methodology for those projections. Deputy Superintendent Haartz noted that the Department has an established process to project enrollment based on five-year averages; the Department also reached out to districts regarding enrollment projections. Overall, the Department was optimistic but conservative in its projections. Member Mathur noted that Clark reported a 4% enrollment reduction for the school year. Member Feuling noted that Carson City had seen a 3.7% enrollment reduction, and enrollment reductions – including the number of students that may return and continued reductions – would be a critical element in the Department's calculations for the 2021 Legislative Session. Humboldt County School District has seen an enrollment reduction of over 5%.

Member Johnson clarified that the per-pupil amount of \$7,182.30 was the Statewide per-pupil base amount, without weighted funding, established from the previous year; he also clarified that the only inflation support was the consumer price index. Member Jensen confirmed that the hold harmless does not provide support for growth. Member Casey clarified that, for the enrollment projections for school years 2022 and 2023, the Department used a five-year average methodology and information provided by the State demographer to adjust enrollment projections.

Member Mathers asked if the current model would be shared with the Commission; Deputy Superintendent Haartz noted that the current model was not distributed as the Department is already mid-revision of an updated model based on new information. However, this model is available as a public record. Responding to Member Mathur, Deputy Superintendent Haartz recommended returning with the model in December, after the hold harmless amounts have been determined. The Economic Forum's report will influence the Governor's Budget, which is confidential through mid-January.

Chair McCormick-Lee clarified that no hold harmless for charters is listed because it is not currently listed in law. The Commission recommended that charters be included, but it has not yet been incorporated into statute. The Model currently reflects At-Risk students as defined as recipients of free-or-reduced-price lunch, until an updated definition is enrolled in statute. Deputy Superintendent Haartz noted that the increase of the general fund revenue is tied to inflation adjustments for fiscal years 2022 and 2023. Chair McCormick-Lee noted that with all disclaimers, based on the current numbers hold harmless would be approximately plus or minus \$44.4 million; reflecting the funding set at the enrollment of FY20.

Responding to Chair McCormick-Lee, Deputy Superintendent Haartz noted that, as funding increases in the State Education Fund, there will be more funding to increase the Statewide base per pupil funding amount, then weighted funding. The Commission discussed the growth of the model to fund weighted categories and the movement of new funds through the waterfall.

7: RECOMMENDATIONS REGARDING THE MAXIMUM AMOUNT OF MONEY THAT EACH SCHOOL DISTRICT MAY DEDUCT FOR ITS ADMINISTRATIVE EXPENSES FROM THE ADJUSTED BASE PER PUPIL FUNDING

Justin Silverstein, APA Consulting, and Amanda Brown, APA Consulting, conducted a PowerPoint presentation regarding [Administrative Expenses](#).

Member Johnson expressed concern with identifying a threshold now which would create a cap in future, limiting growth. Ms. Brown responded that the target threshold should be a moving target, which was why it was calculated as a percentage and provided a cushion. Member Casey asked if districts would be able to work with the Department if they exceeded the threshold, or if there would be penalties. Ms. Brown recommended a monitoring process and an optional waiver process.

Responding to Chair McCormick-Lee, Deputy Superintendent Haartz noted that SB 543 requires the Department to adopt regulations regarding the maximum amount of money each district can deduct for administrative expenses. The best approach may be for the Commission to make recommendations and provide a framework, so the Department may then promulgate and update the regulations with some flexibility.

Member Mathers supported the recommendations from APA Consulting, but not the recommended caps, and requested that district CFOs have an opportunity to review the recommended caps prior to adopting them. **Member Mathur moved to approved APA Consulting's recommendations regarding administrative expenses, barring the specific caps by district; specifically, recommendations 1, 2, and 4 from APA Consulting. Member Mathers seconded. Motion passed.**

8: RECOMMENDATIONS REGARDING IMPLEMENTATION STRATEGIES AND PROCESSES USED BY OTHER STATES WHEN IMPLEMENTING PUPIL-CENTERED FUNDING MODELS

Justin Silverstein, APA Consulting, and Amanda Brown, APA Consulting, conducted a PowerPoint presentation regarding [Implementation Strategies for Pupil-Centered Funding Models](#).

