

**NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
SEPTEMBER 17, 2021
9:00 A.M.**

Office	Mode	Platform
Department of Education	Teleconference/Livestream	Lifesize, Phone

SUMMARY MINUTES OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT

Via Videoconference

Dusty Casey
Andrew J. Feuling
Jason Goudie
Guy Hobbs, Chair
Dr. David Jensen
Paul Johnson
Mark Mathers
Jim McIntosh
Dr. Lisa Morris Hibbler

DEPARTMENT STAFF PRESENT

Heidi Haartz, Deputy Superintendent for Student Investment
James Kirkpatrick, Administrative Services Officer III, Student Investment Division
Megan Peterson, Administrative Services Officer III, Student Investment Division
Beau Bennett, Management Analyst IV, Student Investment Division
Jessica Todtman, Chief Strategy Officer

LEGAL STAFF PRESENT

Via Videoconference

Greg Ott, Chief Deputy Attorney General

AUDIENCE IN ATTENDANCE

Via Videoconference

1. CALL TO ORDER; ROLL CALL

Meeting called to order at 9:00 A.M. by Chair Guy Hobbs. Quorum was established.

2. PUBLIC COMMENT #1

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

Hawah Ahmad, Clark County Education Association, submitted public comment regarding the PCFP. *(A complete copy of the statement is available in Appendix A)*

3. APPROVAL OF COMMISSION MEETING MINUTES

Member David Jensen moved to approve the August 13, 2021, Commission Meeting Minutes. Member Paul Johnson seconded. Motion passed.

4. NEVADA DEPARTMENT OF EDUCATION UPDATE

Heidi Haartz, Deputy Superintendent for Student Investment, Nevada Department of Education (NDE or Department) provided an update regarding the work of the Department since the August 13th Commission meeting.

Deputy Superintendent Haartz reviewed the Commission's [Recommendation Outcomes](#). NDE has continued to work with districts and charter schools to develop business rules specific to the implementation of the PCFP; the Department hopes to have a document including the chart of accounts and the business rules drafted by the Commission's next meeting. The Department has also been working to finalize the reporting requirements for the October 1 report initially included in Senate Bill 543 (2019), with the recognition that in the first year of implementation and with late notification, high-quality data may be difficult to obtain.

Regulations are currently in development specific to various adjustments within the PCFP, with the first workshops being held at the end of September. The Department has also met with APA and EKAY Consultants to discuss the differences in their proposed recommendations and methodologies for a cost of education index. A joint meeting with both groups, as well as NDE and the Governor's Finance Office, will be hosted in the end of September. APA specifically noted that the Commission will need to confirm its intent regarding the adjustment and to develop a single methodology. Deputy Superintendent Haartz also highlighted a [timeline](#) of tasks for the Commission this biennium.

Chair Hobbs requested clarification regarding expectations for the Commission's recommendations. Deputy Superintendent Haartz stated that recommendations specific to the methodology for budgeting for auxiliary services was requested by the Legislature during the 2021 Session and are due to the Interim Finance Committee in August of 2022.

5. PRESENTATION AND DISCUSSION OF THE ALLOCATION METHODOLOGY FOR TRANSPORTATION AND FOOD SERVICES THROUGH THE PUPIL-CENTERED FUNDING PLAN

James Kirkpatrick, Administrative Services Officer III, Student Investment Division, provided a PowerPoint presentation regarding [Allocation Methodologies for Transportation and Food Services](#) in the PCFP.

Member James Goudie expressed a preference for a more specific index for transportation and food and confirmed that the amounts used in the presentation were four-year averages. He further asked how the four-year average for the hold harmless would be calculated to account for outlier years, such as 2020 due to pandemic-related school building closures. Mr. Kirkpatrick stated the presentation used actual year-to-year calculations, but another option may be to add a weighted factor to mitigate reductions due to outliers. Member Goudie asked if calculations had been done with excluded capital expenditures, such as buses, as the capital in flux would affect costs especially in terms of inflation and years in which no purchases are made. He suggested that calculating the hold harmless on an annual basis would better support these variations. Member Johnson noted that some districts or schools may overspend in a certain year, so a weighted average may be challenging.

Member Goudie moved to approve NDE's recommendation to continue using a four-year average calculation for both food and transportation, and that NDE utilize a hold-harmless concept described on an

annual basis each year to calculate the average for the prior four years. Member Johnson seconded. Motion passed.

