NEVADA DEPARTMENT OF EDUCATION
COMMISSION ON SCHOOL FUNDING
JULY 19, 2024
9:00 AM

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

TRANSCRIPT MINUTES OF THE COMMISSION MEETING

COMMISSION MEMBERS PRESENT
Guy Hobbs, Chair
Joyce Woodhouse
Nancy Brunes
Jason Goudie
Dr. David Jensen
Paul Johnson
Punam Mathur
Mark Mathers
Jim McIntosh
Kyle Rodriguez

DEPARTMENT STAFF PRESENT
Megan Peterson

LEGAL STAFF PRESENT
Deputy Attorney General Greg Ott

AUDIENCE IN ATTENDANCE
Jeremy Aguero
Amanda Brown
Ryan Miskell
Noman Khanani

Chair Hobbs: Are we ready for livestream?

Secretary: Yes, sir.

Chair Hobbs: Are we live?

Secretary: Whenever you want me to start.

Chair Hobbs: Okay, go ahead.

Secretary: We are live.

Chair Hobbs: Thank you very much. Good morning. It's 9 o'clock and I'm calling the July 19th, 2024 meeting of the Nevada Commission on School funding to order. I'd like to welcome our audience who are joining in person as well as by livestream on the Nevada Department of Education's website, which is recorded for public record. And just to confirm everything with livestream is working appropriately this morning. Best we know.

Secretary: Yes, sir. We are up and running.

Chair Hobbs: Alright, perfect. Will the secretary please call roll?

Secretary: Chair Hobbs.

Chair Hobbs: Present.

Secretary: Vice Chair Woodhouse.

Joyce Woodhouse: Present.

Secretary: Member Brune.

Nancy Brune: Present.

Chair Hobbs: Member Casey. Member Goudie.

Jason Goudie: Here.

Secretary: Member Jensen.

Dr. David Jensen: Present.

Secretary: Member Johnson.

Paul Johnson: Here.

Secretary: Member Mathur. Member Mathers.

Mark Mathers: Here.

Chair Hobbs: Member McIntosh.

Jim McIntosh: Here.

Secretary: Member Rodriguez.

Kyle Rodriguez: Here.

Secretary: Chair, we have a quorum.

Chair Hobbs: Thank you very much. And just note, Member Casey did indicate to us that he would be unavailable today. So, that would be an excused absence. I'd also like to note for the record that we're joined by Deputy Attorney General Greg Ott. We'll start with the normal housekeeping items. Today, the Commission on School funding is holding a meeting in Las Vegas and Christian City. Virtually both locations will be available for public comment, as always, during the first public comment section will be listening to public comments that only pertain to items on the agenda. The second period of public comment is for any item under the commission's jurisdiction. And that will be held at the close of the meeting. Members of the public who attend in person who would like to provide public comment must fill out a comment card and provide it to the secretary, either down here or up north. To provide public comment or testimony telephonically dial area code 312584241. When prompted, provide meeting ID 19042398 and press pound. When prompted for a participant ID, press pound. Alternatively, members of the public may submit comment in writing via email to nvcsf@doe.nv.gov. Public comment submitted via email must indicate in the subject line if the comment is to be read during public comment, period Number one, or period number two, emails received during the meeting will be read during public comment period number two. Materials have been provided to the members of the commission electronically. Hopefully all of that's still working this morning. Members may be using their computers during the meeting to view materials and take notes. For our members, please silence your electronic devices. I will demonstrate. When you're not speaking. Please mute your microphone and unmute when you're ready to speak. And state your name for the record prior to speaking. So the first item on our agenda is public comment, period number one. I'll first go up north and ask if there's anyone there that would like to provide public comment.

Secretary: Chair, there are no public comments in Carson City at this time.

Chair Hobbs: Very good. Providing an opportunity down here. I don't see anyone coming forward to make public comment. So let's see. Are there any written comments to be read into the record from Carson City?

Secretary: Chair, there are no written comments in Carson City at this time.

Chair Hobbs: And I would ask the same in Las Vegas. Are we aware of any written comments?

Megan Peterson: There are no written comments at this time.

Chair Hobbs: Thank you very much. Do we have any callers waiting to provide public comment?

Secretary: Chair, we have two callers on the line.

Chair Hobbs: Very good. Go ahead and bring them on.

Secretary: Ms. Taylor, someone else identifying as Nick, are you online for public comment number one pertaining to an agenda item or public comment two. Again, Stephanie Taylor, someone identifying themselves as Nick, are you online for public comment? If you are not, please go to the Department of Education's YouTube page and participate in the livestream there. Thank you.

Chair Hobbs: So, neither caller is wishing to make comment at this time?

Secretary: No, Chair Hobbs. They do not.

Chair Hobbs: Okay. Thank you very much. And lastly, do we have any comments that have been provided by way of email to be read?

Secretary: Chair, there is no public comment at this time via email.

Chair Hobbs: Alright. Thank you very much. Anybody that attends the meeting during the course of the meeting that wishes to provide public comment is certainly able to do that at public comment period number two at the end of the meeting. Item number three is approval of a flexible agenda and we will be using that today.

Member Mathur: Move for approval.

Chair Hobbs: I'll second for approval on the second. All those in favor signify by saying aye.

Group: Aye.

Chair Hobbs: Perfect. Item number four, approval of minutes for the May 31st and June 21st meetings.

Joyce Woodhouse: Chair, I will move approval for both the May 31st and the June 21st commission meetings. Thank you.

Chair Hobbs: Thank you very much. We have a motion for approval from Member Woodhouse. We have a second.

Nancy Brune: I will second.

Chair Hobbs: From Member Brune. Thank you very much. All those in favor signify by saying aye.

Group: Aye.

Chair Hobbs: Opposed? That's passed. Item number five, NDE update. The commission will receive an update on the progress made by Nevada Department of Education since the last meeting. Deputy Superintendent, whenever you're ready.

Megan Peterson: Good morning, Deputy Superintendent Megan Peterson. For the record, I am getting my computer plugged in, and we will do a quick overview of our deliverables as identified in either NRS, which we've identified as either ongoing or standing items of the commission. Items through the legislative letter of intent, 8,400, section 23 and SB 98, both from the 2023 legislative session. Let me see if I can just make this a little bigger. To date, the commission has made recommendations regarding the Nevada Cost of Education Index, recommendations around the fiscal year 2020 baseline funding, the use of grad score as an indicator for at risk with the recommendation to move to the title of Student Success support weight. A review of the English learner weight has been conducted in terms of its ability to provide funding for dual language programs, and then recommendations along with ways to improve the tracking of student progress monitoring and monetizing. I'm sorry, this should be yellow. This is one that the commission will be reviewing today as part of the agenda item number nine in terms of the accountability framework that's been put in place for AB 400, and the commission has reviewed and made recommendations considering strategies for open zoning. Additionally, the attendance area adjustment has been reviewed and recommended by the Commission. Outstanding on that is finalization in regard to potential exceptions to the methodology that was adopted. We are reviewing the K-12 optimal funding levels today, finalizing that as well. The commission has also reviewed methods to enable small districts to acquire capital through alternative sources, including the Nevada Infrastructure Bank as well as the Municipal Pond Bank. Left for the commission to still review, are the items generally in yellow and orange, which includes for the legislative letter of intent, a review of special education, multiplier as well as the distribution methodology. Reviewing of the academic progress made by pupils identified through that quarterly reporting that's been identified in AB400. And that, again, goes to item nine today. That is inclusive of several items that are here. So, although they look like multiple line items, it is still all under one umbrella heading. And then also as part of today's conversation stemming from it is our recommendations to improve strategies for increased efficiency, effectiveness, transparency, and accountability. So multiple line items in these same veins that are going to be addressed through items on today's agenda. And I won't go into those in quite as much detail just given the breadth of the work, but knowing that it is all part of today's conversation. Also as part of today's conversation are the recommendations for changes to laws governing sales tax, as well as use and property tax. And then still on the docket for review by the commission are recommendations regarding recruitment and retention, as well as compensation and classification of teachers and support personnel within the school district. Okay. That gives a brief overview of the tasks that have been assigned to the commission and our general status in regards to the progress of those. Since our last meeting, we have been working to draft a number of the recommendations that have been put forward, compiling it into a single report that can be reviewed by the commission, as well as drafting language for the legislative letter of intents that are going to be due August 1st. We have also been working on building our budget, which is inclusive of enhancements that we are requesting to support contracts. So that way we ensure they're in place to support the commission on day one in order to facilitate more efficient and timely support to the commission so that we have a less compressed timeline given when the next year starts. I am also, sad to say and announced though that, James Kirkpatrick did take a promotion and has moved to another state agency. And so, he is no longer with our team, but we do wish him the best of luck and we're excited for his next venture. And so, we are also actively working on recruiting efforts for his replacement. And with that Chair, that concludes my presentation.

Chair Hobbs: Thank you very much, Megan. I think just to reiterate something that you mentioned. The response to the legislative letter of intent is due August 1st, and we have brought to conclusion all the one item, I believe for that response. And that item is on today's agenda, the discussion regarding special education funding. Is that accurate?

Megan Peterson: Megan Peterson. Yes, that is correct.

Chair Hobbs: Okay. So when we get to that item. Let's bear that in mind as well. That would allow us to comply with the deadline and the response to the letter of intent. And I'd also like to thank Megan. She gives these summaries. It occurs to all of us, the number of rows of asks that we've had to deal with and still have to deal with. It's impressive to see the length of that list. It's nice to also see that we've brought some of those to conclusion. We still have a lot of work to do, but I want to make sure that I acknowledge work that Megan, Bow, James, and the rest of the NDE staff as well as our subject matter experts who are a little later to the game, not because of anything of their doing, but I want to acknowledge the amount of work that's occurring to make sure that we move along on these items and hit all of our marks and I want to express my gratitude. And thanks again to you, Megan, and everyone else that's been a part of making that happen. So, with that, using the flexible agenda, I'd like to go ahead and move forward to -- we have a lot of individuals I'm sure that have other obligations as well today. And we appreciate everybody making time and dedicating themselves to this effort this morning. But to try to be responsive to some of those needs, I'd like to move agenda item seven forward, and then we'll follow that with agenda item number six. Is that okay with everybody? Okay. So with that, this is a follow up presentation regarding revenue sources to support optimal funding. At the recent meeting, we had an update of the target funding amounts. We'll get a reminder of those amounts today. We indicated that we'd be bringing forward several of the scenarios that we develop a year and a half ago for our report to update those for current data and with the objective today of being, the commission providing direction with regard to the preparation of a report as to which of those we should really be focused on. So we're not necessarily going to be, uh, adopting a scenario, but giving directions to the development of scenarios for the report. The report will come back to the commission for the commission to approve, so we get another bite of the apple once we get to that particular sage. And we were specific, this is something in response to something we were specifically asked to do in SB 98. As you're all aware, we are to identify a level of optimal funding, and we've used the proxy values that we'll go over today to show what those target levels may be. And also, provide a plan of funding over a 10-year period to reach those target levels. And that's what largely this presentation will be focused upon. So with that, I will introduce -- I did catch your name before the eighth -- Jeremy Aguero, of Applied Analysis to walk us through this. And it's a lot of material, but I think it'll be very helpful in helping provide direction so we can get to work on that part of the report. With that, Jeremy, welcome

Jeremy Aguero: Mr. Chairman, members of the Commission, thank you for the opportunity to be here today. I have activated the presentation on this computer. I'm not exactly sure how to make sure that it's visible to everyone. I just want to make sure that you can see it or is there something else that needs to be done to make that happen?

Chair Hobbs: You have to ask Paul Johnson

Jeremy Aguero: IT department. What's that? [Crosstalk] is there HT?

Paul Johnson: Yeah, that's it right there.

Jeremy Aguero: Thank you.

Chair Hobbs: That's why we keep Paul around.

Jeremy Aguero: Many, many reasons to keep Mr. Johnson.

Paul Johnson: On set.

Jeremy Aguero: Perfect.

Chair Hobbs: And up north, you all can see it too. I want to be sure. Okay.

Jeremy Aguero: Mr. Chairman, as you mentioned, the primary focus of our work over the past few months has largely been to identify and analyze those alternatives, that could potentially narrow the gap between the conversation we had last time, which is where we're funding K-12 education today. And I think aspirationally where this group, the state of Nevada legislature, the governors talked about trying to get to in terms of approaching something, that is closer to the national average, but reflects a more comprehensive funding for our schools in the state of Nevada. Mr. Chairman, you and I have talked about, I would guess a thousand times over the past 20 years. Not a whole lot of revenue sources to generate the over magnitude in terms of dollars that we're talking about here. Obviously, I think in no small part to the work done by this group, the state of Nevada was able to make a substantial leap forward in the last legislative session and fund education at a much higher level. As we talked about last time, if we're going to get to something that approaches the national average has a lot of work still to do to get there. I prepared two presentations for you today. One is specific to property tax. It's the first one that I'll go through. The second is specific to, we refer to it as the sales tax, but as I think everyone is aware here, if we think about making modifications to our sales tax, oftentimes we have to think about that as a companion excise tax to our sales tax to make sure that we're doing it the right way from a legal standpoint, given the history of the sales tax that goes all the way back to 1955, which I will not, I'll revisit here unless asked. With that said, a tremendous amount of work has been done, and I doubt that the presentation itself will reflect that. And I certainly want to recognize the hard work of people in our office that spent a lot of time. The property tax alone has compiled information from every county in the state, although some of it still has some consistency issues. We compile the database of over 1.1 million parcels from throughout the entirety of the state of Nevada. And because we are required to look at things like depreciation or abatements that are all calculated on a parcel-by-parcel basis, the model I'm going to share with you today is calculated on a parcel-by-parcel basis. We believe that we have 91% of all the parcels identified in the entirety of the state of Nevada, which we're very grateful for the work that has been done to get us to that point. Including the cooperation of treasurers and the assessors from each one of those jurisdictions as well as their contractors and getting us all of that information. In addition, that model has been run, and it is set up as a model. The Department of Education and impressed upon us as the first exercise that we went through. And again, on this one, the goal here is to make sure that this is a what if model. If this group, or frankly the legislature or governor later on wants to evaluate it in some other way, and maybe we want some other combination to be included, the model that is now set up is able to do that. We can look at it at different tax rates, different abatement levels, different rates of depreciation. We have essentially reconstructed the property tax and sales tax models for the entirety of the state of Nevada, such that whatever the permutation is that this group, the Nevada Department of Education or leadership at the state or local level would like to look at the work of this commission, ought to lay a foundation for any of those questions that can be asked to be read, answered in a relatively, quick way. So with that, Mr. Chairman, if Jeremy [crosstalk].