Responding to Chair McCormick-Lee, Mr. Silverstein clarified that the key elements for decision today was the flow for implementation. Member Mathur supported targeting, specifically early investing in At-Risk and English Learner weighted categories. Member Feuling clarified that funding that reaches the weights has already been processed through the waterfall; he asked if it was then distributed proportionally or if it could be targeted. Mr. Silverstein confirmed that was the decision for discussion.

Member Casey noted that the base needed further factoring. Chair McCormick-Lee related that weighted funding for a category such as At-Risk is currently funded at 0.03 with an aspirational weight of 0.30; a 10-fold skew is not necessarily seen within base funding, necessitating a need to backfill weighted funding to some degree while slowly raising the base. Member Johnson suggested that proportional funding may be necessary until more information is available, at which time a targeted or hybrid model may be more viable, which Member Jensen agreed with. Member Mathers expressed that with a new evaluation of At-Risk, it is unclear whether it will impact the recommended target weight for At-Risk. Deputy Superintendent Haartz noted that 102,000 students are identified as At-Risk as defined by free-or-reduced-price lunch, and by the new metric utilized by Infinite Campus, the number of identified students would be approximately 115,000.

Member Johnson requested that APA Consulting provided some models illustrating the differences between proportional, targeted, and hybrid processes, before making a recommendation, with which the Commission agreed.

9: DISCUSSION REGARDING THE LOCAL MAINTENANCE OF EFFORT FOR SPECIAL EDUCATION AND ITS INCLUSION IN THE PUPIL-CENTERED FUNDING PLAN

Chair McCormick-Lee pulled this item from the agenda for consideration on a future agenda.

10: FUTURE AGENDA ITEMS

Future agenda items include optimal funding; Special Education; reporting and monitoring, as well as the taxation template; the frequently asked questions document, and the Economic Forum in December. Member Feuling asked when the 2021 future meetings would be determined; Chair McCormick-Lee noted it would be forthcoming. Member Mathers asked if a working group would be scheduled with Vice Chair Hobbs regarding revenue innovation; this item needed further discussion. Member Casey asked for additional discussion of the hold harmless.

11: PUBLIC COMMENT #2

No public comment.

12: ADJOURNMENT

Since an item was pulled from the agenda, a vote was required to adjourn the meeting. **Member Johnson moved to adjourn the meeting. Member Jensen seconded. Motion passed.**

Meeting adjourned at 2:11 P.M.

Appendix A: Statements Given During Public Comment

1. The Nevada State Education Association submitted public comment regarding funding concerns and the implementation of the Pupil-Centered Funding Plan.
2. Amanda Morgan, Executive Director of Educate Nevada Now, submitted public comment regarding optimal funding and the Pupil-Centered Funding Plan.
3. John Vellardita, Executive Director of the Clark County Education Association, submitted public comment regarding funding and the Pupil-Centered Funding Plan.
4. Ryan D. Russell and Robert M. Salyer of Allison MacKenzie Attorneys & Counselors at Law submitted public comment regarding the implementation of the Pupil-Centered Funding Plan.

