NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING

July 24, 2026

9:00 AM

Office	Address	City	Room
Department of Education	2080 E. Flamingo Rd.	Las Vegas	Board Room
Department of Education	700 E. Fifth St.	Carson City	Board Room
Department of Education	Virtual	Virtual	YouTube

DRAFT MINUTES OF THE JULY 24, 2026, COMISSION ON SCHOOL FUNDING
FOR APPROVAL AT THE AUGUST 21, 2026, MEETING

Commission Members Present

Chair Hobbs
Vice Chair King
Member Mathur
Member Brune
Member Reeves
Member Casey
Member Mathers
Member Ritchie
Member Stahlke
Member Dayhoff

Department Staff Present in Las Vegas

Melissa Willis

Department Staff Present in Carson City

Beau Bennett
Andrew Okosun
Zach Khan
Marissa Stokes
Joseph Baggs

Legal Staff Present

Deputy Attorney General Christena Georgas-Burns

1. **Call to Order, Roll Call**
   Meeting was called to order at 3:05 P.M. by Chair Hobbs. Secretary Khan took tool and confirmed that a quorum was present.

2. **Public Comment #1**
   The public comment period was open for items appearing on the day's agenda, with a three-minute limit per speaker.
   - Eduardo Martinez (Western Public Affairs, representing the Charter School Association of Nevada): Expressed appreciation for the proposed Bill Draft Request's (BDR) focus on exceptional enrollment growth, charter school transportation, at-risk pupil identification, and weighted funding. He requested clarification on how exceptional growth adjustments would be calculated and funded to ensure charter schools receive applicable attendance area adjustments, as well as improved access to reimbursements for students with significant disabilities and extraordinary service costs.

   There were no other public comments in Carson City, Las Vegas, on the phone, or submitted in writing.

3. **Consent Agenda (For Possible Action)**
   The Commission considered the approval of the May 15, 2026, meeting minutes listed on the consent agenda.
   - Motion: Moved by Vice Chair King to approve the consent agenda minutes.
   - Second: Seconded by Member Mathur
   - Vote: Unanimously approved ("Aye"), with no opposition.

4. **Special Presentation: Elementary School Naming Campaign**
   Chair Hobbs invited Member Mathur to provide an update regarding a campaign to honor a late colleague. Member Mathur reported that the Clark County School District (CCSD) will name a new elementary school at a committee meeting on September 1st. Due to declining enrollment, it may be a long time before another school is named. A group is currently mobilizing to submit a nomination for the Joyce Woodhouse Elementary School to honor her 60 years of unimpeachable service to education. The nomination will feature three letters: one signed by the last six Nevada governors, one signed by community and business partners, and a third signed by elected officials and policy leaders.

5. **Agenda Item 4: Nevada Department of Education (NDE) Update**
   Melissa Willis (Nevada Department of Education) presented NDE's updates:
   - Workload & Grants: NDE is currently developing Bill Draft Requests (BDRs), preparing to close out fiscal year 2026, and building out fiscal year 2027. Approximately 98% of FY27 grants were processed and delivered to Local Education Agencies (LEAs) on time.

   - Pupil Centered Funding Plan (PCFP) Payments: NDE finalized and submitted the last FY26 payments on July 1st. Attendance audits are being wrapped up, after which the year-end true-up will close FY26.

   - Revenue Outlook: Revenues are tracking positively, slightly above anticipated levels. NDE expects two more local school support tax (LSST) payments and is close to confirming the ability to repay the Education Savings Account (ESA) in full, though no final commitment has been made.

   - New Charter Schools: NDE is collaborating with SPCSA and City of Henderson to open two new charter schools, which will be included in FY27 payments beginning August 1st.

   - Attendance Area Exemptions: NDE approved one attendance area special exemption request and is requesting additional information before a final determination can be made on the second submission.

   - Personnel Vacancies: There are currently two vacant deputy-level positions at NDE following former Deputy Superintendent Megan Peterson's transition to the Education Service Center and Chief Strategy Officer Lisa Ford's upcoming retirement.

   Chair Hobbs stated that the Commission would send a formal note of gratitude to Megan Peterson for her years of dedicated service.

6. **Agenda Item 5: Discussion of Optimal Funding Scenarios**
   Brian Gordon (Principal Analyst) and Brian Haynes (Senior Analyst) represented Applied Analysis to present on education funding shortfalls and potential revenue mechanisms.
   - Nevada vs. National Averages: Nevada's per-pupil funding stands at approximately $14,000, leaving a shortfall of nearly $4,000 compared to the national average. To track with the national

average over the next decade, Nevada faces a total funding shortfall of $1.9 billion (or $1.7 billion using inflation-adjusted estimates). This translates to a requirement of $180 million in new revenue each year for 10 successive years.