Chair Hobbs: I just wanted to get one other thing up front. I think it's important for us to remind ourselves why we're looking at property and sales tax the way that we are. I guess, first and foremost, it was something that was carved out specifically for us to look at by virtue of the legislation. Second, in our report, we recognize that the historic way of funding education in Nevada has leaned for many years on both property tax and sales tax. An operating rate, that's consistent around the state on the property tax side. And of course, that was set many, many, many years ago. Actually can't remember that. And it hasn't changed, notwithstanding the fact that a lot of other things around the property tax system have changed over that period of time. And the sales tax was modified in 1981 when all of this stuff was going on. And the base was established both constitutionally and further in statute through the adoption of exemptions and other sorts of things. Rates have been added over time. The sales tax rate back in 1981, if I remember correctly, was 3.5%, pretty much statewide universally, and it's quite different than that today. The base has probably gotten smaller over that period of time, and that's largely one of the reasons we're dealing with it. But both of these sources of revenue are directly and historically attached to the funding of education in the state of Nevada. So, I just wanted to have said that upfront because from time to time, I'm sure there are people that wonder why we're just focused on these.

Jeremy Aguero: Mr. Chairman, if it helps in any way, I suppose. The fact that we had the opportunity to work with you and look at, I believe almost every source of revenue in the state of Nevada, I suppose just underscores the fact that the understanding of why those mutations exist and in terms of order of magnitude of the base are still as appropriate today as they were five years or 10 years ago. The other sources of revenue just not large enough to be able to make a meaningful benefit in the challenge [indiscernible].

Chair Hobbs: No, that's a super important point. We adopted principles. Many, many, many meetings ago, and sufficiency of funding was right at the top of that list.

Jeremy Aguero: Mr. Chairman, I'll start with just doing a very brief recap. Those slides at the front end here, I won't spend a whole lot of time going through them. I think we all understand where the gap is, and that's as part of the record as exists today. I did include here the funding target and then the property tax overall, just to make sure that as we're looking at the distance between what these alternatives can generate and what that target looks like is shown here overall. So, in terms of the funding updates, you'll recall that in 2022 that we looked at the NCEPS national average for Nevada, the national average, and then there was the APA subject matter experts that gave us that information. In 2025, there was estimates relative to where the state of Nevada would be in proximity to what these estimates were at the national average. And the legislature came forward and funded education at a higher level. And so, we're better than we thought we would be at this point in time when these estimates were first generated. Nonetheless, we're still far behind the national average or the amount deemed appropriate, adequate by APA in their work. If we look at the status quo as we start to think about the legislation that requires a 10-year phase in, what that kind of looks like, and then what we would need to do to reach that national average. Relative to that, that's great that the little lighter blue area is very small in 2025 and 2026, a credit to what was done by state lawmakers. Last go around, but you see that over time, we still have a lot to still do there. This is what it looks like to get to the national average level in terms of the funding shortfall, if we were to phase it in over the next decade. This is the analysis that we've done. As we mentioned last time, we're constantly chasing it in 10-year chunks. So, we looked at this a couple of years back. It would've been 10 years that would've ended two years. Before this, this is now another 10 years. But nonetheless, the hope is that we're sneaking up on it overall. Same exact analysis was done. The APA, analysis overall, it is slightly higher, both in terms of its per pupil amount, as well as its aggregate phase in amount of 2.5 billion versus 2.6 billion by the time you get to 2035. So with that, we then jumped to this concept of the property tax and utilizing property tax alternatives in order to craft a potential solution as required by the legislation. I think it's always helpful to start with the property tax in and of itself and get a sense of what our property tax looks like. Property tax between 2025 has currently projected, has grown at 6.5% per year. This is a combination of appreciation in value as well as new value that has come online on the rules. If I add to this, the amount that has been updated, that number is actually 7.4%. And while those two numbers may not seem that different, uh, from one another, if you take 1% compounded annually, over a 25-year period, it's a lot of money to say the least. I imagine that when -- well, I don't imagine because I suppose many of us were there for the tax caps in 2005, and we see what they sort of look like today. The other side of this equation that I think I would be remiss if I did not recognize here in some way, is that the tax caps that were created in 2005, because we were concerned about the escalation in property taxes that were coming in 2006, 2007. We've seen a repeat of that 20 years later. Those pieces on the far right hand side, you'll notice those little hashed areas which represent the amount of the abatements are actually greater than what we saw during that 2005 period. So, obviously some balance and some restraint that was constructed by the legislature and governor in decades ago now. Always seems like a long, long time ago when working on that stuff. But is still relatively germane today. And respecting the fact that those were created out of an emergency provision in our constitution, perhaps emergencies find their way forward against them. I would be remiss if I did not also mention just the total amount of the abatements. On average, we have abated $750 million a year roughly in taxes. Much of this to schools as we'll talk about as we continue to move forward. But I would ask at least somewhat for our -- I think I suggested a couple of years ago when we were having this conversation in 2023, the abatement was going to be a billion dollars and it wouldn't be that long until it would be $2 billion. Well, we're here in 2025, just two years later, and we will abate $1.7 billion in the state of Nevada this year. That is a massive amount of money, and about $600 million a year more than it was just a couple of years ago. Again, I don't offer any commentary on right or wrong relative to the levels of taxation. That's not what I'm here to do. But the amount of this abatement has escalated tremendously overall. Yes, sir. It's about that. It's a big number today. If we look at the property taxes and how we generated the estimates that we did, as I mentioned, it is a parcel-by-parcel assessment. So every parcel is essentially modeled for every year. We make assumptions relative to growth. We make assumptions relative to everything. And interestingly enough, with the abatements themselves, as I think this group knows, the three and the 8% abatements, were sort of getting into a period in which the 8% is going to become the predominant value because of a combination of higher inflation and higher assessed values. Where in this period, in which prices of homes are going up tremendously, prices of land and commercial real estate are going up tremendously, but also we're in a period of high inflation as well. So those are the two factors that calculate whether there's the reduction in the amount of growth that'll take place. There are four primary areas that we were asked to focus on. One is incremental revenue generated from abatements. That's the first one. And this one is importantly taken first in this process, and that is because we can have a conversation about raising the property tax. So, we can have a conversation about eliminating, depreciation or reducing the rate of depreciation. None of those matter so long as the abatements are in place, because they cap the amount the taxes can go up, and as a result of that, we can make any change that we want. But absent that, it kind of doesn't make a difference. Second is incremental revenue production related to depreciation. The third is looking at full cash value of land. Right now we tax or we value the property based on its replacement cost, and that has gotten a little bit further away from what market value looks like. And we then the last one is just increasing the tax rate. And there are really two ways to do that. One is inside the abatement, one is outside the abatement. And so, we'll talk about both of those today. So I'll start with the abatement themselves. Okay, 2005, United State Legislature imposes these caps that we have. They're commonly referred to as the partial property abatement tax abatements caps, and they are outside, right? So the assessment process happens exactly like it does on any property. Uniform and equal is required by the state of Nevada's constitution. But then once those taxes are paid, state of Nevada has said no one's taxes can go up by more than 3% if they're owner occupied by more than 8% for all other property types for some exclusions, and it cannot go below zero. And so, all of that has been taken into account here. I think when we look at these property tax abatements, it is important to understand that they do reduce the effective tax rate that is imposed on all properties, so residential and otherwise. As Senator Woodhouse, I think certainly attest the conversation come up a great deal about the value of these abatements. I think -- forgive me if I'm saying this appropriately, but during your time in the legislature, a lot of calculations even went on relative to the Department of Taxation is calculating some of those things now so we can kind of monitor them. But nonetheless, if we think about that, we think about these big numbers on a $1.7 billion being abated. Sometimes we don't think about that, what that means for the individual taxpayers until we get our tax statement and we're like, oh, that's nice. My taxes are less than they would be otherwise. And when you start to add them up, it's pretty significant. Generally speaking, the state of Nevada imposes a property tax rate at about 1.1% of taxable value. Taxable value is 35% of assessed value. That's the assessment rate that we talked about before. But when you think about the total value that's out there, it's about 1.1 a percent of that value. And once we think about the abatements that we have today, and we just use this very hypothetical example, what you see is that as those abatements continue over really the last 25 years, then what it has done is like, you know what, we're not really going to tax people at 1.1%. Of course, unless you're bringing online brand-new property for properties that have existed, we're going to tax them at about two thirds of that amount, and that's what we're going to impose them. So what this really does is lower the effective tax rate relative to the value of the property that is in question that is generating the property tax itself. So, we have disconnected the taxes collected from the appreciation in the base, and obviously I think Mr. Chairman is going to become a common theme as we also talk about the sales tax and our whittling away somewhat at that base and then applying a higher rate to it. In this case, the rate actually becomes effectively lower. If we look at it in terms of these three main categories, maybe four, if we include the rate in this, and we start to go through those, we start with abatements and we ask ourselves the question, what if we were just a phase out the abatements between FY 2026 and FY 2035? What does that look like for us? Now, that red line at the top is where we're trying to get that two and a half billion dollars in terms of the shortfall that we know we're going to be at in 10 years from now. And how close do we kind of get to that. The dark blue areas, the money that actually goes to schools. And to be clear, this is only the 75% operating rate. This does not include the 50 cent capital rate that is included there, but from the 75% operating rate, if we were just to phase it out a little bit next year and a little bit more the year after that and a little bit more, you'll see what that curve looks like. Now, many of you are probably looking at this and saying, Jeremy, look, it ramps up, but then it flattens out at the top. And that is because we've got our little curve, which is property values starting to fly out. We don't expect that the current level of property appreciation. Appreciation that we're at is going to take place. And then the abatement start to work in reverse. And as values start to come down, but we have higher appreciation and interest rates. Now in that 10-year bubble that we're dealing with, we actually have a period in which the abatements start to come down a little bit and we have a recapture that takes place. I'll show you a couple of slides to demonstrate that a little bit better. But the punchline from this slide, the most important takeaway is even if we eliminated the abatements, and even if the schools were to capture 100% of those abatement values, it would get us close, but it does not get us all the way, whether it's the phase out or whether in this chart, it shows what it would look like if we did it for the full period, the full amount beginning in year one, right? Which would be a very large tax increase to Member Johnson's question earlier about how much it really is there. Nonetheless, you can kind of see what that curve looks like, or at least what we expect that curve to look like overall. If we determine what the revenue production is in terms of depreciation. What if it's not the abatement, but what if it's this depreciation value? And we'd like to hold ourselves out as being different than other communities, and it's not often that we get to talk about us being number one in something, right? But in this one, we are number one, right? We are the only state in the United States that applies a depreciation factor to the improvements of its property values in there. Everyone here I think knows Marv Levitt, who is the godfather, I think of municipal finance in the state of Nevada. A terrific human being too. And he gave me some of the history of why this was in one property. And I think like many of the conversations we have about how we got to where we are today, it's a storied history that always isn't always purely logical in terms of why we have this, but yet here we are today and we have this depreciation factor, and there are some incredible things that I'd like to show you about the impacts of depreciation, right? This is just how the depreciation works, just to make sure that the record is complete. And when new property comes online, it comes online at this full value. It doesn't get the abatement, it doesn't get any depreciation. So when you're building something new, your property taxes are much higher than if you had something that was old. And as we've talked about before, and it matters, we've talked about a lot during the legislative sessions. Like there is no correlation between an older property and the demand that's put on our education system. It's disconnected in many ways. And I would suggest there's also no correlation between the demand to get put on our roads or on our police protection or anything. As a matter of fact, I think that you could actually suggest that the correlation is inverted relative to that in some ways. Nonetheless, this is what we have done. And it was a little different. When some of these things were created and we were a state of about a third of the size that we are today, but yet here we are in a state that has 3 million people plus a community like Southern Nevada, the next 2.4 million overall. And we see what this looks like as it plays out. And now, because it's a pyramid, right? The beauty of being a fast-growing state is that we've had a lot of construction, but now we've gone to being in the top five in terms of population growth. Now we're about the national average in terms of population growth. And when we see that, what that means is that pyramid starts to fail on us a little bit, we have a lot more property that is depreciated relative to the property to come in online. This week we celebrate it, but I think it's probably an end of an era for many of us with the closure of the Mirage in 1989. And if we think about what the Mirage meant to us in terms of bringing value onto the tax roll and what it meant to us in terms of the first of major hotels and casinos that were constructed, wow, what a 30 year fund it has been for us as a community in terms of bringing these on that pipeline does not look like that today. And as a result of that, we're seeing some instability in that regard. The property comes online, it depreciates at 1.5% per year every year until it gets to what is considered a salvage value after 50 years. At which point the depreciation is a full 75% of the value on that property. This is the chart that I love this chart and so, I'm glad that I get the opportunity. Obviously, this house is built in fantasy land at a hundred thousand dollars, right? I don't mean it that way. I didn't mean it that way to create an example that's easy for me to talk through and hopefully for folks to be able to really see what's important. And that is the depreciation that takes place in each of these years. So even as our property continues to appreciate, what you see is that by the time you get to year 50, the property has almost the same value that it did in year one when it came online, even with 50 years’ worth of appreciation. And the abatement's, notwithstanding the effective property tax rate of someone that's holding onto a property that is 50 years old, is about a third of what the effective property tax rate is for someone that brings on a house with exactly the same value, maybe the exact same size as that property the first year it is actually constructed. This is the system we have used for a very, very long time. And again, it's worked well for our community. More so, when we are the fastest growing state anywhere in the United States. And I would respectfully suggest that if we continue to go through the slower growth of our community and our state, it's going to mean that this problem is going to become increasingly exacerbated over time. As I mentioned in the previous one, I wanted to sort of show how these curves work. So this is the replacement cost of a traditional house. And obviously that moves up because of the compounding effect of appreciation, right? 3% 50 years ago was on a smaller base, 3% 50 years from now would be this is the accumulated depreciation or same sort hypothetical home. And this is what the value curve looks like. So it comes online, value happens. As we all know, houses have a tendency to get a little older. Houses have a tendency to get a little bit older, and then that value starts to come down. What I'd like you to do is just imagine that the curve that's on the far right hand side of our chart is what the entirety of the state of Nevada is likely to look like. It is likely that the entirety of the state of Nevada is going to age to some extent, and there will come a time where the preponderance of the property is actually depreciated at a higher level and that is going to constantly decrease it, which means we're going to have to constantly chase it relative to hopefully a great deal of appreciation. That's what's workforce in the last couple of years. But new value coming online, which I think is going to be harder to be able to achieve, if we look at the abatements and depreciation, we look at those together. Because now what we've said is okay, we've started to phase out the abatements, which allows recapture from depreciation. So in this scenario, we are actually phasing out both of the abatements and depreciation. Essentially phasing it all the way out. And you'll notice that the red line, which is our targeted funding line, comes back. And you'll also notice that the dark blue area, which is the money that is currently dedicated to K through 12 education, is creeping up on that red line. And you will also notice where we only look at the abatements before that those completely didn't even with the total value, the light blue and the dark blue did not get to the red line. Now, we've effectively over solved this problem, but I've used overs solved with an asterisk. And that's because I would also respectively submit that while scenarios that are included here, at least hypothetically, I think of the fact that the schools could capture all those revenues. We also have to be mindful that there are other governments that are pending on these revenue sources. And they're also going to be dealing with some of these challenges, whether that's a local government, whether it's the state. They are most clearly also dependent on these revenue sources. And if we were to make these modifications, excuse me, that's 100%. If you were to recommend and the legislature was ultimately going make some type of recommendation along these lines, I think we as a state ought to be mindful of unintended consequences of taking money out of one hand and using it to pay on something else. This is another scenario that looks at the phase out of the abatements and a freeze in the depreciation. What we're saying here is, okay, you just don't get any more depreciation. Everybody gets depreciation, uniform and equal, and then we freeze it right here today. You can see that's a little closer to the total solution to the line. We've created more equilibrium there, maybe haven't over solved it to quite that level. This scenario eliminates abatement and eliminates depreciation. No problem. All the state's problems are then solved from education and everything else. That would also result in a 4.6 billion in dollars tax increase to the people of the state of Nevada. And to be clear, some people that are outside of the state of Nevada are benefiting from those tax abatements, which I think is probably worth mentioning. And if we look at that here, this is a scenario, but I think this also plays in to the fact that there's a balancing act that can happen. That you can find ways to move the dials back and forth to get something that if what the legislature asked you to do is what they ultimately want to do, and that is get to the solution in 10 years. There are ways clearly to get away with it. This one looks at the cap of the abatements at the 2025 level. So we keep abatements where they are and then we modestly reduce depreciation every year. This is a pretty clean scenario from the standpoint that depreciation still gets to exist and the abatements don't go away. You don't overnight create this huge tax liability, but what you do is gradually bring it in over time. Again, this one does the exact same thing, but now it shows depreciation instead of getting to 1% per year down to 0.5% per year. And to be clear, the legislature did already reduce depreciation at one time. Mr. Hobbs may have to remind me, I think it was in 1981, although it might have been in 1983, legislature reduced it from 3% -- excuse me, from 2% to 1.5 percent overall not creating a precedent for exactly this type change. The third set of scenarios deals with abatements depreciation, and now we're adding in the concept of the assessment rate. Again, the assessment rate is an interesting little animal. We create this idea of valuing property and then we create this idea of valuing property not at its market value, but at the replacement cost for those assets. And then to make it super confusing, we multiply that by 0.35 to make it less so that we can apply a tax rate to the lower amount. Now to be clear, we can just apply a higher tax rate or a lower tax rate to a higher amount than we get the exact same numbers. This is the wonders of the transit properties of mathematics. But at the end of the day, we do this because any other states do it as well. And there are also states not in the state of Nevada because we're uniform and equal, where those assessment rates are different for different types of properties. And that's largely why it's done that way. As I said, the taxable value of the parcel is multiplied by 0.35 to get that assessed value overall. If we look at it in terms of, okay, now we're going to look at three, we've increased the assessment rate from 0.35 to 0.40. So, five basis points. We've capped the abatements at the 2025 level and we've made no changes to depreciation. So, again, you see that just the magnitude of eliminating the cap but allowing more value itself to be captured, generates a substantial amount of money that grows more than some of the other scenarios that we looked at by themselves. So eliminating the abatement by itself, that didn't get us all the way there yet when we use it and where it is today, but allow other vials to allow the property tax to naturally grow as value grows, we get a substantial increase. This one assessment rate, again, 30%. We phase out the abatements and no change to depreciation. We'll see at the far right hand side, we're now $7.2 billion to the good. Now, instead of trying to do each one of those theories provided to you is a set of scenarios, summaries, right? What's the change to the abatements, what's the change to depreciation, what's the adjustment made? All of those types of things to allow you just to see it in format in terms of how much value is there. What's the incremental value? What's the school values included at the bottom? There are two pages of these because we went through a number of them, but the only point that I want to make here, well maybe there's two points. One, if there is a true desire, find a solution, and there's a true desire to use property tax to get there as at least one of the mechanisms. It's large, it's robust, it's ripe for evaluation and change. And there are many, many scenarios that could be used to get to make progress over 10 years toward a meaningful solution. So, I do believe that it is a viable, again, with political will, being a very important factor in all of that. Number three in our analysis was to look at, what if we just get another change to value? And instead of using this, interesting dynamic, which is the replacement cost, why don't we just tag it to like the actual value of the property. To be clear, if you do full cash for land, but we use the replacement cost for assets. So we have this mixed system in the state of Nevada. We look at it in terms of market based versus taxable value. We've look at it in many different ways and on individual projects. And I think even looking how some of these things are applied, we find there to be nuances that are important. But if we imagine that the difference between market and replacement cost is 10%. So going from a hundred percent down to 90, that's $170 million a year. If we believe that it's 20%, that's about 380, $390 million per year, just going to schools 1.6 billion, it would go overall. Now, I will tell you that if we look at different types of properties, the ratios between these are different. And also if you look at different communities around the states, these ratios are a little bit different because some are assessing the different paces and using slightly different methodologies. Nonetheless, if I was pressed, I would guess that it's probably in that 80% range is really the difference that we're looking at here. And I will tell you that for some major developments that difference is pretty large. I would also think that it's important to understand that there have been modifications to properties. The way the properties are assessed in state of Nevada is that you go through this appraisal process, but if you think that your property is assessed too high, you can come in and essentially say, I believe that my property is being assessed at a level that it's too high. And that can be evaluated by the [indiscernible] When they go through that process and do that, there have been properties that have come in and said, "Hey, we're going through a terrible economic time right now. I would like to use something called the income approach to be able to do that." And this is generally non-residential property that will go through this process. So we have a lot of properties that have a lot of that, that came in during the great recession, for example, when they were generating almost none, and their property was devalued tremendously, they did not do anything wrong. I would never want to suggest that they have reset at a very low value. So I don't want to suggest that all property would be in that 80% range because we have some that is assessed much, much lower than that.

