

# A Comparison of the NV Plan and Pupil Centered Funding Plan

Commission on School Funding

November 14, 2019

# Presentation Objectives

Today's focus includes:

- Overview of the (existing) Nevada Plan
- Overview of the Pupil Centered Funding Plan
- Comparison: Nevada Plan vs. Pupil Centered Funding Plan

Deferred to future presentations:

- Dollar amounts
- District/Charter/ University School specific information

# The Current Model: NV Plan

- Established in 1967
- The State's primary funding mechanism for K-12 public school education
- Through the Distributive School Account (DSA)
- Additionally, districts receive:
  - Federal categorical funds
  - State categorical grant funds
  - Special Education funding

# The Distributive School Account

The fund through which the state pays it's share of the Basic Support Guarantee as well as other categoricals such as National School Lunch Match, Class-Size Reduction, Special Education, and Special Transportation.

STATE OF NEVADA Office of the State Controller							
Budget Status Report - Obligations							
Fiscal Year: 2020							
Fund: 101 GENERAL FUND				Agency: 300 DEPARTMENT OF EDUCATION			
Budget Account: 2610 DISTRIBUTIVE SCHOOL ACCOUNT				Organization: 0000 DEPARTMENT OF EDUCATION			
Category	Description	Expended	Encumbered	Pre-encumbered	Obligated	Work Program	Difference
<a href="#">15</a>	DSA BASIC AID TO SCHOOLS	439,844,359.73	.00	.00	439,844,359.73	1,286,743,499.00	846,899,139.27
<a href="#">16</a>	CSR AID TO SCHOOLS	72,587,146.50	.00	.00	72,587,146.50	161,650,216.00	89,063,069.50
<a href="#">17</a>	NATL SCHOOL LUNCH STATE MATCH	588,732.00	.00	.00	588,732.00	588,732.00	.00
<a href="#">19</a>	SPECIAL EDUCATION	105,752,083.51	.00	.00	105,752,083.51	211,504,167.00	105,752,083.49
<a href="#">21</a>	STUDENTS WITH DISABILITIES 13%	750,000.02	.00	.00	750,000.02	1,500,000.00	749,999.98
<a href="#">80</a>	SPECIAL TRANSPORTATION	.00	.00	.00	.00	142,555.00	142,555.00

# The NV Plan: Overview

- State develops a guaranteed amount of funding for each district, known as the Basic Support Guarantee, is comprised of:
  - basic support
  - wealth factor
  - transportation
- Funded through county and state revenues