Item A1, Nevada State Education Association
COMMENTS TO THE COMMISSION ON SCHOOL FUNDING
October 16, 2020

The Nevada State Education Association has been the voice of Nevada educators for over 100 years. Since the early days of the COVID-19 pandemic, NSEA sounded the alarm about the deleterious impact this crisis is having on public education and the state budget. Before your April meeting we warned the economic impacts of this crisis would be devastating and long- lasting. We wrote:

While NSEA believes the school funding plan should be updated to reflect the changing needs of Nevada, it would be completely irresponsible to implement this radical shift during these already turbulent times. While NSEA'S previous concerns with the new funding plan remain, the new economic realities not only undermine school funding generally but also the work of the Funding Commission specifically. The main charge of the Funding Commission is to model the new funding plan, running it alongside the Nevada Plan in the current fiscal year and to make recommendations based on these numbers. However, data from this fiscal year likely will need to be discarded, as Nevada's economy came to a screeching halt toward the end of the third quarter. Even after stay at home orders are lifted and businesses begin to reopen, we know that the economy will take time to return to anything that resembles normal, and that normal may very well resemble the last Nevada recession.

Our concerns proved wholly prescient, as numbers in modeling varied wildly from month to month over the summer, projecting new winners and new losers at three consecutive meetings. Meanwhile, Nevada's budget hit a wall resulting in \$156M in painful cuts to K-12 education including total elimination of weighted funding for at-risk students and English learners—the very basis for the new funding formula. And we are not out of the woods yet. The Economic Forum is charged with projecting the revenue the Governor will base his budget on for the next biennium. At yesterday's meeting it was made clear that without some significant intervention or mitigation, Nevada's outlook is in a world of hurt. During the meeting, Applied Analytics' Jeremy Aguero stated his main concern is not about Nevada's economy operating at 20-30% productivity for a few months, it's operating at 70-80% for the next three years. He said, "It is the long arc of the COVID-19 crisis that that keeps me up at night." We maintain it is completely irresponsible to effectuate a radical shift in the state's education funding formula in the middle of a global pandemic, as devastating cuts are being made to our schools. This is what keeps us up at night. The only responsible course of action for this Commission is to recommend a delay in the implementation of SB543 until after the pandemic, while we work on optimal funding and the revenue plan to get us there. Speaking of optimal funding, we believe you should quickly segue to develop and recommend a robust program of new revenue. We ask this Commission to start this process by adopting a formal position in support of AJR1 from the 32nd Special Session. AJR1 would generate critical new revenue for Nevada, by amending the Constitution to increase the mining tax from 5% of net proceeds to 7.75% of gross proceeds. This would generate \$485 million in new revenue. Included in AJR1 is a provision that dedicates 25% of revenues that could be spent for educational purposes.

While our schools and other vital state services are suffering, we know there is another side of this economic crisis, with billionaires amassing significant new wealth. Nevada is the world's 5th largest producer of gold. Large mining companies have been making record profits with gold selling near record highs of \$1900/oz, yet the mining industry pays very little in state taxes. AJR1 is the mining tax proposal that would deliver the most resources to K-12 public education. A half-billion dollars in new revenue for Nevada is the right-sized treatment of an industry that has enjoyed a sweetheart deal since Nevada's beginnings. The proposal is also significant enough to move the needle on the chronic underfunding of Nevada schools and other vital services families depend upon. If passed during the 2021 Legislative Session, AJR1 would go before Nevada voters in 2022. NSEA has been working to address the chronic underfunding of public education in Nevada for decades. While AJR1 is only a part of what is needed to deliver a high-quality public education to every Nevada student, it is a

Item A2, Amanda Morgan, Executive Director, Educate Nevada Now

October 16, 2020

Chairwoman, Dr. Karlene McCormick-Lee
Commission on School Funding

Dear Chairwoman McCormick-Lee and members of the Commission,

Thank you for the opportunity to submit testimony on behalf of Educate Nevada Now. We appreciate the hard work of the Commission and its willingness to consider our input.

During the last Commission meeting, members expressed their preliminary thoughts on how to define “optimal funding.” ENN cannot stress enough the importance of developing a functional optimal funding target that represents the funding necessary for the Pupil-Centered Funding Plan (PCFP) to be successful. An appropriately developed target can operate as a powerful tool to inform the legislature and hold state leadership accountable.