Chair Hobbs: And Jeremy, when they're reset at the lower value because of the income method, the abatement then applies to the lower value forever.

Jeremy Aguero: Forever. Yeah, that's correct. The last one that I want to mention here is raising the property taxes. And again, I would suggest that this could be taken in any combination, but raising property taxes in and of themselves is a fair poll lately has a long history in the state of Nevada and other places for generating sufficient revenue, particularly given the fact that we have this disconnect in terms of value. One penny of property tax will generate $19.3 million per year. That's a lot of money. And it's also a reflection of the level that the basis increased. And if we look at what they expect, again, this is all without the abatement. What the expected increase in value by the time we get to year 10, that same one penny of property taxes [indiscernible] it also refer to the value of loss that's been accumulated in our community. Unfortunately, if we look at it with the abatement, the value of that property tax diminishes to about a 10th of its value, about 2.1 million. Now, 2.1 million is not anything that we say is not great in value, but it's low. And the other part is we have to also keep in the back of our mind that we have a number of jurisdictions in the state of Nevada that are already at the $3.66 cents cap. And so their ability to raise a rate inside the cap of the abatement or outside of the abatement is limited overall. And so, you recall that there's two caps. There's a legislative cap, there's an effective rate of $3.66, and then there's a constitutional cap at $5 per hundred dollars of value. And so, right now, many jurisdictions are at that $3.66 cap. So their ability to even do this if they wanted to, is impossible. With that, that is the first element of my presentation today that deals with property tax, which Chairman, I'm happy to buzz here and answer any questions where I can jump into the sales tax component, if that would be helpful.

Chair Hobbs: Well, all of that was pretty simple and straightforward. So, I think we probably should pause here for questions, comments on the property tax side. Anybody up north? Okay. Not seeing anybody. I jotted down about 30 questions. Go ahead.

Punam Mathur: Thank you, Jeremy. You're a teacher. Is what you are. All of us, the options, the dials that you just walked us through, all of them are within the ability for the legislature to modify.

Jeremy Aguero: Yes, ma'am.

Punam Mathur: So none of these require any constitutional.

Jeremy Aguero: We could craft a structure that would require a constitutional amendment. But if we think about things like reducing the depreciation and they put the abatements on, they can take the abatements off. There are timing and structural issues that would be important. Like you'd want to make sure that everything met in the form and equals. So we can certainly create it in a way that would require a constitutional amendment. But I believe that what I just laid out to you today, the vast majority of that could be done directly by the legislature. Yes. And one more, and just to clarify, so as a homeowner, my mortgage payment pays my taxes and I get a statement at the end of the year, and all of what I pay every nickel owed is then deductible on my federal income complexes. And that would be true of any of all the scenarios you just described. And sometimes I think about it, yes, for me, this is a modernization exercise. Just like this entire K-12 funding, four-wheeler for me has been modernization exercise. And if we can now get brave enough to modernize our fiscal formula, fiscal policy to then modernize our district, to modernize our workforce, to keep the promise of a modernized economy, that's the journey. That sort of one, and this is one of the few places where there are other benefits. There's offsets. I don't get to write off sales tax. I don't get to write off a lot of other taxes on my federal income tax return. Not necessarily, right? This one in a hundred percent cases?

Jason Goudie: So Jason Goudie, to be careful about my tax knowledge, which some limited. So there's a couple things. One is, sales tax is deductible in Nevada if you live in here, your federal tax. So that does apply. Personal property tax obviously does as well. However, they have instituted a limit, so, which I believe is around $10,000. And so, if you are already at that limit, such as you buy a car one year and you do some other things, so you had higher than average, then components that would not be. But in general, yes, for the average person that's not spending more $10,000 in those combined taxes, this would be additional deductibility on the full tax return.

Punam Mathur: If your itemizing filing and itemized. Yeah. So for other majority of people are doing an easy form. And so on an easy form, if I owned a home, this would be deductible if I'm not keeping track of what I'm buying and spending sales tax on. Okay, thank you.