- Revenue Generation Options: Applied Analysis evaluated Sales and Use Tax and Property Tax based on their sufficiency, predictability, and stability.
  - Sales and Use Tax: The minimum statewide rate is 6.85%, with a blended average of 8.24% across counties (ranking 13th in the nation). The LSST component (2.6%) accounts for 38% of the total tax. Total taxable retail sales exceed $90 billion.
    - *Rate Increase:* An increase of 0.1% generates $93 million; an increase of 1.0% generates nearly $1 billion but would push Nevada to the 6th highest sales tax rate in the country.

    - *Base Expansion (Intangibles/Services):* Currently, 2/3 of economic activity in Nevada (such as services and digital downloads) is not taxed due to statutes targeting only tangible goods. Explicit exemptions (such as minerals, prescription drugs, and utilities) total approximately $20 billion (roughly 20% of the taxable base). Expanding the base to select categories (Telecommunications, Recreation, and Personal Care, which comprise 55% of expenditures) could generate significant revenue:

      - *Telecommunications* ($3.5B base) could generate $89M for LSST under standard rates, or $100M under a dedicated 3% excise tax.
      - *Recreation* ($6.5B base) could generate $168M for LSST under standard rates, or $194M under a dedicated 3% excise tax.
      - *Personal Care* ($9B base) could generate $90M under a dedicated 1% excise tax.
      - A 1% standalone excise tax on these three categories combined would yield $191M.

  - Property Tax: Property taxes are heavily restricted by abatements implemented in 2005. Tax bill increases are capped at 3% per year for residential owner-occupied properties and up to 8% for non-owner-occupied properties. Unpaid property taxes due to these abatements currently total $1.4 billion.
    - Applied Analysis noted that modifications to depreciation, assessment rates, or tax rates generate very little revenue because bills immediately hit the annual caps. New property coming onto the rolls unabated only generates $2M to $3M statewide, and abatements do not reset upon property sale.

    - *Alternative:* Relieving the 75-cent school operating rate from future abatements would allow it to rise unabated, generating $341 million immediately for the State Education Fund.

Commission Discussion: Chair Hobbs noted that a blended solution was necessary. He expressed support for modernizing the sales tax base to include discretionary services (~5% excise tax) and easing property tax abatements specifically on the 75-cent school operating rate. Member Mathers recalled that Senate Joint Resolution 14 (2017), which proposed resetting depreciation upon property sale, was estimated to accumulate over $1 billion in revenue. Member Reeves noted that Nevada has the 3rd or 7th lowest property taxes in the nation, making it difficult to achieve average school funding without reform.

- State Budget Alternative: Member Mathers recommended that the report also quantify the impact of retrieving this $180 million annually directly from the State General Fund if the legislature does not raise taxes. He noted K-12's share of the General Fund has decreased from 40% to 33%.

- Outcome: Applied Analysis will compile these concepts into draft recommendations to be brought back to the Commission before the final report is filed.

7. **Agenda Item 6: Special Education Funding Presentation**
   Melissa Willis, Dr. Amanda Brown (APA Consulting), and Heather Wigley Cook (Federal Funding Expert, call-in) presented special education funding methodologies.
   - Current Funding Sources: Special education is funded via the State Special Education Fund ($252.8M for FY26, outside the PCFP), Local Special Education Funding (roughly $600M in FY26, Tier 2 reimbursement within the PCFP), and federal IDEA funds ($101.5M total). Local special education expenditures increased by 24% in the last year.

   - Federal Risk & The Wyoming Case: The State Maintenance of Fiscal Support (MFS) requires that state funding levels do not decline year-to-year. A 2023 federal determination in Wyoming ruled that locally generated revenues controlled by state statute with no local discretion must be counted as "state funds" for MFS. NDE cautioned that Nevada's current local special education reimbursement structure mirrors this risk, potentially increasing the state's MFS baseline and threatening $100M+ in annual federal IDEA grants if a negative audit finding occurs.

   - Proposed Funding Model: NDE recommended combining state and local special education funds into the PCFP as a single weighted category, eliminating the current 13% enrollment funding cap and presented the following options:

     - *Weight 1.34:* Based on the 2026 APA professional judgment study, generating approximately $860M (flat to FY26 combined funding).