# “Inside” the NV Plan vs. “Outside” the NV Plan

## “Inside” the NV Plan:

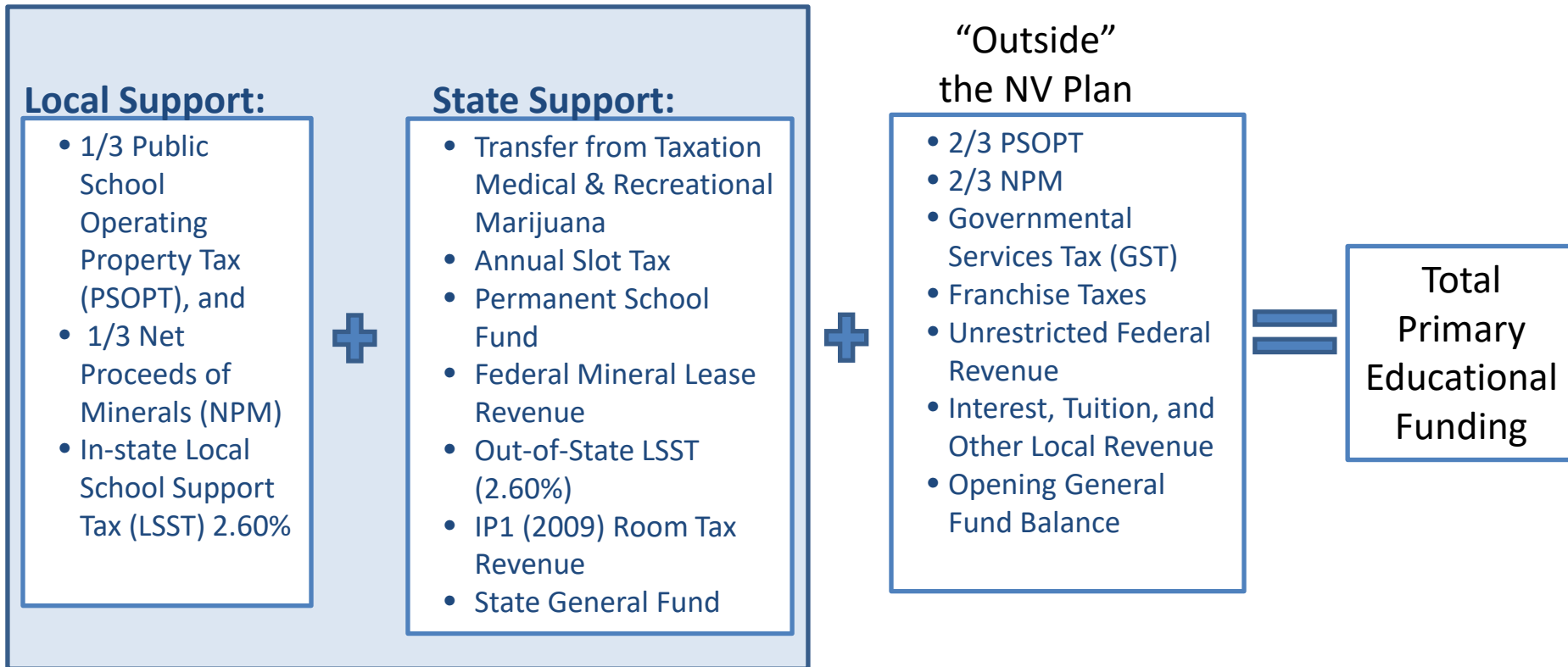
- Local and state share of revenues used to fund the Basic Support Guarantee

## “Outside” the NV Plan:

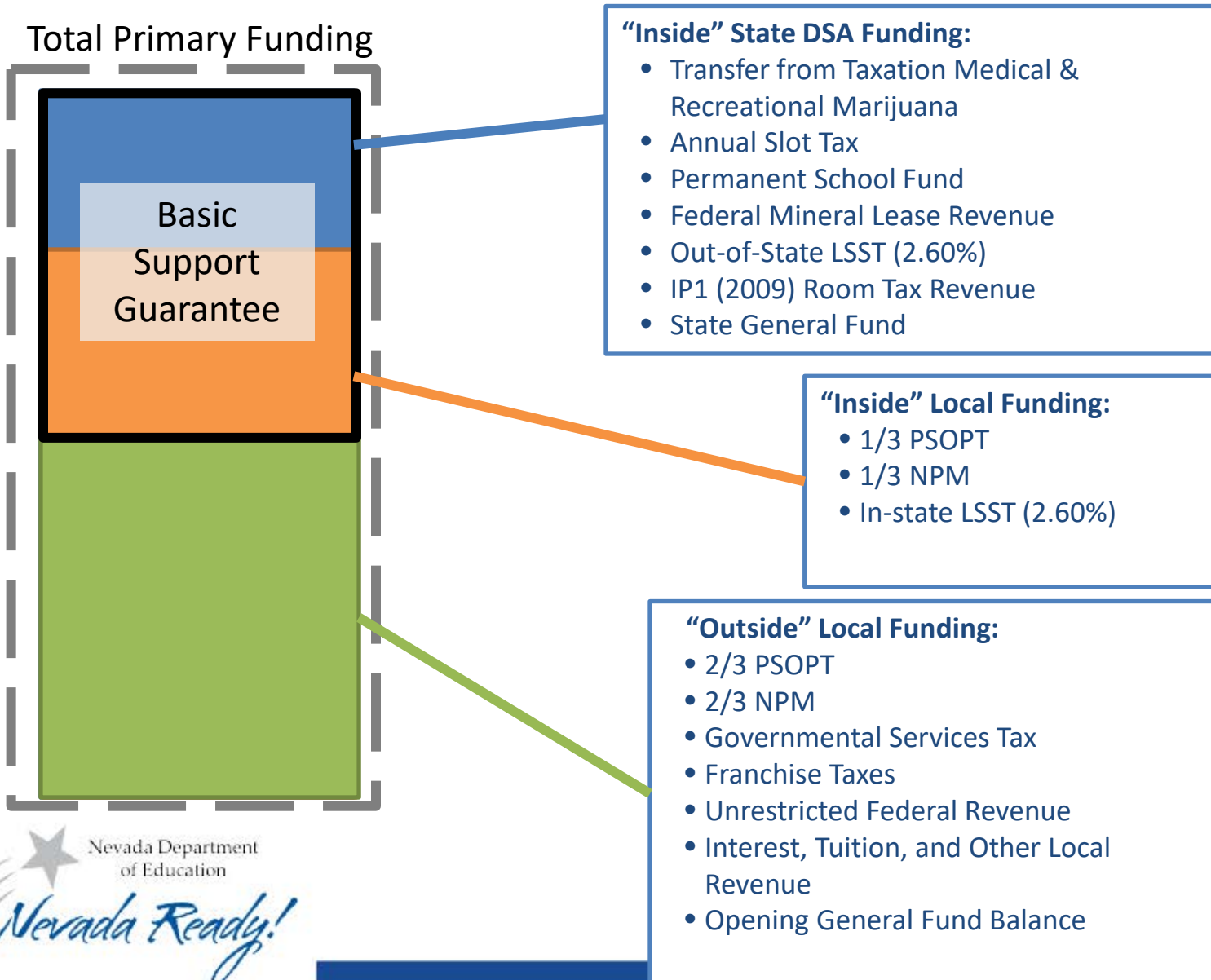
- All other revenue not considered when completing the calculation