Jeremy Aguero: Well, you are raising an important point that we ought to be keeping in the back of our mind to the extent that any tax sources are deductible from federal income tax. You do have the federal government picking up larger share of the overall funding burden. And so, that is something to keep in mind. And tax law changes fairly often. Who knows what's going to happen in the next few years too, tax law as far as deductibility. But one of the things I'm not going to talk about all 30 things that came to mind as I think about what happened 40 plus years ago. The tax shift of 1981, prior to that, the combined cap that applied was the $5 cap. There was no statutory cap. And so, essentially you had local government control over the tax rates as long as on a combined basis, they did not exceed $5. And most of the tax rates were creeping up toward that $5 range. You had the tax revolts going on the prop 13 stuff, Howard Jarvis going on in the late 70S. And Nevada thought it would be a good idea to take more centralized control of what local governments were allowed to do. And that was the tax shift essentially. And so, for the last 40 plus years, we've been operating in a state that has virtually no home rule. So, as Jeremy mentioned, one of the statutory items that could be looked at, not that any of these are easy. I don't mean to be talking about any of these as though they're simple things to do. But that could certainly be changed. And the accountability for any changes in tax rates could be vested back at the local government level, back to your city council, your county commission, whoever raised those taxes as opposed to having to go to the legislature to seek permission and has shifted that accountability to the legislature, who then generally turns around if they provide an authorization and says, you the city council or the county commission has to be the ones to implement this. It's crazy what's happened. And there really in my mind, should be accountability at the low level for local taxing decisions. And I'll extend that to another point that is probably near and dear to Paul's heart and some others. But you have the 366 combined rate in an area that doesn't have as deep and broad an economy as perhaps some other counties in the state, right? So even if the will of people existed, and this was the same with capital, right? The will of the people existed to raise taxes 50 cents to supplement operating costs. You couldn't put that on the ballot, right? And that's what this is imposed. Now remember, these caps, the 366 that Jeremy mentioned was set at 364 in 1981. In 43 years, it's evolved by 2 cents because of one bond issue that was done statewide. That's it. No modifications. The 35% assessment factor, not a lot of science there. It's just a value was set in 1981. All this stuff was set 40 something years ago. And I think this speaks. We're here talking about education funding. Jeremy's showing you bars that have light blue and dark blue. You need to pay attention to that. But as much as anything, I think this is a fiscal reform as issue property tax is unsustainable in its current form with the abatements and particularly with the aspirations we have for services in the state. Combine those two. Yep. Problem. And can you chase it with rate? No, you can't because of the 366 and the fact that we have 10 of the 17 counties at 366 or virtually at 360. You can't even do that, which is the wrong thing to do anyway. So I think that's why we try to talk about this. And again, you talk about it quite a bit this way and you talk about it quite a bit this way. This is as much a fiscal reform issue for the state as it is an education funding issue. We're caught up in it. We have to bring it up because there's no other way to get from point A to point B. And you see how difficult it is to get to point B even with a reform, right? And the other question that comes up and when we look those shaded bars is we have to focus on the school piece because that's the way we do things now. Everything that Jeremy did was based on a 75 cent operating rate uniform across the state for all school districts. Again, it didn't count the 55 cent capital rate down here or any of the other capital components that may exist statewide. You do have that issue of, okay, it may generate 500 million, 700 million, a billion dollars for education. What about that light part? What happens with the rest of that? And I know that some people are thinking, well, we could capture all or most of that and just send it to education. I suppose the mathematics. We could sit down and figure out the mathematics to make something like that happen. It starts to resemble some sort of increment funding approach that fails to recognize the needs of any other units of government around the state, including the state itself, right? Because you're cutting them out of the mix even though this is a fiscal reform issue. So, have some issues with that logic. But that becomes an extremely important part of this. But I think what this really points to is, if you want to fund education at a more meaningful level, approaching the target values that we've set forth, you have to do something about this. You absolutely have to. And to try to bring us to a point of presumed direction on this, you can't -- Jeremy said earlier and I think has shown. You can't do anything unless you do something about the abatements. I mean, maybe you could, but you'd have to change a lot of other things to work around those abatements. So anything that we suggest as a 10-year funding method needs to include an element of addressing the abatements. Now, the complete elimination day one of those maybe difficult, all of it is difficult pill to swallow. It's the sizes of the pills. The phasing out of the capping or phasing out at minimum. And all you're really doing there is stopping bleeding. That's all you're doing. You're not achieving your target, right? And then you combine that with something meaningful on the depreciation side where discussion needs to happen anyway, about whether or not that's a wise course of action for us to continue to take. I think that combination makes complete sense. And I think also mentioning the fact that the 364 rate, and God, I hate to admit it for so many reasons that I was there observing this, because that makes me ancient. But, I did watch that and it was a product of some mathematics being driven by political compromise. That's how 364 came to be. It wasn't like some wildly imaginative algebraic formula that spit out 364 at the end and optimized something. I mean, it was a compromise value. That means absolutely nothing. It means absolutely nothing. And so, I think one of the other things that we need to do is point that out. Point that part of it out that there is headroom between 364 and five, and that there is this thing called local accountability for raising rights, Whether it's done by initiative or done legislatively by the governing body. And that's where having thought about this as much as I have for four decades and more recently for our purposes, those are the places I would recommend that we focus on in constructing the report. Comments, questions?

Jim McIntosh: Member McIntosh for the record. And I'll be very brief, I appreciate the history and the knowledge that you have regarding the tax rate, and I appreciate hearing about it every single time. And did you, Mr. Chair, I very much appreciate it and thank you for the presentation. I feel like somebody formerly working for the Clark County School District and now working for a local government, we have worked together for a long time to try to do something about property taxes. And our goal here is to, to do something about it in terms of funding schools. And so, I appreciate all your recommendations and I would concur with everything you say and I guess I'm looking for it. The stumbling block has always been the legislature, and the political will to do something about it. And we can't get there unless it's abatements, that's great. Those are the factors we just need to put in the report. I would certainly take the recommendation because I think we've come out a million different ways. And I would look to you, Mr. Hobbs, just to say, these are the recommendations we need to put into the report. And it's got to be abatements because that's the only way you're going to get to the dollar amount and all the other various factors that we think need to include here. So I appreciate that. My question would be, and maybe nobody has the answer. What is legislatively palatable? Because it seems like nothing is. And I know we have a charge and we'll complete that report and we'll make those recommendations. But does anybody have a sense of whether we put that in a report or not? The real stumbling block is the political will of the legislator and the governor. And I can't do anything, we can't do anything about that except provide our report. And I feel like we've been addressing this issue, attempting to address these property tax caps for a long time at the, and just perform property tax in general. And so, those would just be my comments. And I don't know if anybody has an answer. Maybe they're just comments.

Chair Hobbs: I don't think there's a good answer. I mean, obviously Member Woodhouse could comment on political palatability. But I think the difference here, and it may just be slight. NACO, the League of Cities, others have made efforts in the area of abatements and other areas of PACS policy over the years many of which have not gone anywhere. That's what we've seen. Here, we're at least attaching the need to do this and identified shortfall in education funding of a couple billion or more. So, we're approaching it with a Look, you asked us to identify a target funding and now we didn't. This, this is where you need to go. And you may choose not to go there, and you may choose not to go there because you don't like this stuff. And I think all we can do is put them on notice that way that, okay, you asked us, we've told you now it's up to you whether or not you're going to do it. Now going to the political will part of it.

Joyce Woodhouse: Member Woodhouse for the record. I think one of the things that is really difficult is the political will. And I'm one who's gone out on that limb in the past. And sometimes you get chopped off at the knees. But I do agree this is a very well written out, researched proposal plan. There's scenarios in there for us to continue. I think that the only piece of will that I can address right now would be, there is a will based upon the work that's been done for the last, at least since 2019, that we need to fix this in order to address the needs of K-2 funding because our schools are failing and they're failing for a number of reasons. The last legislative session took a big step forward in that, and we're working through our part of that. But we will never get to the political will if we have not. And I think this commission has some credibility in putting forth a plan and start talking to legislators, not in April and May of 2025. But as soon as we have a plan, educate them. Some of them don't stay there very long, so you start over. But it takes time and maybe this session wouldn't happen. But I think what we can do now is in our report, put forth a plan that we believe is the best step forward, and then start working with our business community, our teacher organizations, our cities and county municipalities, all of those organizations that come to the table because you cannot turn it on a dime, it takes time and the governor's office is going to have to be brought on board too. But the time is now. I believe that we could get to political will if we do the steps before in order to get there.

Chair Hobbs: Paul, you had your hand up before, and then Jason.

Paul Johnson: Yeah. Thanks, Chairman Hobbs. I appreciate it. Member Johnson, for the record. A couple of thoughts. First of all, with respect to the legislative will, I think of us, we're advisory. Just like in my capacity at the school district, I offer my advice and my board has the options to accept, modify, or reject. So, we have to present our options and I think not really based on that, but what we think is the optimal solution for education. And I think that's how I've grounded what's in the best interest of students and what would need our mandate of optimal. The changes that we're talking about right now, not only affect operating rates and the money that goes into education, but also is going to affect the capacity for capital levies and debt levies that would help with school construction, which would possibly solve one of our other issues that has been mandated here with the commission and school funding. But I don't know that that necessarily would change unless there's some analysis of the method in which the combined rate is a portioned among the local governments, which that should be taken a look at as well because in our situation, it doesn't matter whether our tax base quadruples, we still wouldn't be able to issue a debt rate because all the local government rates would roll forward and they would remain the same. So, that would have to take place. Also couldn't been mentioned something about reducing the federal tax liability, we're a federal tax exporter. I think we were, we pay federal taxes, they go to other states. Some respect. That would be a benefit to Nevadans because money would stay in Nevada. So, that is a benefit. And there is a -- if you want a world class educate system, you can't do it on the cheap. And if we're talking about funding, where's the funding come from? It comes from my pocket. It comes from your pocket. So we as Nevadans have to make a commitment that, if we want something nice, we're going to have to pay for something. One of the things I would love to see is, we take a look at these numbers and for the normal person, you cannot relate to these. These are huge numbers. And for me as an individual, I don't know how it relates to me. It would be nice to see hypothetical impacts down to the household level. So, as a taxpayer could say, you know what, we're looking at $2 billion. No way. I don't want that. I don't want to increase $2 billion, but if I'm looking at a thousand dollars a year, divide that by 12 months, I might be able to bite that off. That might be more palatable for me as a taxpayer to accept, if I can make it more relative to me and how much it's going to come out to my pocket and then where it's going would be another piece. But those were just the thoughts that I had. Mr. Chair, appreciate it. And Jeremy, every time, I just so appreciate this. You took nothing that was very complicated and made it simple enough so that I could understand it. So I appreciate it.

Jeremy Aguero: Thank you, sir.

Jason Goudie: Jason Goudie for the record. I think we've all heard the message on abatement loud as clear. And so, as we start thinking about recommendations, I think regardless of the political palatability, they're not going to do three changes in one fail swoop. And so, maybe we've considered, when we think about the recommendation, recommending that abatement has to be done, period. And we can figure out a couple of options phase out. I don't think anybody's going to cut it off right now. So it's really the phase out or capping, right? And then layer in our other recommendations, or these are future considerations for future legislative sessions so that we take a small bite at the apple and another bite, another bite. Because if we try and take a big bite, I think that's where it becomes challenging. So just the thought there. The other piece, Jeremy, I think we talked about this in the past and we're the only state in the US that has depreciation as a factor. I don't know, but I'm assuming there was some reasonable for this. And one reason could be that we could have been the highest value, like assessing value in the nation at that time.

Jeremy Aguero: So they negated it. I doubt that that's true. But I think that understanding where we are in total rate based off of the 35% value, and then the other component I think is an important discussion point before we to make sure we have that information. And I know you will or whatever, but I think so we have that, because if I'm a naysayer, I'm going to say yeah, that may be true, but you know, I know that we are paying, our assessed value is 20% higher than the state. So even with ship still paying more, I think that some discussion around that would be valuable. I'm happy to provide that. I think we have the information that can do at least some degree of comparative analysis relative to the absolute value of property from jurisdiction to jurisdiction, and then sort of compare it and perhaps combining what you are asking for with what Member Johnson is asking for and just in the median home, for example, throughout the state and sort of showing these are the 10 scenarios and what it would look like for that home both in year one and for the next 10 years. That is a very straightforward exercise to do, and I believe it may so both or may answer both of your questions, so, we'd be happy to provide that.

Jason Goudie: Sure.

Chair Hobbs: So just another thought too, as we look at abating and bringing more meaning to this term, taxable value reduced to assessed value. I think we need to investigate whether or not full cash value of land is something that is actually being applied by the assessors in the various counties. With some sampling, recently I saw a bit of a divergence between full cash value, which to me would mean like current market value, unless I'm looking it wrong. And the value that was actually being carried on the rules. So, it could be that with a change in abatements and making more uniform the application of the assessment practices among the assessors, there would be a pickup in value that has been understated yet also abated. Does that make sense?

Jeremy Aguero: Mr. Chairman, I think it makes sense to me. I believe that there's two questions, two analyses maybe that need to be addressed there. One is an evaluation of land and the extent to which land is being captured, but then there's a second process issue. For example, what happens when property changes from residential to commercial? Is it being recaptured? Is it not being recaptured? What does that look like? And perhaps there's a third issue, and that is once we get through that process, is that being uniformly applied throughout the entirety of the state or is it different from location to location? So, your question is clear to me. I think there's three component parts to the response.

Chair Hobbs: Yeah. And I'm not suggesting that we delve into that layer of analysis at this point, but we probably noted in the report as something would be a companion to making the rest of the adjustments because I think there's some additional value there. It's certainly not being overvalued because it can't be And because of the equalization process, people would probably make note of that. And I just have this sense that property is being undervalued within the system of full cash value and replacement value, but just throw that out there. So I think -- Go ahead.