     - *Weight 1.1:* Based on the 2018 APA adequacy study, generating $705M ($150M less than FY26 combined funding).

   Commission Discussion: Member Mathers noted that under a weighted system, districts currently spending more than the average weight (Clark, Nye, Lincoln) would lose substantial funding unless a hold-harmless mechanism or expanded high-cost pool is implemented. Willis estimated the initial cost of holding districts harmless at $60 million. Member Casey strongly supported the weighted approach, stating it would protect the base from rapidly rising reimbursement tiers, simplify the formula, and ensure money follows students rather than reported expenditure sheets.

   - Outcome: NDE will conduct a deeper exploration of a 1.1 vs. 1.34 weight, hold-harmless options, claw-back rules, and multiple weight models, returning with specific action-oriented recommendations for the August meeting.

8. **Agenda Item 7: Use of PCFP Funds (At Risk and Student Outcomes Group)**
   Kelsey Krausen (Director of Education Finance, WestEd) presented a report on how PCFP funds are allocated.
   - 2468 Reporting Review: To avoid duplicative reporting, the Commission previously recommended leveraging districts' existing 2468 staffing and budget comparison reports. WestEd found significant data gaps: only 13 of 17 districts publicly post their reports, only 5 of 13 are for the current year, and schools generally do not post them. Inconsistent data on enrolled vs. funded counts and professional development made cross-district comparisons impossible.

- Improving Schools Survey: A survey sent to over 100 persistently improving schools (20% response rate) showed that the most impactful interventions funded by the PCFP were professional development and non-instructional student support staff. Most interventions were funded using base allocations rather than weights.

Commission Discussion: Member Mathers and Member Stahlke agreed that the 2468 reports are too high-level to be useful. Member Mathers suggested tracking expenditures directly through project codes in the financial chart of accounts, while Member Stahlke proposed adding a dedicated tab to the existing 387 or 303 financial reports instead of manufacturing new reports.

- Outcome: The Commission accepted the report. NDE will collaborate with the Commission on Innovation and Excellence in Education (CIEE) and the Education Service Center over the next 12 to 18 months to streamline and improve these reporting systems.

9. **Agenda Item 8: Competency-Based Learning Impacts (SB 460)**
   Senior Associates Jennifer Piscatelli and Michaela Tonking presented on behalf of APA Consulting their completed study on Competency-Based Education (CBE) funding.
   - Study Findings: Competency-based education shifts progression from seat-time requirements to demonstrated mastery. No state currently funds CBE within its traditional K-12 formula. Instead, 14 states utilize grants or pilot programs (e.g., Missouri, Utah, Washington).

   - Focus Group Costs: Nevada districts identified cost drivers including alternate assessment measures, flexible learning management systems, mastery-based transcripts, and parent engagement.

   - CBE Cost Estimates: APA modeled a potential 4-year, 10-school pilot program costing $2 million ($30k planning, $150k implementation over two years, and $20k scaling per school). They also estimated NDE state support costs (1–2 FTEs at $99k–$198k; resource development at $25k–$500k; working groups at $20k–$75k).

   - Recommendations:
     1. Monitor CIEE's ongoing policy and infrastructure work.
     2. Do *not* make short-term changes to the PCFP for CBE due to low-cost confidence.
     3. If the state wishes to incentivize CBE, fund it via a pilot program outside the formula.

10. **Agenda Item 9: At-Risk and English Language Pupil Identification Impact Study**
    Dr. Sean Tanner (Researcher, WestEd) presented a Regression Discontinuity Design (RDD) study evaluating the academic impacts of at-risk and English Learner (EL) funding statuses.
    - English Learner (EL) Impacts: The RDD showed a large, statistically significant positive impact of EL status on early literacy in the early grades, equating to 0.4 standard deviations. This effect was consistent across districts but highly concentrated in schools with dense EL populations that receive higher aggregate funding. The success is likely driven by clear WEDA test identification, dedicated weight funding, and the statewide "Read by Grade 3" policy.

    - At-Risk Impacts: The study found no statistically significant impacts of at-risk status on academic outcomes, chronic absenteeism, or graduation (only a 3% non-significant suggestive increase in graduation rate at the boundary).

Commission Discussion: Member Mathur noted that at-risk students present more complex social and mental health crises than EL students, and MTSS infrastructure in Nevada is still in its infancy. Member Mathers and Dr. Tanner also noted that due to the lack of stacking weights, only half of identified at-risk students are funded, which is likely to dilute the effectiveness of the support services.