We have provided detailed recommendations in writing to the Commission, but also appreciate having this summary read into the record. Please consider the following guiding principles as you develop a definition of optimal funding and the method of determining optimal funding levels:

- 1. Optimal funding should reflect the actual needs of students and the costs of providing students with the opportunity to meet current standards and requirements.** The optimal funding definition should not be tethered to existing available dollars, as there is little debate that current expenditures are grossly inadequate. Likewise, the optimal funding definition should not reflect new or additional standards or requirements. Though it may be tempting to define optimal funding in a way that is highly aspirational, reflecting maximum funding levels, or tied to achieving even more rigorous education standards - such a definition renders the targets functionally useless and easier to ignore by lawmakers. Optimal funding should be a practical tool to direct the legislature on the needs of the state.
- 2. The definition of optimal should reflect its purpose – to direct the legislature on the amount necessary under the PCFP, a minimum foundation formula, to ensure its success.** The target should inform lawmakers on what minimum foundation funding level must be provided to districts to ensure they can provide the resources necessary for students to meet the state’s own mandates and requirements. This is commonly referred to as “adequacy,” the industry standard for evaluating education funding levels.

We recommend the following definition of “optimal funding:”

“Optimal funding” is defined as the minimum sufficient funding for general education students and students with unique needs to have the opportunity to achieve at Nevada’s Academic Content Standards and to graduate college and career ready, plus any additional funding for schools and districts to meet other statutory and regulatory requirements. This funding level will be expressed as a per-pupil funding level and weighted funding for students with unique needs.

- 3. Lastly, the Commission should utilize existing methods of determining funding level targets.** APA has developed Nevada funding targets as recently as 2018, using widely accepted methodology. The Commission should aim to avoid another lengthy and costly study in the process of developing funding level targets. Instead, we recommend members consider either the Professional Judgement or Evidence-Based Approach - both of which have been widely accepted throughout the country as reliable methods for determining appropriate funding levels in public education.

Again, thank you for the opportunity to provide oral testimony. We have provided the Commission with written testimony with a more detailed explanation of the points above. Thank you for your dedication and commitment to Nevada students.

Sincerely,

Amanda Morgan, Executive Director
Educate Nevada Now

Please consider the following as you develop a definition of “optimal funding” and a method for determining funding level targets:

I. The Commission should avoid the two scenarios in which the optimal funding target would be of little to no value.

First, the Commission should avoid a definition where optimal funding reflects existing available funding. If optimal funding is tethered to current expenditures, the target serves no purpose but to validate the current state of public education and its inadequacies. Commission members have unanimously agreed current funding levels do not meet the needs of students, so it would serve no functional purpose to take this approach.

Second, the definition would be functionally useless if it were so exceedingly aspirational and unrelated to what is currently expected of students, schools, and districts, that it provides little practical guidance to legislators. Though Nevadans no doubt want a public education system that competes with any in the world, we currently struggle to keep pace with Mississippi, much less Finland. Students are struggling to meet Nevada proficiency standards and to graduate college and career ready. If lawmakers perceive the Commission’s recommendation as “pie in the sky,” any hope of reaching that goal will follow suit. The optimal funding target will be perceived as a goal we never intended to reach and unrelated to the state’s own educational goals. Further, developing a ten-year revenue plan to reach minimum sufficient funding will be challenging enough and should not be complicated by aiming for maximum funding levels.

II. The optimal funding target definition should make clear the overarching goal of the target and tether that goal to existing education policy.

The optimal funding target should reflect its purpose – to direct the legislature on the amount necessary under the PCFP, a minimum foundation formula, to ensure its success. What *minimum foundation* funding level must be provided to districts to ensure they can provide the resources necessary to afford all students the opportunity to meet the state’s own mandates and requirements?