Punam Mathur: Thank you Chair Hobbs. One of the things that was really compelling for me here, I don't think I've ever heard the extrapolation of our inaction. It's the first time I've seen it. So, we have people in the past, that good we're number one out of 50 and one was respect. Never mind that it shoots us in the foot, but yay us. I've heard of some of these other topics related, but I've never seen a projection that say, here's how bad things could get if we choose to not to act. And so, I think one of the compelling points to include in the report is the cost of in action. This is difficult. We all acknowledge that building more difficult though is doing nothing. And so that was a big deal to me. The other thing too is just to a few of us that after we came up with that reports in advance of the prior session, and you at the very beginning of that journey had said the single biggest effect of this report, if we are successful, is that there will be finally a common conversation around the order of magnitude of the funding challenge. Because up until then you could talk to any five people in the state and they would give you five different descriptions of what problem we were trying to solve for. The first time we set those numbers, there was allergy, there was look away, there was change the subject. But as it goes. I guess over time I can wrap my head around the thing that initially caused me to struggle to wrap my head around it. And I think this is going to be one of those moments. So from a political standpoint, I have no expectation that there will be swift action during this next legislative session because I think we just need to allow for the Benadryl to work and the highest system side. And the experience that we can draw to is that when we put that stick in the sand and set out loud numbers unapologetically with a solid and defensible basis, we then took it on the road and we spoke to leaders, to business leaders, to union leaders, the parent group leaders and leaders that we could get to come to briefings that we held north and south. And I was struck by the receptivity of people when you had a compelling argument. Intelligent people can disagree, but they were all compelled by the nature of the discussion. Everyone agreed on the order of magnitude and a willingness declared a common willingness to get the solution. So I'm not sure the political will is going to be something that's going to be built in the hallways of the political offices as much as it's going to be built and started to be built by the discussions at kitchen tables, board tables, conference tables. And I think that we've had an opportunity as a permission to help in that work. So it's much more than the report. Other reports take the Benadryl on the road, talk to all of the key stakeholders and the influential, the stakeholder groups in the state. So many of whom we've heard from. So many of who are locked into the order magnitude, what we're trying to solve for so many of whom we previewed the notion that there's only two paths that are realistically available to us. And we said out loud property and sales and they maybe further browsed for a second, but they stayed in the conversation. So I think, there's so much beyond our know that we can't control, but the stuff that we can control is we have the best idea. Do we believe deeply in that best idea? And are we willing to spend the time to convince and make the arguments, and so, the others. And I think we've done a really good job at that as a commission.

Chair Hobbs: Well, like anything else that you deal with in this fun world, you have mechanics and you have messaging. We have the mechanics, we get that right then that's laid out in front of you. The messaging is going to be a bit more challenging. I want to make sure that we took any comments too from Dave, Kyle, and Mark up north to the extent that they have them. So Dave, I would turn to you.

Dr. David Jensen: Thank you. Member Jensen, for the record. No, we don't have any comments. We agree with the comments that have been made, especially those from Chairman Hobbs. Thank you.

Chair Hobbs: Thank you very much. So with that, I think what we were looking for today was, you know, some consensus around direction for the assembly of the report. I don't know that this is anything we have to take a vote on per se. As long as there's agreement one.

Punam Mathur: Sorry. Thank you, Chairman Hobbs. At the out front, the instruction I heard from you was this is to provide direction, not to solve for X or write the report. The one thing I am hearing is certainly, this is personally how I'm feeling is, cold plunge not ideal. And so, may slowly seems so to the extent that's direction or the that's useful direction, I don't know. And I do really like the idea of there are lots of dials and they can interface and you can tie in and sequence. So, I don't know it that's useful.

Chair Hobbs: No, that is useful. And it better fits the rolling 10-year period that we have. Because having this discussion, as we likely will a couple of years from now before another legislative session, it'll be moved to year, the goalpost will move 20 yards further, right? So we continue to have that. And so, it lends itself to a phase solution approach, More so than if you want to change this by tomorrow, you have to do this. And I think it also works to the benefit of those that have to implement the programming associated with new funding too. It gives them an opportunity to plan and certainly we're going to have to answer the questions, how are you going to be putting this funding to use? So I think it's frustrating that we have this rolling 10-year period, but it also helps us in some regards as well. So with that, we have Gretchen on that. Jeremy, go to the second part of your presentation.

Dr. David Jensen: Chairman Hobbs, Member Jensen. We're unable to hear anything up north.

Jeremy Aguero: It would help Mr. Chairman if I pressed the little button where the microphone works. So I will go backward and start off.

Chair Hobbs: Paul Johnson has advised Jeremy to hit the on button on his microphone. Can you hear him now?

Dr. David Jensen: Yep. Loud and clear.

Jeremy Aguero: I'm terribly sorry, Dr. Jensen. So, the second part of our presentation and discussion today focuses on sales. The second of the major basis of taxes that we tend to have discussions about and have talked about relative education. Again as we go through this, I think it is important to understand that sales tax as it exists, not unlike property tax funds, all kinds of things in the state of Nevada. Local governments, state governments, schools, parks, public safety are all dependent upon sales tax. We were just starting to talk about the fact that the rates differ from jurisdiction to jurisdiction, and that is a makeup of the sales tax that we'll talk about. The sales tax was created, 60 years, 75 years ago in terms of what, how it's generated for the state of Nevada and what we have done, not unlike the property tax that guy talked about, we layer on top of it again and again and again in order to get where we are today. And that is what we have at this time. And this will make it very important as we have our conversation today. We cannot, the legislature cannot. Just go in and unilaterally change sales tax. They can't just add something to the base. They can't, because the sales tax was created by the legislature, it was affirmed by a vote of the people. And in some ways it can only be changed by the way of the people as we find these ways in which we layer pieces on the basic city county relief tax. The supplemental city county relief tax, the school support tax are all taxes that have been layered on top of the 2% state sales tax. That was the tax at its origin that got to where we are today. And as I mentioned -- did the screen go black? Wiggle the cord. Again, thanks to Member Johnson for the IT support, wiggle the cord. Okay, done. Perfect. This shows the sales tax allocation. There's a minimum rate of 3.85% statewide that showed you the rates overall. And again, you see how they're layered on top of each other, right? 2% sales tax rate, 2.6% local school support tax is the largest single share of the total. But nonetheless, it goes to many, many different places. Our sales tax, not unlike other taxes that we've seen, has experienced a remarkable increase overall. And you can kind of see, uh, this going all the way back to 1994 every month in terms of the sales tax base. Now about $90 billion in total, which is just remarkable to me. And I would like to just draw your attention, to the piece to the right, right? I mean, that dip that you see to the far right of the chart is the pandemic. Certainly sales taxes went down and you can kind of see what has happened to our level of spending post pandemic. I would suggest to you that we also have concerns that this type of year over year growth that's the sustainability of that to something that we ought all to be mindful of overall. Nonetheless, if you look all the way to the very far right hand side, sales tax is actually trending back up again a little bit, defying projections that consumers can just not continue to spend the way they have been. We say that to consumers and they just tell us, watch us, we will continue to spend. And I would be remiss also if I did not mention the benefit that this state gets from visitors that started spending extraordinarily high levels, including as a result of sports and entertainment that have just been remarkably beneficial for the state of Nevada. People often provide to me some criticism relative to the investments that the state of Nevada's made in some of these type of things. They have undoubtedly driven at least in part additional funding for things like K-12 education and at least here it continues to do so. And so, while I believe that sustainability is something we should be mindful of today, the state of Nevada is in a remarkably favorable position as it relates to its sales tax. If we look at our sales tax in comparison to statewide rates, we are the 13th highest average statewide rate, weighted average statewide rate. For sales tax overall, not really that dissimilar from some of the states that are around us in the west, but nonetheless, relatively high in terms of our sales tax rate overall. If we look at the analysis, there are really two component parts that we believe we can look at. One is a rate increase. Just take the rate up. We've done that before. We can create a companion rate. We can make rates change in many different ways. Historically, I would suggest, prior to 2019, the technique that had been used since early the 1960s to raise money for the state was to raise money in the name of K through 12 education and then defund K through 12 education and have that money rolled directly into the state's general fund. I would suggest that Dennis, Woodhouse bill or Woodhouse Dennis bill that reformed K through 12 education stopped that practice from happening and is a reason why not only do we have higher levels of K through 12 education before, but I think, and I realize that may be embarrassing center Woodhouse to some extent, that we also have a fully funded reserve for K through 12 education and today, weights that are fully funded, which I think would've been impossible to happen without that in that particular change, but also other changes that were in that legislation in 2019. The other part is to expand the base. That's part two. To expand the base. And as I said before, we cannot just wave a magic wand and say, you know what? Spa services, those ought to just be subject to movie theaters or sports tickets ought to just be subject to our sales tax. No, it does not work that way in the state of Nevada. Rather, a companion excise tax would've to be imposed in order to expand the base overall. That said, if we just looked at the incremental sales tax and said, we are just going to create another tax and we are going to impose that to all of the services upon which all other taxes are imposed at each one of these rates, it shows you, and I think this demonstrates just how powerful the sales tax base is. We consume a lot of stuff, and the sales tax is currently imposed solely on goods sold at retail. Two portions of that that I think are important, goods services are not subject to tax in the state of Nevada and at retail, which means that if something is sold at wholesale, it is not subject to tax in the state of Nevada once it's used in production, that is considered, we have a sales and used tax in the state of Nevada. So if you bring machinery or equipment or lumber into the state of Nevada and it goes into the construction of a home, a school or a casino, that is subject to the tax. So those component parts work, but nonetheless, the base itself is massive. We've got a large economy in the state of Nevada. Over $200 billion in that economy. We are currently taxing less than half of that today. 60.7, 61% of all expenditures are not taxable in the state of Nevada. Over half are not subject to our retail sales use tax. And this is a chart. Sorry Chairman Hobbs. I went back to look at when we first started to use this chart. This chart I think we created for the first time on the governor's task force on tax policy. That's how long we've been using this chart. So for those who don't recall, that's like 2002. So the chart's been around for a while, but what this shows is that when this tax was created, right, we were spending a lot more stuff on goods and a lot less money on services. In today's world, it doesn't work like that. And we have like this period where COVID-19 reared its ugly head and we were all stuck at home and buying everything on Amazon and buying a bunch of toilet paper, Subject to retail sales and use tax. And you can see how these two lines kind of came closer due to each other for about 15 minutes. And once they got to the other side, we are back on the trajectory, baby. We are going the other way. There's nothing we like more than services and experiences and great things and we want to buy stuff on the internet and it's awesome. And that's what we do today. And that disconnect, Chairman Hobbs's comments earlier on have meant that the base has naturally evolved. It evolved over time or evolved to include less of what we spend money on. So, we talk about it in terms of the rate increase. We talk about it in terms of changing the base and that being something that increases taxes. I would respectfully submit that it's not necessarily the case that in reality that, whether we think about our ability to export our sales tax to those visitors we were talking about a moment ago, or whether we talk about it in terms of the things that we spend money on. I don't think necessarily the taxes have actually gone up on the consumers in the state of Nevada and not sales tax. I think that over the long history of time, because of the separation, they've actually gone down on consumers over time. I'm not one to be opposed to taxes going down, but we think about those taxes and their support for schools. We think about the taxes and their support for public safety or other things that we do. What we have to understand is we have less money available to actually provide those services. With that said, there are three elements for expanding the tax base. One, is the elimination of exemptions, we'll talk about those in a moment. Number two is current, the current tax rate and how we use that. And then number three is a new tax rate that could be applied now overall. So we'll talk about each one of these overall. With regard to the exemptions, there are two classifications of exemptions. One are explicit exemptions. These are ones that are specifically exempted from the tax in chapter 372, or our constitution does not allow us to provide them. And then there are implicit of ones that we have just taken out because of the definition of what our sales tax base applies to. When we think about these in terms of the explicit exemptions, there are some that feel very natural to us. The ones that perhaps by intention are not. For example, food for home consumption is not subject to tax in the state of Nevada where food, if you're going to eat out is subject to tax. Now part of that is we wanted to lower the tax base in order to make it more progressive and less progressive as a tax and food taxing food is pretty progressive. But the other side is it's also a huge share of our tax base. Also, one of the reasons that we are seeing our taxes increase because people are eating out a lot more than they used to. We have things like gasoline. It's subject to other taxes. In some states, gasoline is subject to tax. Also things like electricity, utilities that we pay for water sewer, not subject to retail sales and use tax in the state of Nevada. Things like prosthetics. And we have some other agricultural items that are not subject, that pharmaceuticals in the state of Nevada are not subject to retail sales and use tax. And as you might imagine, these dramatically reduced range at which we tax. And if we start to think about it, and then in terms of the current tax rate and applying it to second services, we start to get into the concept of those things that don't fit into goods sold at retail. We start to get into those concepts overall. This is a revenue generation matrix, and I realize there's a lot of numbers and people don't often like decimal points or matrices, but please bear with me for this moment. From the standpoint, when we are doing the analysis around this, it becomes quickly important to almost everything that we do. Where's the tax getting generated? Where are the dollars going and how much are the -- is the services base in this being included? And again, I want to make sure that this is clear. This is not an expansion of the sales tax as it currently exists. This is a companion tax, So, We're talking about if we found a hundred million dollars’ worth of things that we thought ought to be subject to just like the sales tax, we could create a companion sales tax. We could have a rate that would be at parity with the tax it is today, or we could have a lower rate or a higher rate. We've dipped our toe into this a little bit with the live entertainment tax and as the inestimable Carol Vallardo would've always reminded us that tax is actually the last companion of the cabaret tax that used to exist. It was a tax that was imposed and Nevada, like our depreciation was the only state in the United States that held on to the cabaret tax. And ultimately, we transitioned it over into a live entertainment tax in Nevada. That a couple of the iterations during its life. This shows you what that base would theoretically look like and where the categories would theoretically be laid out and those type of things if we just had it at the current sales tax rate. But what about if we did it differently and we did it new? And that's where we have to start this dialogue about the implicit exemptions that are not specifically identified in that statute. And if we go and we think about that, there's tangible, there's services to tangible personal property. Then I take my car in to get fixed, the parts are subject to sales, the services are not. Why, it seems like a disconnect relative to that. But that's how we've done it and that's what it is. Services to real property. These are things like pool services, landscaping services that are out there would argue that while some of our tax in terms of sales tax may be regressive, this is one that is not necessarily regressive potentially when it's services that are applied to things like commercial buildings, for example. We have a lot of services. Everything from security to -- everything from, we have all kinds of services you can imagine, right? We have business services and professional services that are included on you on here. This is things like, what I'm providing you today, right? Architectural engineering, marketing, consulting, all of those type of things are accounting are not subject sales tax in the state of Nevada, not today, and could be. Personal services, these are things I mentioned. Things like spa, we have the nice candles that are there, but there are lots of personal services that are out there. They're commonly included personal services like, um, you know, barbershops and, and getting salons and those type of things would all be included in there. And then we have amusement and recreation more broadly defined to include all kinds of recreation services. I go to everything from a museum to a movie to something along those lines could at least in theory be subject. And there are many, many more. I know that this is nothing more than an eye chart right here. I get it, right? But it is the dynamic of the chart that matters, right? What is the base that we have going across the top? What are we going to add in theoretically and what rate are we going to impose upon that? We have it going all the way to one 10th of 1% to 6.85%. The statewide standard rate, the rate that that every county in the state applies and all we're always have in the back of our mind also coming from Carol Vallardo trying to make things as uniform as possible in order to make that happen. If we think about that in terms of the major taxable service categories that are not currently subject to tax in the state of Nevada sales tax in the state of Nevada, these are them, right? Transportation. Broadcast services. When I buy like advertising or I purchased things like, I purchased seeing Netflix or I purchased a newspaper or a magazine, something like that. Not subject to taxes in the state of Nevada. Things like telecommunication. This would be, for example, my cell phone and my cell phone service that I have not subject professional services, finance and related activities education; People look at this one and say, education, but there's a lot of education services like professional education services as well as private education services, which at least in theory could be subject to tax healthcare, right? Obviously, there's one people get nervous about when you have a block about healthcare, but there's a lot of healthcare services out there. And we do have some taxes to apply to healthcare, including recently past provider tax, which provides revenue to healthcare services. Again, different than a sales tax or an excise tax that would be imposed, but certainly possible. Recreation, auto repair, car washes, other types of repair, including things like home repair or things like tenant improvements on buildings that are constructed for office buildings, personal care services, religious services and giving are relatively large category that are not currently subject. And again, I don't need to read them all. There are many of them that we would say, maybe these are ones we don't want, but again, I'm going to go backward before I go forward, right? You can get to a hundred million dollars in services fairly easily in terms of all this, when you think about a 200 plus billion-dollar economy, getting to that level isn't necessarily that hard. These are tax basis for some of those. And again, these are always never perfect, but if we just look at a few of them to have conversation about things like telecommunications, recreation services and personal care services, again, one that I think we would classify as being more progressive than regressive relative and more choice oriented as sales taxes tend to be. This is a report that was done by the Federation of Tax Administrators. Unfortunately, it hasn't been done again since 2017. So, probably some update is due here, but when they did do the analysis last go around this looks at what these are things that are subject to tax in 2017 in other states that are not subject to tax in the state of Nevada. And you see that there's many of those things. All the way from cellular telephone services to things like cable services and the like. But there are labor and activities that are subject in other states. And so from a starting point of imagining what could potentially be included, yes. I mean, yes, I realize some of them are kind of fun in terms of what others, but nonetheless it gives us an idea. So what if we dig into this a little bit and look at telecommunication services and imagine what be generated from this tax. So you've got wired communication and you've got wireless communication and you've got all other communication that's there. The total amount of sales is about $2.65 billion worth of revenue, total revenue that can be generated is shown there. And in terms of just at the base of that tax amount. At the statewide rate that currently being applied, which would mean another $70 million a year for K-12 education. And again, you see it at various dedicated rates that would go to K-12 education, depending if you wanted 1% or you pick it all the way up to a total of 8%, making it at least close to the tap rate that was there. But these tax bases are very robust relative to their ability to generate revenue overall. Same analysis done here before at current sales tax rates. We just looked at that and imagined, again, a parody here. And we imagine things like commercial sports or racing and track operations or writers, performers, those type of things. Again, some of these may be ones that are worthy of some considerations. Some may be half a month to what we're trying to accomplish in the state of Nevada, but we're talking about a tax base that is $4 billion in size. Very significant. And we looked at in terms of the rates applied to that tax raise, even if we just put a 1% tax rate on these type of recreation related services, you're talking about generating about $45 million every year at a growing rate relative to what we're doing. Personal care services, things like succeeding and photography, veterinary services coming in here. And some, I would think they may fall under healthcare, but they're under here for purposes. Other personal services, things like dry cleaning, those type of things, right? Again, I would suggest that some of these are ones, the devil's in the details, that some of these like things like death care services, I don't know where the state of Nevada's super apt to be thinking about taxing, you know, funerals or cremation or something along those lines. But others of them, like dry cleaning services or things like sightseeing are ones that other states have taken a harder look at and are worthy for consideration along these lines. This tax base is $6 billion besides. That's pretty massive for us overall. Again, if we look at it in terms of personal care services, and what they ramp up to at these different levels. Again, a modest rate has relatively substantial impact overall. These three categories that I showed you, and I want to be clear that these are just hypothetical. For example, purposes, the broader the base, the lower the rate can ultimately be, and I would suggest a broader base and a lower rate is always a better form of taxation. But just these three categories out of about 50 that ought to be at least evaluated, represent only 3.8% of expenditures overall. If we look at it in terms of public communications and its growth rate, again, how it's grown in terms of the dedicated tax from 1% to 8%. And then you can kind of see, let me take one step back. If we take all three of these and we show once they're combined, what they would generate between 1% and 8%, you'll see that 1% of these three hypotheticals would be about $133 million. And if we look at these in terms of only their portion going to the LSST, so only what would endure directly to schools not including the money that would go to the general fund and then flow into schools would be a total of $345 million at the current tax rate. If there was a size tax that mirrored that overall. With that, Mr. Chairman, that's an overview of the sales taxes, the tax base relative to the question presented by the commissioner.