Mr. Kirkpatrick confirmed that the motion was for a four-year average based on actuals and using a hold harmless that evaluates each of the four years and not including anything to do with adjustments based on any form of index. Regarding inflation, Member Andrew Feuling stated that he would prefer to separate food and transportation for the discussion and have more specific inflation rates applied to each. Member Johnson requested the calculations for each rate provided in the presentation; Member Goudie also requested more specific details, particularly related to fuel prices. Chair Hobbs suggested gaining more historical information to determine if some indexes may necessitate a floor while another tracks the commodity. The Commission requested that Mr. Kirkpatrick return with additional information related to various indexes at the next meeting.

6. PRESENTATION AND DISCUSSION REGARDING EXPANDING THE AUXILIARY SERVICES COMPONENT OF THE PUPIL-CENTERED FUNDING PLAN TO INCLUDE CHARTER SCHOOLS

James Kirkpatrick, Administrative Services Officer III, Student Investment Division, provided a PowerPoint presentation regarding [Auxiliary Services for Charters](#) in the PCFP.

Member Goudie and Member Jim McIntosh expressed support for including auxiliary services for charter schools and asked how this would be practically applied to charter schools. Mr. Kirkpatrick stated that the calculated cost by school is in the presentation and charter schools would be subject to the same methodology used for districts. Member Dusty Casey stated that only those charter schools currently offering auxiliary services would receive funds; he asked how schools that would like to offer those services (like transportation) but are not currently doing so could afford to begin those services under the existing methodology. Member Jensen supported including charter schools, but expressed concerns related to the availability of resources across districts and charter schools and whether providing an incentive to charter schools to begin providing services would cause issues. Member Feuling agreed with Member Jensen's comments.

Deputy Superintendent Haartz clarified that using the existing methodology, if a charter school begin providing auxiliary services and only had one year of expenses, that one year would be used to set the average or the average would be calculated using that year and three years of zero.

Member Johnson supported reimbursements for those schools that are providing services but felt there was an adverse consequence in providing an incentive to charter schools to provide the services. He further noted that this may cause additional migration of students which widens the gap and structural deficit experienced by the district. The system of funding is itself broken, as schools should not be funded at the expense of one another. He expressed his hope that there could be a more collaborative and synergistic relationship between districts and charter schools so that the two can share services and work in the best interest of students.

Member Goudie suggested that charter schools be reimbursed, but that they must have at least one, possibly two years of expenses on record first. Deputy Superintendent Haartz stated that NDE was open to a recommendation. For example, using a four-year average, if charter schools had only one year of expenses, they would receive 25% reimbursement; or they could calculate the reimbursement at a one-year average. Chair Hobbs supported establishing a minimum threshold for transportation or food services and requiring new entities to go through a process of local government validation. He stated his belief that expenditures should take place before participation, and perhaps could include a verification of expenses in conjunction with the biennial budget; if they meet minimum thresholds, they could then participate.

The Commission Members generally agreed that charter schools currently providing services should be reimbursed for these expenses but requested that recommendations related to the implementation of new services by charter schools and their reimbursement be discussed at a future meeting. Member Casey highlighted that some schools providing services may not have the full four years yet, which means this problem is already in play.

Member Johnson moved that charter schools (and university schools for profoundly gifted children) be afforded the same calculations for factors for transportation and food services (auxiliary services) as school districts. For those charter schools currently providing services they would be calculated on a four-year

average or, if services have been provided for less than four years, the average would be for the number of years those services were provided. Future discussions would include a phasing-in adjustment for charter schools not currently providing services. Member Goudie seconded. Motion passed.

The Commission requested that NDE provide more information in the future regarding methodologies for phasing in charter schools providing auxiliary services and how they could begin participation, and additional clarification on the calculation of averages.

7. PRESENTATION AND DISCUSSION OF THE NEVADA REVISED STATUTES THAT MAY BE IMPACTED BY THE IMPLEMENTATION OF THE PUPIL-CENTERED FUNDING PLAN

Beau Bennett, Management Analyst IV, Student Investment Division, provided a PowerPoint presentation regarding the [Nevada Revised Statutes impacted by PCFP Implementation](#). Member Johnson asked for additional information related to ending fund balances; the Commission thanked Mr. Bennett for this informational item.