Developing funding targets is common practice throughout the country. With little variation, state lawmakers, commissions, academics and courts have developed funding goals that reflect the minimum resource needs for students to succeed. This is the standard used by multiple cost studies done here in Nevada as well. In suggesting funding targets, Augenblick, Palaich, and Associates (APA) expressly recommended the new funding formula be “[c]ost based, with a base amount and adjustments for student characteristics *determined by the resources needed to meet state standards and requirements.*”¹

The Commission should not reinvent the wheel and instead adopt a general definition that is synonymous with what is commonly referred to as “adequacy.” School finance experts have defined adequacy as “...providing sufficient funds for the average district/school to teach the average child to state standards, plus sufficient additional revenues for students with special needs to allow them to meet performance standards as well.”² There may be cause to consider additional resource needs associated with specific or new statutory or regulatory mandates, year-to-year inflation or new education realities (such as those created by the Covid crisis), but straying too far from this general definition would erode the functionality of the target – developing a tool to direct the legislature on the minimum funding levels to successfully implement the PCFP.

¹ Augenblick, Palaich, and Assoc., Nevada School Finance Study, 73 (2018) (emphasis added).

² Odden, A. and Piccus, L., School Finance: A Policy Perspective, 5th ed., 392, New York: McGraw-Hill (2004).

Deviating excessively from this commonly used definition may also have the unintended consequence of plunging the Commission into lengthy discussions on education policy, rather than funding and resources. Tying funding targets to non-existence state goals, standards and practices would result in the “tail wagging the dog.” Financing levels should reflect existing requirements and mandates, rather than drive new or different requirements. Not to mention, this exercise would likely necessitate another costly study.

We therefore recommend the following functional definition of optimal funding:

“Optimal funding” is defined as the minimum sufficient funding for general education students and students with unique needs to have the opportunity to achieve at Nevada’s Academic Content Standards and to graduate college and career ready, plus any additional funding for schools and districts to meet other statutory and regulatory requirements. This funding level will be expressed as a per-pupil funding level and weighted funding for students with unique needs.

III. The Commission should then adopt a reliable method for determining optimal funding levels that is best suited for our state.

Just as there is an industry standard for *defining* adequate funding, methods of *determining* adequate funding levels are also commonplace. States across the country have utilized several widely accepted and reliable methods.

There are three popular methods for determining sufficient minimum funding levels, all of which have been studied here in Nevada. Many of these methods have been refined over decades of research and practice. Generally, the methods cost out various essential resources, such as staffing (educators, support professionals, tutors, administrators, etc.), programs (Pre-kindergarten, extended school, special education, EL or at-risk services, etc.) and other services or resources (family support, professional development, technology, equipment, etc.).

1) Professional Judgement Approach

This approach centers on the **inputs** necessary for students to meet state standards. A PJ assessment would typically rely on interviews with educators, administrators and district personnel to identify the basic staffing, program and resource needs to provide an appropriate educational opportunity to general education students, and then further identifying additional resources for students with unique needs. These essential resources are then costed out, with adjustments made to account for regional differences.

This method has been widely used in setting funding targets or for general information for several state legislatures.³ Washington used a similar approach as a method to comply with the “general and uniform” requirement of their state constitution in response to litigation similar to the case recently filed in Nevada.

APA has already conducted a PJ analysis in Nevada as recently as 2018. Despite years between studies and presumably different sets of professional interviewees, the APA funding level results have been incredibly consistent when adjusted for inflation.

ENN recommends the Commission consider this approach and utilize APA as a resource in their process of developing a target.

2) Evidenced-Based Approach

APA also developed funding targets using the Evidence-Based approach in Nevada. This approach develops target funding levels by costing out research- or other evidenced-based educational practices that have a statistically significant impact on student achievement. This is then aggregated to identify appropriate school,

³ See e.g. Kansas, Kentucky, Maryland, Massachusetts, New York, and South Carolina.

district and state expenditure levels. Most recently, this method has been utilized in Illinois in the development of district adequacy targets for their new funding formula, and many other states have utilized this method as well.⁴

This approach is designed to give districts the tools they need to impact achievement, but it can also offer guidance to districts and schools by comparing best practices under the EB model and actual use of resources at the school or district level.