Chair Hobbs: Comments or questions. Otherwise, I'll get that part of it, get that part of it started. So you're showing the portion that's treatable to the LSST under the assumption that you would have a separate but similarly looking excise tax, right?

Jeremy Aguero: That's exactly right. So if we were to have a tax, I'm sorry if that wasn't entirely, if we were to have a tax that had period with the LSST, that is what it would be. If we were to do something, you then essentially created an excise task that just applied something similar to our tax. We could at least in theory, have money that could flow into other revenue sources more than just education we could have carry in different structure of it. [Crosstalk]

Chair Hobbs: That's where I was going, is just differentiate between having a companion services excise tax or intangibles excise tax. And following the same structure and a portion that exists for the sales tax, because that's what we're all used to. We do have other local government agencies out there that are involved in that. We do have option taxes, some of which we're voted on, create a little complexity, or you could have a dedicated services excise tax where all of the revenue flows in one direction, right?

Jeremy Aguero: That is a hundred percent correct.

Chair Hobbs: So you show that, you show the revenue production both ways, and I just want to draw attention to that. So in talking about the sales tax base, I think it would be fair to point that part of it out. Those examples that you gave, if you go back to that revenue matrix, and I don't know if you have to jiggle the cord to do this, but, um, if you go back to the revenue production, I think two of them, recreation and personal care added up to $10 billion, right? In terms of revenue production. So if you go back to that matrix, which at 10 billion, say at 5%, right? So that's $500 million a year on just those two categories, right?

Jeremy Aguero: That is a hundred percent correct.

Chair Hobbs: With the dedicated tax rate that's lower than the one that we have today. It's pretty powerful revenue production, right?

Jeremy Aguero: Yes, sir.

Chair Hobbs: And so, as something that could supplement or compliment whatever may be done over time with property tax, this serves as a very viable alternative.

Jeremy Aguero: Yes, sir, it does.

Chair Hobbs: I'm not meaning to ask you a bunch of yes questions like you're on trial or something.

Jeremy Aguero: And I would argue Mr. Chairman, more so than it has at any point in our state's history, right? The level at which things that are outside the four walls of our existing sales tax in its current form, just grow more and more and more outside of that. And that's just the nature of, frankly, we spend money differently than our parents and grandparents.

Chair Hobbs: Well, and from a fiscal reform perspective, let's go back to that theory for a moment, right? If I'm the seller of intangible goods, I don't have to add the cost of sales tax to the final receipt for my customer, but if I'm the seller of tangible goods, assuming they're not specifically or explicitly exempted, I do. So in terms of there being equity among sellers in the economy, is it more equitable that some of the services would also have to do what the tangibles do?

Jeremy Aguero: From an equity standpoint, there is no doubt. And I would offer that equity can be measured a number of different ways as we've talked about many times in the past. But I would even say from a progressivity standpoint, in terms of making sure that we are not creating a greater burden on those that have a lower income, that we are actually shifting also away from that. And that's a big part of the equity, I think that you're bringing up as well.

Chair Hobbs: Well, and I think that needs to be one of the fundamentals that we established. Where we would be talking about those things that are considered more discretionary in terms of consumer spending, not the necessities of life, but some of those other things where there are more choices being made about whether or not to do them, which is why you've highlighted the categories that you've highlighted because they look that way. Anytime you mention sales tax, there is a knee jerk reaction to assume it's regressive. It's not always, or there are degrees of regressivity and there's actually progressivity as well. So, we would be paying attention to that in, in crafting the recommendation as well. But, you know, I, I looked at these numbers and by the way, Jeremy and I have these conversations quite a lot, and so, you're getting some insight into just how exciting our conversations are when we have them, because this is exactly the way they go. Yeah, no, it's a party every time we talk. But I did want to point that out because I think there is a lot of opportunity here to both correct the direction that we're heading with regard to the base and forcing us to chase that with rate, creating additional equity and doing it in a non-aggressive manner.

Jeremy Aguero: I agree with that completely, sir.

Chair Hobbs: Thoughts, comments, please.

Punam Mathur: Thank you. Thanks again, Jeremy. This for me again, it's screaming from modernization, just turning report. It feels like we're operating a fiscal policy that is awesome smartphones, I mean, awesome rotary iPhones, and we're trying to make them work in a high-tech information technology world. I just look back to the reports, which I know you still have memorized from when we submitted that, but I just looked it up, remind myself of what the declared principles were that we said we would adhere to as we during, through the what are the best ways to get optimal funding and the forward sufficiency, stability, predictability, competitiveness and equity, both horizontal and vertical. Listen to this. And one thing that also comes up for me is, as citizens, part of what I love about living here is that there's so much of my tax burden that's exported on these awesome visitors that come in. And it strikes me that in some of these categories, that's going to be more true than others. And as we look at sales tax or size tax versus property tax, and we corrected, it would be more true in a sales tax conversation that would be true in a property tax conversation.

Jeremy Aguero: The answer to that question is yes, there's always an indirect implication associated with visitors coming in and spending as much as they spend and driving value. I don't want to minimize that at all. Our resort industry and, broadly defined generates a huge amount of our property tax. But to your point, if we look at visitor spending, very little, if any, on property, huge amounts on services.

Punam Mathur: To the extent as we're making writing up the case for an exercise tax to the extent possible quantify order of magnitude of that export because I think as a design principle, by itself is an important consideration from Nevadans. Great job.

Mark Mathers: Member Mathers. To the extent it helps, well, the estimates on the current sales tax would suggest that about 24% of the sales tax is currently born by visitors today. So just to think about that order of magnitude in terms of our ability to export our tax burden, it's huge. And obviously we'll work with the Chairman to go through that exercise.

Chair Hobbs: I think one of the other things we're going to have to point out, as we put this together, and we've already talked about it. Whether the separate excise tax, all the nurse to education, which from an education standpoint looks pretty good or from a political perspective. The other local governments who may feel that their needs are just as under met for the services that they provide, mimic the distribution or the apportionment of sales tax that we have today. And again, we have a couple of option tax that we're voted on. So, those are going to have to be carefully thought through. I'd have to go back and see the way those were originally written to see whether or not any of that gets captured. I don't think it does.

Jeremy Aguero: Mr. Chairman, I don't think it does either. I think it's going to apply to the same rate as 372, and then that'll just be a separate rate. Not unlike the S-E-C-R-T, excuse me, the supplemental school tax --

Chair Hobbs: L-L-S-D.

Jeremy Aguero: L-L-S-D. Excuse me, the local school support tax exist today.

Chair Hobbs: I think we have that latitude, but I think we need to fairly point all of that out, which you have in this presentation. But again, I think the impact I was looking for was $10 billion of taxable services isn't a lot of taxable services. This is just from a very selected area that would have to be combed through. I mean, you don't want to kill the discussion on personal services taxed by having failed to recognize that there may be a couple of things in that, that are unpalatable. So, we have to exercise some caution there, but I think there is production potential well beyond the $10 billion that we're looking at here. I think it may move forward that wat.

Jeremy Aguero: And consequently there's rate latitude too.

Chair Hobbs: Depending upon what the revenue production target is, but it's this is one of those where it's like, it was high time 20 years ago. It's high time today, so, higher time, highest time. But I want to go up north too. Up to Dave and Mark and Kyle, see if you have any additional comments on this as well.

Mark Mathers: Mark Mathers for the record. No, I think this is really good, great information to have as we assess funding sources. I guess my only question is just wondering, we've had discussions about doing some analysis that would look at either reallocating state or other local government revenues and so forth to tease out whether that's really a, a feasible way to at least partially fund, um, school district's needs. When does, when do we think we'll see that analysis in addition to this?