# The NV Plan: Funding Sources

Basic Support Guarantee:  
“Inside” the NV Plan



# The NV Plan: Breakdown





# The NV Plan: An Example

Total primary educational funding = \$11,400

“Outside funding” = \$6,400

Basic Support Guarantee (“Inside” funding) = \$5,000

Basic Support Guarantee: \$5,000

Total Primary  
Educational  
Funding

Local Support:  
\$3,000



State Support:  
BSG- Local Support  
 $\$5,000 - \$3,000 = \$2,000$



“Outside” Funding:  
2/3 + Other  
 $\$6,000 + \$400$



\$11,400

# Calculating Statewide Basic Support

- Determined by the Legislature
- Based on the annual NRS 387.303 financial report
- Plus other adjustments and enhancements
- = legislative appropriation ÷ projected number of students

A Legislative Appropriation	\$3,024,676,999
B Estimated # of Students (1)	486,465
C State Basic Support (A / B)	\$6,218

# Calculating Basic Support Guarantee

## Process:

- NDE develops
- the Basic Support Guaranteed amount for each school district
- using the Equity Allocation Model with projected revenues and enrollment

## Calculation:

- Multiplied by each respective school district's weighted enrollment
- District's "inside" local revenue is subtracted
- The difference is the state's contribution

# The Equity Allocation Model

## Purpose:

- Adjusts the statewide average per pupil basic support amount

## Model:

- Has five modules
- Adjustments for each district in the following areas:
  - Wealth
  - Salary Costs (grouped based on similarities in size)
  - Transportation
  - Teacher Allotments
- Calculates the Basic Support Guarantee for each county/school district

# Year-End True Up

## Process:

- Actual revenues
- Audited enrollment
- Recalculates the State share

## Payments are reconciled:

- If districts are owed more money, payments are processed by NDE by September 1 of each year
- If districts were overpaid, payments are due to NDE by September 25 of each year

# Questions about the NV Plan?

# Pupil Centered Funding Plan (PCFP)

## State Education Fund

- Interest/income earned on the Fund
- Interest on the State Permanent School Fund
- Proceeds of certain taxes
- Other revenues
  - Forfeiture Accounts
  - Lease of Federal lands
  - Franchise Fees
- State General Fund

## Funding Distribution

- a) NDE
- b) Ancillary Services
- c) School Districts
- d) Charter/University Schools
- e) Weighted Funding

# Legislative Intent

## NV Plan

- Represents the State's guarantee and the Legislature's promise "that the proper objective of state financial aid to public education is to ensure each Nevada child a reasonably equal educational opportunity"
- To recognize each district's wide local variations and costs per pupil
- K-12 education includes per pupil and per program funding