8. DISCUSSION REGARDING OPTIMAL FUNDING

Chair Hobbs facilitated a discussion regarding [Optimal Funding Recommendations](#). Member Goudie stated that the Commission needs a clear plan, to include recruitment of stakeholders such as unions, to communicate with their constituents and lobbyists. Chair Hobbs suggested diving further into property tax and developing an order of recommendations for consideration, and subsequently doing the same with sales tax at future meetings. Member McIntosh stated that it would be important to be very clear on what these additional investments would mean to the state and education system. Member Lisa Morris Hibbler suggested that in seeking support, the Commission would need to state not only stating how the dollars would be used, but also describing what could not be done previously due to a lack of optimal funding. Member Johnson emphasized the importance of adjusting for inflation and remaining ahead of inflation; he further stated that optimal funding and transparency related to that funding would be the most important thing they do as a Commission. Member Casey asked if there were enough options in the presentation for the Legislature to refuse half of them and still reach the funding goal. Chair Hobbs noted that it would be difficult to use other sources and still produce the level of revenue needed but that there is some flex within each source.

9. FUTURE AGENDA ITEMS

Future agenda items included further data on indexes for transportation and food services inflation; APA and EKAY Consultants presentations regarding the NCEI (Nevada Cost of Education Index); a methodology for new charter schools to provide auxiliary services; the definition of the ending fund balance; and the selection of a Vice Chair.

10. PUBLIC COMMENT #2

No public comment.

11. ADJOURNMENT

The meeting was adjourned at 11:46 A.M.

Appendix A: Statements Given During Public Comment

1. Nevada State Education Association submitted public comment regarding the Pupil-Centered Funding Plan (PCFP).
2. Hawah Ahmad, Clark County Education Association, submitted public comment regarding the PCFP.

Item A1, Nevada State Education Association

The Nevada State Education Association has been the voice of Nevada educators for over 120 years. For decades, NSEA has led the charge against chronic underfunding of public education in Nevada, from the instigation of the IP1 room tax in 2008 and qualification of the Education Initiative in 2014 to our 5 major Red for Ed rallies in Carson City in recent years. NSEA's efforts have been a large part of creating a social and political consensus – Nevada needs to invest significantly more in public education.

On April 23rd, the Commission on School Funding published *Preliminary Recommendations Regarding Optimal Funding*. While NSEA opposed SB543, we largely agreed with the funding targets set in this document, including your proposal to reach “adequate” funding by increasing education investment by \$2B over the next 10 years. That's why NSEA called for the passage of AJR1, the mining tax that would have generated over \$400M. Instead, a new tax on gross revenues of mining was adopted to generate an estimated \$85M/year.

These monies will be added to the new education funding plan along with \$70M/year in existing net proceeds starting in 2023. For the current biennium, while better-than-projected state revenue was used to backfill general fund cuts, total per-pupil funding actually decreased by \$115 from FY21 to FY22. And since the end of the Legislative Session, inflation has been over 5%, further devaluing current education funding.

In April, the Funding Commission recommended over \$200M in additional funding for education every year. It is clear Nevada is falling short of what is needed to reach adequacy, especially with increased costs. The Funding Commission not only has work to do to reconcile actual numbers against your April recommendations but also to make recommendations to get Nevada on track towards adequate funding moving forward and to have those recommendations seriously considered. Meanwhile, NSEA looks forward to continuing to lead the charge against chronic underfunding of public education.

Item A2, Clark County Education Association

Good morning, Chair McCormick-Lee and members of this Commission,

My name is Hawah Ahmad, and I represent the Clark County Education Association (CCEA). CCEA represents over 18,000 licensed educators and is the largest independent teacher union in the country. We engage in bipartisan advocacy to advance public education in Nevada.

The pupil-centered funding plan has given Nevada an opportunity to change how our educators and students are supported by changing how we fund education. CCEA thanks this Commission for your continued hard work on the allocation methodology for transportation and food services, and optimal funding. It is the hope of CCEA that this Commission's discussion on Agenda Item 8 will help to clarify previously identified funding targets, potential revenues, and alternative funding scenarios that will influence legislative action to bring Nevada closer to optimal funding.

Though CCEA worked hard over the 81st Legislative Session to support the implementation of the Pupil-Centered Funding Plan and to secure the additional funding from the creation of the mining tax, we know that it was only the first step in many we must take to obtain optimal funding of our students' education.

CCEA supports the Commission on School Funding's April 23, 2021 report in which four plans to gradually increase revenue were suggested to put our students first and fund education in Nevada and we look forward to today's dialogue on funding sources.

CCEA thanks you for all your hard work, but we ask you to join us to support our educators and students and we stand ready to support this Commission's recommendations.

Respectfully,
Hawah Ahmad, Lobbyist
Clark County Education Association