Chair Hobbs: Well, the parameters of that analysis are something we would have to actually think through. I mean, what are the parameters for making a determination as to how much C tax, for example. I think that's probably a good example here, mark. How much of that C tax could be redirected from the current local government recipients to school districts? Is it based on an amount over a certain presumed level of growth? Like anything over 4% growth would go into a different bucket. Is it an evaluation of local governments and their fund balances to make it some kind of determination as to relative, not solvency, but well, solvency on one end and sufficiency of fund balance on the other and making some kind of judgment. So we would have to have a methodology to do that. Now, what I intended to definitely make note of in the report is before you get to things like property and sales tax or whatever else, anybody else throws into the mix legislatively, because we know that happens from time to time, no lotteries or whatever come up. Before you do any of those things, it's the responsible thing to do to evaluate whether or not there is any existing revenue that could be repurposed for education, whether that be at the state level by way of increasing appropriation, which is a choice matter, right? Or by way of redirecting local government revenues to education, which naturally the local governments would probably have a different viewpoint about. I intended to put something like that in there and giving some for instances. I don't know that we actually are in a position to quantify this. Do you have thoughts on this, Jeremy?

Jeremy Aguero: I think the way that you laid it out, Mr. Chairman, is the right way to think through that. I think it gets really complicated really quickly. Additionally, there's another layer on it where some of those funds are likely to be pledged, right? And I don't know how to think through that. I mean, the way that you laid it out to Member Mather's question, there's no doubt that you could look at what those allocations are, and imagine what it would be if you just redistributed. I think that's a fairly straightforward way to do it. In practice, I think that the application of the strategy will be more complicated than the underlying effect.

Chair Hobbs: Yeah, I mean, to the pledge point, I would have to actually go back and think about this. I mean, we do this all the time where, where you pledge C tax with the geo backing, and I believe the C tax is limited to 15% of C tax. I don't think anybody's anywhere near that. But as far as the writing up of the documents, whether or not that's considered a gross or net pledge, I don't remember off the top of my head. I have to go back and look at that.

Jeremy Aguero: What's that?

Chair Hobbs: Alright. Go ahead Paul. I want to make sure I go back to Mark to make sure we finish this point, and then I'll come back over to you.

Paul Johnson: Well, thanks, Chair Hobbs. I mean, I guess, we've had several conversations along these lines. I thought there was consensus on the commission to consider some of those options in order to provide those options to the legislature and to show them if nothing else, the limitations of those options. And I guess applied analysis, I think was at the table during some of those discussions. And I really feel like we need to quantify it and play it out and show the legislature again, what tools in the toolbox they have, what options they have. And I guess I'm looking for more than a paragraph or two on it. We talked, for example, about how State general fund support for K through 12 is decreased over the years from 40% of the state general fund budget to 33. So as a means to quantify, one scenario would be to over time allocate a greater share of incremental state general fund revenue so that we get back up to 40%. And so, what would that 7% difference look like multiplied by the total state general fund budget? I mean, that's just an example of, again, ideas or concepts that I'd like to see quantified in our report in order to, again, show the legislature what options they have in front of them to be better educated. Um, and, and that to me is, again, more effective if we can quantify those options.

Chair Hobbs: To the point that you just made Mark, and since we have Jeremy here, I'd be interested in his comments on it too. And I think this goes to the comment made earlier about the state has the wherewithal to increase appropriations. They have the wherewithal, they have a lot of other challenges, obviously. And if we were to create an equivalency of, as you just said, going from 33 to 40% over a period of time, how much more appropriation that would require each year as a demonstration of what we would prefer to see that level of choice be, that can be quantified. That isn't terribly difficult to do with respect to reallocation or reapportionment of revenues that are -- whether it's through property tax or C tax, that one becomes a little bit more complicated without there being some parameters for doing that kind of analysis.

Jeremy Aguero: Mr. Chairman, that's a question for me. I agree. The analysis is doable. The parameters, they matter in terms of exactly how this group wants to sort of see that ultimately presented. There's also a little bit of a nuance relative just to the state's general fund itself, and that the general fund itself has changed over some time, including in 2019 in a pretty major way. And so, from that perspective, I think we just have to be, not that it's not doable, we just have to sort of think through. [Crosstalk].

Chair Hobbs: No, I think we have to look -- Jeremy [crosstalk]

Jeremy Aguero: What's the gap? And then how do you think?

Chair Hobbs: I think we would have to look at it as a, for instance as opposed to anything else. I like order of magnitude. I think that's where Mark is going. By way of illustration now, as these Mark referred to as a couple of paragraphs, I thought about it as a little bit more in depth than that. But, I think it's responsible to point out that you have these other options other than raising taxes. Are they doable? Well, over time, apparently not. At least in their minds. But to show them, if they were to bring their level of commitment up to a prior level, it would take this amount or their option is to raise taxes. I don't know that that's unfair now, but the part about the reallocation of local government largely local government revenue. This other thing we're talking about is a state operation thing.

Jeremy Aguero: Yeah, I get it. So, the analysis is essentially, you create this, whatever that gap is in terms of the first piece, and then you've got multiple ways of filling that gap. One of the ways of filling that gap is a reallocation of revenue sources that do not endure to the state's general fund, whatever those are. So, I mean, all the tools are there to be able to do what you and Member Mathers are talking about. I think, again, just some additional guidance that maybe we can maybe need to take offline, but just relative to how best to sort of think through the hypothetical that you're talking about. But I do think it's doable.

Chair Hobbs: Well, before we even take it offline, with respect to that second piece and involving reallocation of revenues that are directed to other units of government around the state. It's something that I'd like to get some feedback from the commission about because it obviously takes on a little bit of a different. Oh, please.

Punam Mathur: Yeah. Thank you, Chairman Hobbs. So, philosophically it feels like a pitfall that could befall us. Wherein expressing an alternative could divert too much attention from the good idea, because I think there's a little bit of risk of Holy War around a zero sum of that. I feel like for me, my mission is to rally Nevadans, every single one of them if we can because that's what it's going to require. I think, to help elected officials develop the political will to do something, that to me, seems to step in the other direction, or the potential for a step in the other direction. So philosophically, it is a sitting right, and if in order of magnitude it doesn't represent significant solution. It feels like it, that may be more trouble than it's worth or less valuable than risky. It has nothing to do with the actual math of the work, but just the dynamics that it could create distraction from a good idea. Yes.

Chair Hobbs: Other comments? Paul, do you have your hand further? Okay.

Paul Johnson: Thanks, Chairman Hobbs. Member Johnson for the record. Yeah, just, just one quick note is, as with the property taxes, if we can make this relatable to the taxpayers, elected officials, make the decisions. So if we can take some heat off the elected officials by making it relatable to the taxpayer that might have some value.

Jeremy Aguero: We'll make sure that we get that done. Thank you, sir.

Chair Hobbs: Back to any comments on the latter point raised by Mark. Anybody else? Again, I'm just, we're looking for direction as far as how to construct the report. Please.

Joyce Woodhouse: Member Woodhouse for the record. I remember from the meeting where Member Mathers brought up the 33%, versus the 40 that K-12 had at one point in time. It would be interesting to know what that amount, that dollar amount is, and so, you look at how big the deficit is. But I also have to philosophically as Member Punam Mathur said. I don't want our recommendations going forward to end up being in conflict with each other or to generate negativity about the number one thing of what we're trying to do. And that is to address the funding capacity for K12 education in the state of Nevada. I appreciate getting all the information we can, but I also think we have to be realistic and practical about what our report is going to say to legislators, to our general public, and certainly to our other governmental agencies within the state. So, I have some consternation regarding this ask, but to give some information, that's fine. But I think we have to be careful about what we do with it. Thanks.

Chair Hobbs: No, thank you. I think with respect to having some direction from the commission regarding the construction of the sales tax piece of the report, we're pretty clear on how we're going to do that. And again, there will be some language and some quantification of at least the equivalency of former funding through current funding that we can put in there. I just remind the commission as a whole. We want to get working on this report because, I'm watching the -- the calendar seems like a clock today. As far as how fast that time's going. And we want to get moving on that part of it. And you all see the report and have to approve the report before it goes final. So if there's other things that we need to emphasize, touch on, there will be another opportunity to do that. Hopefully sooner than later, hopefully in the next couple of months. But we wanted to get direction on how best to ruin the rest of our summer today. I think we have that. So, with that, we can close out agenda item number seven and thank everybody for their time. Thank you very much, Jeremy.

Punam Mathur: I just want to get on the gratitude bandwagon. Jeremy for the quarter century, you've done this guy for the almost half century. We've done this. The fact that the fact that babies in Nevada who you'll never meet are going to get the beneficiaries of the work that you've done. I am in awe of how much you've forgotten, how much, you know, I love that, uh, you're recalling and really bring forth the history. I heard Marvel Levit, I heard Carol Velardo, and saw the thoughtfulness that you put in and the impeccability and work that you've done. I am just endlessly grateful and I can't -- I just keep imagining it's like a sitcom. What your conversations and your joke sessions must sound like.

Jeremy Aguero: That really means a great deal to me. Thank you.

Chair Hobbs: Thank you so much. And we'll continue this conversation later and record it for anybody that may be interested. So that brings us back to agenda item number six. Let me preface this one a bit too. This is a continuing discussion regarding the special education funding distribution methodology and weighted multiplier, which we've been specifically tasked with as a part of the legislative memorandum. And we were to have subject matter experts today present some material to us with regard to this item, which I think most of you're familiar with anyway. And unfortunately, Sarah from WestEd has taken ill and was unable to join us in person or even by a video conference. So we want to wish Sarah the very quickest possible recovery, but they've done a lot of work in this area. If Megan's available, she could come forward and maybe we can distill this down. And this is dangerous, at least based on my understanding of where we are with this and at least maybe provide some direction. Megan, are you at the table?

Megan Peterson: Chair, I am.

Chair Hobbs: Okay. As I understand this issue, and Megan, I was going to say, she should correct me if I'm wrong, but Megan will correct me when I'm wrong about this. Part of this task was to make a determination as to whether or not we should treat special education the way that the other weighted categories are treated. So, in that flow chart of funding, assign a weight to it, and fund it that way. My recollection of the materials I've seen indicate that the suggested weight for special education is essentially unachievable at this point in time, given the level of funding that we have. And in fact, the proxy weight, which is determined after the funding is done and is divided then by the number of students, is probably at about half of what that weighted amount would be. And so, it at least seems to me, based on my limited understanding of this, that making a change in the way that we fund special education at this point, from funding it where we do in the overall waterfall, if you will. And funding it as a weight while we're fully funding the other weights, would not seem to make a great deal of sense to do. That is a matter that's subject to additional funding like so many other things we talk about whether it's the NCEIs of the world or other matters that we might do differently if funding were sufficient. And again, I'm not trying to presume what anybody else may think about this. I'm just trying to distill it down in absence of WestEd being here to provide this material to us. So with that, I came away from discussions this past week believing that a better course for us to take would be to maintain what we're currently doing until such time as we're able to fund the weight appropriately. Uh, and I throw that out there just simply for discussion. Megan, do you want to add anything or correct anything?

Megan Peterson: Thank you, Chair. Megan Peterson for the record. So I would just take a moment to refresh everyone on what the task was based on the legislative letter of intent, which was one to make a recommendation on the weighted multiplier similar to the other categories, and then a recommendation on the distribution methodology. So, I think based on obviously the conversations we've been having, the crux of the conversation seems to be the concern about the lack of funding if we were to move forward with the recommended weight that has been put forward. The commission can still choose to work through. Is there a more equitable way to address the distribution of the funds as it currently exists knowing that a few of our districts and the charter schools are not receiving a per pupil amount that may be more equivalent to a number of our districts are receiving because of the hold harmless provisions that we have in place. But you are on the right track.

Chair Hobbs: Well, at least perhaps for the first part. So, for the second part with regard to distribution, does anyone have any comments, suggestions? Jason?

Jason Goudie: Jason Goudie for the record. We're going back a couple weeks, so who knows if I can remember what we did, but from my recollection, my concern on the distribution component to it was there were some very, very small districts that had some very, very big numbers. And while I don't necessarily disagree that there could be a better way to distribute because there always is. I had pretty significant concerns. I mean, I think in virtually every scenario, Clark came out ahead, it's always nice, but again, we were coming out ahead like 3 million from what I recall, which is a smaller impact to us than a $500,000 impact to a smaller district. And so, I was concerned about that and how that would really roll out. I agree with Mr. Hobbs that the weight itself and I know there's some proposed ways, but given the vast difference in IEP requirements at Clark, I mean, we have students that have IEPs that maybe cost us a thousand, and we have some that may cost us close to half a million dollars and applying weights. And that's why I think at the very, very beginning, I said, I'm still concerned about applying weights because it is such a disparity, EL students can be abandoned. And I think we got enough information on that special education there is, the band is so wide and I get apprehensive. So I agree with Chair Hobbs that until a proper funding component, is there -- and we can really truly look at what the real weight should be, I think that's a challenge. And in my view on the distribution, I just had a number of fears that any of those distribution models, and maybe there's something that I missed, but I know at least one or two or whatever it was, had some potential reading negative impact to small schools at a high percentage.

Joyce Woodhouse: Thank you, Mr. Chair. Joyce Whitehouse for the record. And I just wanted to refresh, remind everyone that this is on the list of legislator requests and that report is due on the 1st of August. So I think it's incumbent upon us if we possibly can to make a decision today rather than pushing this off. And I'm so sorry that our presenter is ill, but I think we just need to move forward and I think the things that the Chair and Member Goudie have addressed are the way we need to go for now. Another day, another year. We'll have more information; you'll be able to in address it.

Chair Hobbs: Well, hopefully we can bring that to the point of a motion. Before we do that, I want to go back up north, uh, and see if there's any comments from Mark, Kyle or Dave.

Secretary: No comments at this time.