## PCFP

- Combine specific state and local revenue to provide a certain basic level of support to each pupil, adjusted to account for variation in local costs, to provide a reasonably equal educational opportunity
- Maintain funding at PFY
  - Statewide Base Per Pupil funding amount
  - Weighted Funding amounts
- Transition without loss of revenue to school districts
  - Hold Harmless



# Models Includes

## NV Plan

- Per Pupil Funding
- Transportation
  - reimbursed at 85% of 4 year average + 2.5% inflation
- Weighted Funding
  - Special Education

## PCFP

- NDE and SBE
- Per Pupil Funding
- Food Service
- Transportation
- Weighted Funding

# Models Excludes

## NV Plan

- Local Revenue
  - accounted for in Other Funds
- State categorical funding
- Federal funded programs

## PCFP

- Federally funded programs
- Match/Maintenance of Effort (MOE)
- Non K-12 activities
  - Early Childhood Education
  - Adult Education
  - Teacher Licensure

# Revenue

## NV Plan

- State Share:
  - Share of Annual Slot Tax
  - Income from the Permanent School Fund
  - Federal Mineral Land Lease Revenues
  - Out-of-state Local School Support Tax
  - IP1 Room Tax Revenues
  - Medical and Recreational Marijuana Revenues
  - State General Fund
- Local Share “Inside”:
  - 1/3 PSOPT
  - 1/3 NPM
  - In-state LSST

## PCFP

- Share of Annual Slot Tax
- Income from the Permanent School Fund
- Federal Mineral Land Lease Revenues
- Out-of-state Local School Support Tax
- IP1 Room Tax Revenues
- Medical and Recreational Marijuana Revenues
- State General Fund
- Full PSOPT & NPM
- Governmental Services Tax
- Franchise Taxes

# Revenue

## NV Plan

- Local Share: “Outside”
  - 2/3 PSOPT
  - 2/3 NPM
  - Governmental Services Tax
  - Franchise Taxes

## PCFP

- Share of Annual Slot Tax
- Income from the Permanent School Fund
- Federal Mineral Land Lease Revenues
- Out-of-state Local School Support Tax
- IP1 Room Tax Revenues
- Medical and Recreational Marijuana Revenues
- All PSOPT & NPM
- Governmental Services Tax
- Franchise Taxes
- State General Fund

# Per Pupil Amounts

## NV Plan

- Estimated Weighted Average per pupil
  - Budgeted revenue divided by enrollment

## PCFP

- Statewide Base Per Pupil Funding Amount
  - Budgeted revenue divided by enrollment
- Adjusted Base Per Pupil Funding
  - School Districts
    - Necessarily Small School
    - Small District Equity Adjustment
    - Cost Adjustment Factor
  - Charter/University Schools
    - Cost Adjustment Factor

# Self-Funded Districts

## NV Plan

- When a district's "inside" local revenues meets or exceeds the total Basic Support Guarantee, the district does not receive supplemental support from the state and is considered self-funded.
  - past examples of self-funded districts include Eureka, Lander, and Storey.

## PCFP

- Does not continue under this plan; previously identified "self-funded districts" will receive payments.

# Transportation

## NV Plan

- Included in Basic Support Guarantee
- Paid to Districts and Charter Schools
- Funded amount
  - 85% of
  - Prior 4 year average
  - Plus 2.5%

## PCFP

- Included in Ancillary Services
- Paid to Districts (only)
- Funded amount
  - as determined by the Legislature

# Food Service

## NV Plan

- Excluded from the model
  - paid through state match in the DSA

## PCFP

- Included
  - at an amount determined by the Legislature
  - when combined with other resources



# Equity

## NV Plan

- Equity Allocation Model
  - Wealth
  - Salary Costs
    - grouped based on similarities in size
  - Transportation
  - Teacher Allotments

## PCFP

- Necessarily Small School
- Small District Equity Adjustment
- Cost Adjustment Factor

# District Administrative Costs

## NV Plan

- Managed at the district level
- Through local decisions

## PCFP

- Prescribed in regulation
- Maximum amount each district deduct
- May be a percentage of the adjusted base per pupil funding amount

# Categorical Funding

## Funded outside the NV Plan

### State Funded

- Class Size Reduction
- Extended Learning Opportunities
  - (SB 178, 2017)
- Financial Literacy
- Nevada Ready 21 Technology
- Read by Grade 3
- School Safety
- Turnaround
- Victory
- Zoom