ENN recommends the Commission consider this approach and utilize APA as a resource in their process of developing a funding target.

3) Successful District/School Approach

This approach attempts to tie target funding levels directly to student outcomes by identifying funding levels in districts or schools deemed successful based on their student outcomes. This approach presumes there are reliably successful districts/schools that can be replicated elsewhere in the state.

The Successful School approach evaluates the most successful schools *under current funding levels*. Therefore, the SS approach is ill-suited for states that are chronically underfunded statewide, such as Nevada. This approach is better suited for states with high inter-district inequity, where the method may be helpful in equalizing funding between property wealthy and property poor districts.

The SS approach in the recent APA study reveals some alarming trends in Nevada's "successful" schools; even Nevada's highest performing schools are performing poorly. For example, middle school math proficiency in Nevada's so-called successful schools averaged 38 percent, and overall student achievement averaged only 60 percent.

The Nevada SS funding level targets are also somewhat deflated and not reflective of actual resources in the schools. The target excludes fundraising dollars, which often purchase additional resources/staffing that may improve outcomes at those schools. Other expenditures, such as magnet programming costs, are also excluded. Further, the identified successful schools serve fewer students with unique needs than the state average, skewing the actual resource needs of the state.

ENN does not recommend the Commission adopt the Successful School approach.

IV. Conclusion

Lawmakers will convene in February and the Commission's timely recommendation is essential. The central question regarding "what schools need" has been answered time and time again, study after study. The Commission has the tools necessary to make well-informed recommendations and will have ongoing opportunities to make modifications in the future. We urge the Commission to develop a functional definition of optimal funding that will serve as the North Star for our state for years to come, and to determine funding level targets utilizing the extensive research done here in Nevada. Again, we appreciate your hard work and dedication to Nevada students.

⁴ See e.g. Kentucky, Arkansas, Arizona, New Jersey, North Dakota, Wyoming, Washington, and Wisconsin have used the EB method to calculate adequate spending levels.

Item A3, John Vellardita, Executive Director, Clark County Education Association

Re: Public Comment #1 for October 16, 2020 SB543 Commission Meeting

SB 543 Commission Members:

As you discuss funding and ultimately make your recommendation on this issue, CCEA would like to share our thoughts for your consideration.

For too long, adequacy in Nevada has meant the cost of meeting state resource requirements and student performance expectations. However, within Nevada politics the practical downside of using 'adequate' as the definition for funding our schools is that legislators can define adequate as meeting whatever the standards that are set by the State. If those standards have a low bar then 'adequacy' will more than likely be set at a low denominator. As a result, Nevada will continue its national ranking at or near the bottom on public education when it comes to several measures of student performance i.e. math, science, and reading. Equally relevant to the discussion on funding is a real concern based on current economic conditions that in the 2021 Legislative Session a low bar will be set if there is no new revenue introduced to fund education.

SB543 is the long awaited game changer in developing a more modern and efficient funding formula for Nevada's public education system. It was preceded by several studies on Nevada's funding system and several Legislative Sessions where lawmakers discussed, debated, and acted on funding our schools. The sum total of that experience panning almost a decade demands that SB543 not be short changed when we discuss what funding levels our schools really need to raise student outcomes.

Accordingly, we would recommend that the Commission adopt the doctrine of optimal funding and that optimal funding be defined as meeting performance outcomes to improve Nevada's education delivery system. Performance outcomes for student achievement must be evidence based and policy centric. And progress toward achieving those outcomes must take place over a recommended timeline. The cost of meeting performance outcomes is beyond the scope or expertise of this committee. It simply is not known.