11. **Agenda Item 10: Weight Smoothing Review**
    Kelsey Krausen and Dr. Amanda Brown recapped student count volatility.
    - At-risk funded counts show significant year-to-year volatility by LEA. The Commission previously reaffirmed using the GRAD score and removing the lowest-income quintiles from the eligibility definition.

    - Outcome: To stabilize year-to-year funding, the Commission directed WestEd/APA to model the mathematical and fiscal impacts of four smoothing options for the August meeting:
        1. A two-year moving average.
        2. A three-year moving average.
        3. A "better of" approach (two-year average vs. most recent year).
        4. Retaining at-risk eligible status for a multi-year block (two or three years) once identified.

12. **Agenda Item 11: Transportation Working Group**
    Member Mathers and Member Casey presented the Transportation Working Group’s findings on capital and operating cost allocations.
    - The Parity Issue: The PCFP is legally designed to reimburse operating costs, not capital outlays. While the three largest districts use capital funds to purchase buses and receive no reimbursement, smaller districts paying for bus replacements out of their general funds have been receiving operating expense reimbursements, creating an inequitable double standard.

    - Action / Motion: Member Mathers moved to administratively adjust NDE's 387 report practices to exclude capital purchases from reimbursement.
        - Motion: Moved by Member Mather "that there shall be no reimbursement of transportation capital funding costs from any fund and specifically by excluding category 700 expenditures within the 387 report for the district's transportation costs.".
        - Second: Seconded by Member Ritchie.
        - Vote: Motion passed unanimously.

13. **Agenda Item 12: Bill Draft Request (BDR) Discussion**
    Amelia Thibault, Legislative Liaison, NDE walked the Commission through the current draft of the Commission's single allowable BDR for the upcoming legislative session:
    - Current Draft Provisions:
        - *At-Risk:* Removes quintile pupils from the definition; mandates the State Board periodically evaluates and sets the at-risk threshold; aligns the charter school definition in 388A to 387.1211.
        - *Hold Harmless:* Lowers the enrollment decline threshold from 5% to 3%.
        - *Exceptional Enrollment Growth Adjustment (EEGA):* Allows LEAs to apply by April 1st for a pupil count adjustment if experiencing >=15% enrollment growth, opening a new campus, or adding a grade level.
        - *Transportation:* Adds charter schools and university schools for profoundly gifted to the auxiliary/transportation waterfall; absorbs SPCSA's $14M and open enrollment's $7M transportation grant funds directly into the PCFP.

    - *Stacking Trigger:* Automatically activates multi-category weight stacking once the state base per-pupil allocation reaches 90% of the national average.

- Requested Revisions:
    - *At-Risk Enrollment Priority:* Member Reeves requested preserving a broader definition of at-risk in 388A specifically for charter school priority enrollment lotteries, separating it from the formula funding definition.
    - *Hold Harmless Limits:* Member Casey clarified that the hold-harmless reduction should specify that a declining district experiences a funding cut *up to* the 3% cap, but no more.
    - *Redlining "Practicable":* Member Mathers and NDE directed redlining "to the extent practicable" in NRS 387.1214 to make the state general fund transfer commitment binding.
    - *Special Education (Concept):* Amelia was requested to experimentally draft separate BDR language incorporating a special education weighted category to have ready ahead of the August determination.

- Outcome: Amelia will email the revised BDR draft to the Commission by Monday morning. To avoid open meeting law violations, members must send feedback directly and solely to Amelia. The Commission agreed to schedule a special single-item online meeting in early August to finalize the BDR before the September 1st submission deadline.

14. Agenda Item 13: Finalizing Working Group Timelines

Melissa Willis reviewed NDE's tracking sheet:

- August Meeting Agenda: Will focus on finalizing at-risk metrics, resolving the special education weighted funding proposal, and discussing charter school reserve caps (incorporating a DA Davidson report analyzing the 16.6% cap).

- Optimal Funding Scenarios: Draft recommendations will be finalized to return alongside the Commission's final report in November.

15. Second Period of Public Comment

- Jeff Church (Reno Tax Revolt, written comment): Expressed concern regarding news reports that the Washoe County School District is redirecting $3.3 million per year in property tax funds to pay for textbooks. He urged the Commission to ensure that capital funds are used exclusively for building repairs and construction projects as authorized, noting that the Capital Funding Protection Committee (CFPC) had objected to using capital money for textbooks.

There were no other public comments in Carson City or Las Vegas.

16. Adjournment

Chair Hobbs thanked the presenters and adjourned the meeting at approximately 3:39 PM