## Funded within the PCFP

Included in the Statewide Base  
Per Pupil Funding Amount

# Categorical Funding (continued)

## **Funded outside the NV Plan**

### State Funded

- LEA Library Books
- Peer Assistance Review
- School Resource Officers
- Special Elementary Counseling Services
- Vocational Student Organizations

## **Funded within the PCFP**

Included in the Statewide Base  
Per Pupil Funding Amount

# Categorical Funding (continued)

## Funded outside the NV Plan

### State Funded

- Supplemental Salary Adjustments
  - Library Media Specialists
  - National Board Certification
  - New Teachers
  - Social Workers
  - Title I Schools
  - School Nurses

## Funded within the PCFP

### Included in the NDE Funding Amount

- Or a special account created by the Superintendent of Public Instruction

# Categorical to Weighted Funding

## Funded outside the NV Plan

### Student-based funding

- Gifted and Talented Education (GATE)
- Special Education Students (SpEd)
  - Including 13% Cap
    - Excludes federal funds

## Funded within the PCFP

### Weighted Funding

- At-Risk Students
- English Language Learners
- Gifted and Talented Students
- Special Education Students
  - Removes 13% Cap
  - Excludes federal funds

# At-Risk Students

## Funded outside the NV Plan

- Currently categorical program
  - Victory
- Based on School

## PCFP

- Eligible Students
  - Eligible for free or reduced priced lunch or
  - Alternative measure prescribed by the SBE
- Receive Victory services
- Weight applied to Statewide Base Per Pupil Funding Amount

# English Learner

## Funded outside the NV Plan

- Currently categorical program
  - Zoom
- Based on School

## PCFP

- Eligible Students
- Receive Zoom services
- Weight applied to Statewide Base Per Pupil Funding Amount



# Gifted and Talented Education (GATE)

## Funded outside the NV Plan

- Based on an amount determined by the Legislature
  - Available funding
  - Number of students, prior year

## PCFP

- Weight applied to Statewide Base Per Pupil Funding Amount
  - Each pupil estimated

# Special Education Students (SPED)

## Funded outside the NV Plan

\$ = base + enrollment growth,  
divided by PY caseload

- 95% of PYF plus 2%
- Overall enrollment growth
- Caseload > 13% of enrollment
  - Up to \$1.5 million per year
  - Up to 50% of SPED per pupil amount

## PCFP

- Weight applied to Statewide Base Per Pupil Funding Amount
- Must meet existing MOE
  - State
  - Districts

# Implementation of Weighted Funding

- Students eligible in more than one area → receive funding for the highest weighted area
  - Services must be provided to student based on all areas of eligibility
- Weighted funding for:
  - At-Risk students → must be used for Victory services
  - EL students → must be used for Zoom services

# Accounting of Weighted Funding

- Weighted funding must be
  - accounted for separately at the district level
    - Mirrors current practice
  - accounted for separately at the school level:
    - GATE
    - Special Education
  - Distributed to school where pupil is enrolled
  - Used to supplement adjusted per pupil amount received for the student

# True Up

## NV Plan

- Actual Local tax revenue
  - PSOPT
  - LSST
  - GST
  - Franchise Fees
- Actual Enrollment
  - Audit adjusted

## PCFP

- Actual Enrollment
  - Audit adjusted

# Funding “Guarantee”

## **NV Plan**

Basic Support Guarantee

- Supplemental Appropriation

## **PCFP**

Education Stabilization  
Account

# Funding “Guarantee”

## **NV Plan**

Basic Support Guarantee

- Supplemental Appropriation

## **PCFP**

Education Stabilization  
Account

# Education Stabilization Account

- Included in the State Education Fund
- Funded by:
  - Annual transfer from county school district funds
    - FYE
    - Actual ending fund balance > 16.6% of total actual expenditures for the fund
  - Interest/Income earned by Account
  - Balance in the State Education Fund at SFYE
    - If transfer will not exceed limitations for the Account



# Education Stabilization Account: Limitations

- Balance may not exceed 15% of total appropriations and authorizations from State Education Fund
  - Excluding Education Stabilization Account
  - Excluding other accounts created pursuant SB 543, Section 2.5
    - federal funds
    - match/MOE
    - other