So the second recommendation that we would advise this committee to make is that performance outcomes, the metrics used to demonstrate progress in achievement, and ultimately the cost of resources to achieve those performance outcomes must be set by policy makers. The Department of Education should facilitate that process and upon conclusion present to the Commission what the cost would be to properly resource achieving performance outcomes. That would give more meaning and substance to the recommended funding levels the commission would make to achieve optimal funding for our education delivery system.

The public at large, as well as parents, taxpayers, Legislators, and business leaders will all want to know what additional funding will produce for improving student achievement outcomes. They will also want to have strong accountability systems tracking the progress in achieving improved outcomes. These are fair questions that demand straightforward answers. Optimal funding must be defined as meeting very specific performance outcomes with a clear explanation of how much additional funding is needed to achieve those performance outcomes.

Thank you,

John Vellardita, Executive Director
Clark County Education Association

Item A4, Ryan Russell & Robert Salyer, Allison Mackenzie, Attorneys & Counselors at Law

Nevada Commission on School Funding

700 E. Fifth Street

Carson City, Nevada 89701

Via Email:jtodtman@doe.nv.gov

Madam Chair and Members of the Commission on School Funding:

We represent the following county school districts and their respective superintendents: Elko, Eureka, Storey, Douglas, Pershing, Lander, Mineral, Lyon, Esmeralda, Lincoln, and Carson City. Once again, as we have done for the past several Commission meetings, we are requesting that the Commission make a recommendation to the Nevada Legislative Committee on Education to delay implementation of Senate Bill ("SB") 543 until at least the 2023-2025 Legislative Session.

The aforementioned county school districts wish to work collaboratively with the Commission and the Department of Education to develop a funding formula that reflects a fair and equitable distribution of resources across each school district. At this time, the Pupil-Centered Funding Plan ("PCFP") is far from being properly vetted and ready for implementation. Likewise, we continue to ask this Commission to address major equity issues that have been raised but remain unanswered.

First, the PCFP cannot be implemented during the current, unprecedented budget crisis. This Commission has yet to address the budget shortfalls resulting from the Covid-19 crisis. The failure to address the reality of the Covid-19 budget crises on school districts across the State exposes each district's students at risk to potentially disastrous outcomes. The Commission has not discussed the important issues as they relate to the budget deficits, the decline in enrollment, the apparent lack of PCFP transparency, the cost of education in rural school districts, and an uncertain legislative landscape for civil immunity and net proceeds of minerals.

Without properly vetting those issues, implementation of the PCFP is premature. There has been little discussion surrounding the hold-harmless provision, nor a recommendation on how the hold-harmless provision will function. The county school districts acknowledge and agree that optimal funding is necessary to fuel the PCFP however, at this time, optimal funding remains elusive. Thus, launching the PCFP with the hope that it will someday be adequately funded carries the attendant risk that school districts will fail under premature implementation of SB 543. School districts are required to work with their budgets as they currently exist. We request that the Commission work within that framework as well, as opposed to continuing to operate under the illusion of figures from December 2019.

When presenting SB 543 in a Joint Meeting of the Senate Committee on Finance and Assembly Committee on Ways and Means on May 21, 2019, the sponsor of SB 543, Senator Joyce Woodhouse, stated, "if we want to improve Nevada's schools, it is critical we move from the Nevada Plan to a modernized funding approach. That is the only way to ensure all of Nevada's children receive a quality education." As such, the legislative intent behind SB 543 was clearly to bring forward a modernized funding approach that equitably funds schools. As it stands right now, the PCFP is not a modernized funding approach and does not ensure all of Nevada's children receive a quality education that is both equitable and adequate.

We would greatly appreciate an open agenda item during a future meeting to discuss some of these issues and to enable the Commission to receive input from the county school districts and community. We also renew our request that the Commission recommend a delay in implementation to the Nevada State Legislative Committee on Education.

As always, we appreciate the time and attention of the Commission and seek to work toward a better and brighter future for all of Nevada's students.

Sincerely,

Ryan Russell, Esq. Robert M. Salyer, Esq.