# Education Stabilization Account: Transfer to State Education Fund

- If balance exceeds 15% of total appropriations and authorizations from State Education Fund
- Money transferred to Education Stabilization Account > 15% → must be transferred to the State Education Fund

# Education Stabilization Account: Utilization

- If IFC determines revenue collected in a FY will result in State Education Fund receiving 97% or less of the authorized expenditure amount
- IFC Resolution
  - Establish amount of money to transfer from the Education Stabilization Account to the State Education Fund

# Education Stabilization Account:

## Section 77

- If ending fund balance of a county school district fund  $> 16.6\%$  of total budgeted expenditures for the fund  $\rightarrow$  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  $\rightarrow$  must be transferred to the Education Stabilization Account

# Education Stabilization Account:

## Section 77 (example)

For Example:

FY 20 Ending Fund Balance = 20% of total budgeted expenditures

→ School District may retain ending fund balance; does NOT transfer to Education Stabilization Account

FY 21 Ending Fund Balance = 20% → continue to retain

Or

FY 21 Ending Fund Balance = 22% → 2% transfers to the 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

# Education Stabilization Account:

## Section 77 (continued -example)

For Example:

FY 20 Ending Fund Balance = 20% of total budgeted expenditures

→ resets the baseline to 20% for the succeeding FY

FY 21 Ending Fund Balance = 22% → 2% transfers to Stabilization Account

FY 22 Ending Fund Balance = 22% → 0 transfers to the Stabilization Account

# Questions



# PCFP Development Timeline

Who	Deliverable	2019			2020									2021									
		Dec	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Apr	May	June	July	Aug	Sept
APA	Update recommendations re: district size adjustment	█																					
WestEd	Compare current reporting requirement to SB 543 reporting requirements	█																					
APA	Update CwI, compare/contrast benefits for Nevada		█																				
WestEd	Provide exemplars re: reporting requirements in other states, using pupil centered funding models		█																				
APA	Report on admin cost caps in other states; recommend methodology for Nevada			█																			
Applied Analysis	Analysis of the impact of adjustments to funding variables			█																			
WestEd	Identify levels of effort needed and fiscal impact of district and school reporting per PCFP and SB 543			█																			
Applied Analysis	Development of a financial simulation model				█																		
Applied Analysis	Creation, definition, and management of business logic and rules for PCF model				█																		
WestEd	Develop guidance to school districts and schools re: financial, statistical, and programmatic reporting per SB				█																		
APA	Identify successful implementation strategies from other states, using pupil centered funding models					█																	
NDE	Establish Cost Adjustment Factors						█																
NDE	Adopt Regulations						█																
NDE	Present to LCE						█																
CSF	Project 2019-2021 funding using PCFP; compare to NV Plan																						
Districts	Submit 2019-2021 budget using PCFP, compare to NV Plan, submit both to CSF							█															
CSF	Examine results of comparison; make recommendations to Gov and Leg								█														
CSF	Recommendations to LCE									█													
LCE	Transmit recommendations to Gov and Leg									█													
NDE	Agency Budget Request (2021-2023)										█												
	Economic Forum											█											
Gov	Recommended Budget (2021-2023)												█										
CSF	Review Average School report													█									
NDE	Submit Average School report to LCB														█								
	Economic Forum															█							
Leg	Approved budget (2021-2023)																█						
CSF	Review Average School report																	█					
NDE	Submit Average School report to LCB																		█				

# Pupil Centered Funding Plan (PCFP)

## NDE/GFO Activities

- Moving revenues into the State Education Fund
- Allocating expenditures within PCFP
- Incorporating local revenues and expenditures in PCFP
- Run model → District Budgets
- Include in biennial budget
- Adopt Regulations to formalized the methodologies and reporting formats

## Commission Inputs

- Small District Equity Adjustment
- Necessarily Small School Adjust.
- Cost Adjustment Factors (CWI)
- Additional Weighted Funding
- District Administrative Cost Cap
- Integrate Reporting Requirements
- Compare NV Plan vs. PCFP
- Review laws and regulations to improve public education
- Consider Optimal Funding
- Recommendations to Governor and Legislature (2020)