Chair Hobbs: Thank you very much. Please.

Punam Mathur: Thanks, Chair Hobbs. For the record, Member Mathur. I was just trying to recall the history. Originally, it was contemplated to be a special ED weight. So, the intent always was to have a modernized funding formula for people where the backpack of funding followed a special ED kid as well. What became clear early on in our journey as commission, as we tried to stand the thing up, was because of the federal mandates, IEPs and these massive fluctuations between what it cost to meet kids needs and overlaying out with the size of our big districts and our team, we districts. It just was really impractical. And so I think that's the truth. Funding is the one thing that will help to create some shock absorber so that we don't have really massive unintended consequences that we don't want. And so, I think that's right by August 1st to say we hear you, it was always our intention. Here are the reasons that it is complicated and doesn't need to be solved today. We revisit it and sign it to us again if you want, or put it on our evergreen thing to look at as a Commission.

Chair Hobbs: Does anyone feel comfortable making a motion?

Paul Johnson: Well, yeah. Mr. Chairman, Member Johnson for the record. I'd make a motion that for now we recommend that we leave the funding mechanism as is until such time that funding reaches a level that makes it practical to include in the PCFP.

Chair Hobbs: Do we need to have anything in there with regard to the distribution element? It's your motion.

Jason Goudie: Jason Goudie for the record. I think the way you stated it is that the distribution model would remain the same. Okay. Because he said as is, right? So I took that to mean both the fact that we're not using the weight so is that clear?

Chair Hobbs: Okay. Thank you for the, the clarity, and thank you for being dead on with your motion. Alright. We have a motion and a second. Is there any additional discussion? Not hearing or seeing any? All those in favor signify by saying aye.

Group: Aye.

Chair Hobbs: Opposed? Okay, thank you very much. That moves us to agenda item number eight, which I think I'm going to take item number nine because we have another presentation and I will alert everybody. It's 11:30 and is it the desire of the commission to take a break, maybe after item number nine for those that want some sustenance. Then we'll go into agenda item number nine, and then on the conclusion of that, take a break. So we would invite forward Dr. Kelsey Krausen with WestEd

Amanda Brown: While I get set up. I'm actually going to be Dr. Kelsey Krausan and Justin Silverstein today and myself. So I'm all of the people for us.

Chair Hobbs: A utility player, Amanda, that's admirable.

Amanda Brown: Alright. Amanda Brown for the record. Looks like I didn't even ask Paul to get me set up. I managed to do it myself. So, as I mentioned, I will be presenting for the team. I'll be blamed with, Ryan and Oman from WestEd who are online. So we'll be trading off between slides and I'll be driving for it. For our agenda today, we want to start off by talking about the 8,400 SB 98 reporting framework. We'll be reviewing the recommendations from last meeting, discussing and making recommendations about the remaining metrics that we didn't get to in the last meeting. And then if time allows, we'll also talk about the streamline, the current reporting requirements, date of visualizations, and end on any remaining questions and discussion. So with that, we'll start by reviewing the recommendations that were made last time. Ryan, I believe this will be you.

Ryan Miskell: Perfect. Thank you. This is Ryan Miskell from WestEd for the record. Here we are reviewing the adaptive recommendations related to objective one. First, we have the frequency of reporting as data for most metrics are collected once annually, the mission on school funding recommended annual reporting rather than quarterly reporting. Moving to the timing of data reporting that CSF recommended reporting of the data collected in November to align with the timing of current data collection and to allow time for analysis and sharing the collective data. Next, we have the level of reporting that CSF recommended collection and reporting of data at the school level, which will provide more detailed views on student and school progress. And we look at avoiding duplicative reporting and the effort to avoid the patient and reporting would take time and personnel. The CSF recommended having districts and charter schools report only data that NDE does not already have access to each year, for example, do not collect data from districts that NDE receives directly from a vendor or data that is reported to other reporting requirements. And finally, we look at trend analysis for the initial report that CSF recommended collecting and reporting on data starting from 2020 through the current year. The collection period allows for the comparison of student and school performance under the old funding plan for the new funding plan, and with the additional investment and future reports would only require the collection of data for the current year, the summary, or would continue to include a trend analysis of the most recent five years. And then moving to objective two, we have met the firm of CSF with some additional definition as needed. CSF affirmed rate of graduation of pupils from high school diploma, as well as the performance of pupils on standardized tests in math, reading, and science was the number of pupils who earn a passing score on an AP exam and the passing score on an IB exam. Additionally, first dimension pupils in each school who drop out. Oh, the number of violent acts, type pupils, and the number of disciplinary actions in schools. The retention rate for teachers broken down by the mover lever and stay rates. The number of CPE credentials or other CPE earned back school graduate to complete a TPE program. And finally, the number of pupils who enrolled in higher education upon graduation in Nevada system of higher education institutions.

Amanda Brown: So, the other additional metrics that were adopted by the commission at the last meeting are around finance. So that included per pupil total expenditures by LEA and by school per pupil revenues by each of PCFP fund categories. So including your adjusted base funding, your different weighted student categories, special education as well same for per pupil expenditures. The next two, we adopted, but we've added a little bit of clarity around the language based on our conversation last meeting. So per pupil expenditures and percentage of total expenditures by the highest level function code only, and we put examples of that. So that'd be the thousand level, 2100, both by total and the PCFP fund category when available. Same with the highest level object code. So 100, 200. This is to try to address the idea of, we didn't want to report on all the sub ones below the 101, 102. Then we also want to have full-time employee FT counts and for student ratios by function, total and PCFP fund category. So, again, that's high level function, highest level instructional student support, instructional support administration like that. I'll turn it back to you [indiscernible].

Noman Khanani: Hi, Noman Khanani for the record [indiscernible] which are recommendations on alternative metrics from the original law. So the first is the attendance rate for a few votes. What's written in the text of law is a vague measure of attendance. And so, we recommend to be more specific that in alignment with the NSPF, the CF should use chronic absenteeism as the metric to measure student attendance. Secondly, the percentage of pupils in each school who lacks a sufficient number of credits of graduate by the end of their 12th grade year. We recommend revising this metric to align with the NSPF, which uses ninth grade credit sufficiency to measure whether students are on track to graduate. And this allows us to understand where problems may lie before students are at a point where they're about to or supposed to be graduating so we can catch the issues earlier. Thirdly, is the literacy rate for pupils in first, third, fifth grade. And we recommend that the NSPF growth the growth rate in literacy for grades K through 3 on the NWA measures of academic progress as a measure of early literacy. So this would mean that we'd be adding kindergarten, first and second grade to the list of measures. And we'd be removing fifth grade because fifth grade, the measure that's used for literacy is different. It's measured using the smarter balanced assessment, which is tied to the state curriculum and not strictly literacy. Fourthly, the number of classes taught by a substitute teacher for more than 25% of the school year. The CFF recommended, excluding the metric from the AB400, SB98 reporting framework. Fifth, the rate of vacancies and positions for teachers, support staff and administrators, and the CSF recommended data collection on the rate of vacancies for teachers and administrators only, and not for support staff since those data are not current currently collected in Nevada. Go to the next slide. And now I'll start us off with our discussion of objective five, which are our metrics for further discussion. We do not have a specific recommendation at this time of whether to use or remove or use an alternative metric.

Joyce Woodhouse: Noman, just a quick pause. So that was the recap of all of the recommendations that were adopted at this last meeting. Just want to take a pause here if anyone had any questions or if we can move into kind of the new content.

Chair Hobbs: Looking around [crosstalk].

Amanda Brown: Okay. Noman.

Chair Hobbs: I think you're good to go.

Noman Khanani: Okay. So for objective five, we do have some recommendations, but again, they warrant some further discussion. So, I'll offer our rationale for each recommendation and we're happy to discuss afterwards.

Chair Hobbs: Let me just interject for a moment and ask the commission as we go through these recommendations, which would be new recommendations that we would be making. Do you want to take them one at a time or as a group? And perhaps there's an exception to taking them as a group. We can take that separately. Does that work? Okay, go ahead and proceed. I'm sorry.

Noman Khanani: Alright. So the attendance rate for teachers, we do not recommend including the teacher attendance rate and the AB400 SB98 reporting framework. And this is because we look at the data of teacher attendance rates over time across the entire state by district, by school, and outside of the early years following the start of the pandemic, it has been very little variation across schools and districts as to the percent of teachers who are in regular attendance at school. It's oftentimes ranging between 90 and 97% across the state. And so, again, a lack of variation, we don't think this is a meaningful measure to be using for accountability purposes. Secondly, the number of pupils in elementary school who are promoted to the next grade after testing below, proficient in reading immediately preceding school year separated by grade level and by level of performance on the relevant test. We do not recommend cleaning this data either in the AB400, SB90 reporting framework because we feel this is fairly redundant with the reporting on the literacy rate. We imagine that the purpose of this being put in there in the first place was to understand how many students are being promoted who otherwise might have been retained under a prior iteration of the Weeds Act. And given that not everyone who is below proficient on a test will necessarily be retained as seen in other states that have similar policies, we think this might be a misleading measure of how many kids are being retained, who are being promoted, who otherwise might have been retained, under another law. So, it's real value is really just understanding who's below efficient and therefore we believe this is fairly redundant with the literacy rate. Third, the number, licensed teacher designated to serve as a literacy specialist pursuant to NRS388.159. And the number schools that fail to employ and designate such a licensed teacher. We also do not recommend including these data in the 8,400 SB98 reporting framework, given differences in FTE across schools, and to avoid additional accountability for hard to staff schools. Mr. Ryan?

Ryan Miskell: This is Ryan Miskell from WestEd for the record. Continuing with objective five related to metrics -- There are two metrics here and then one on the following slide related to objective five. So the next metric is the number of pupils who enroll in a vocational or technical tool or apprenticeship training program. We recommend including measure of students who participate towards this learning and who earn industry recognized credentials as an alternative metric. This metrics are not otherwise available and would be difficult to collect. And the next metric is the number of schools and classrooms within each school in which the number of peoples independent [indiscernible] design capacity for the school or classroom. They cannot recommend including data. Data metric may not be reliable and NDE has found that defining capacity across schools and districts is complicated. Additionally, other metrics provide information related to capital resources and facilities. And next slide.

Noman Khanani: I'll take on this one. Survey data on school satisfaction. This is based upon the results of an annual survey of satisfaction of school employees, the results of an annual survey of satisfaction of pupil's parents or legal guardians of pupils and graduates. And we've talked about this a considerable length in previous meetings. And our recommendation is to work with NDE to explore options for survey administration in the future. As we've talked about in the past, there isn't a specific survey that is focused solely on satisfaction that is uniform across the state. And so, the data is currently not available for reporting the AB400 SB98 reporting framework. However, the existing school climate measures may offer a good substitute. But there are still some more information needed before we can proceed with that recommendation.

Amanda Brown: Amanda Brown, for the record. So that concludes all of the recommendations under this objective five and would be the last metrics that we have to discuss.

Chair Hobbs: Thank you very much Amanda, and thank you both for the explanations on each. As we move to consider these recommendations, one thing I would like to ask is that, if these recommendations are adopted, the rationale that you provided today also be included along with these recommendations as a part of the overall reporting, that would be extremely helpful. What's that? [crosstalk] And you did it very succinctly and it made a great deal of sense. And I think we put that in your hands. We trust you with that. So, with regard to these recommendations, are there any that you want to revisit separately? Sure, please.

Punam Mathur: Thank you, Chair Hobbs. Thank you for this. And the leadership shown by Paul Johnson in addition to the record wisdom that he brings all the time. On page 11, first bullet, the number of peoples who enrolled in a vocational optical school apprenticeship training program, remind me because elsewhere in the accountability system, we are contemplating evaluating CTE participation, right? So just help clarify the definition between work-based learning industry recognized credentials and CTE, because I just don't want the business community to say, oh, the accountability system has no evaluation of whether we're preparing for workforce or not. And I know that's not what we mean. So just clarify that because that's a little different than necessarily what this says by itself.

Paul Johnson: Mr. Chairman, I just promoted myself to Chairman, Chairman Johnson. Member Johnson for the record. So, first of all, the item that says the number of students is not as significant because the small school district's going to have a smaller number. Large schools, it's going to have a larger number. So without a percentage would be best to apply to that. There already are measures for school to careers that's in the school performance framework, would just provide another metric. I was going to look it up here to see if I could find it real quick.

Dr. David Jensen: Paul, while you're looking that up, this is Member Jensen. I'm reading this a little bit differently in terms of the questions from Member Maher. This reads to me a vocational of technical school, which Clark and Washoe County have the opportunities to offer. We offer CT programming, which offers some dual enrollment. And as Paul has indicated, we, we do track those metrics. The work-based learning for us really falls in as an elective course where our students are able to go out into our communities, engage in opportunities, welding, whatever it may be, along that lines, get the work-based experience, but also get credit towards graduation. And so for me, this makes a lot more sense to focus on the work-based learning. Because the way I read it on vocational or technical schools, Paul and I and Kyle, were going to report zero because we're not big enough to offer those as a course.

Amanda Brown: Amanda Brown, for the record. And I'm going to look at Ryan and Noman to add, if I'm saying this wrong. I believe this was also talking about post high school enrollment in vocation or technical schools or apprentice programs. So our recommendation was to use the metrics that were available to talk about within K through 12 experience in post-secondary and CT and industry versus trying to collect data after they've graduated, which doesn't currently exist. Would that be fair, Ryan and Noman?

Noman Khanani: Yes, Amanda. I agree with that description. And Chairman Hobbs, in the existing Nevada School Performance Framework for high schools, there is a, a bubble for college and career readiness. And there is post-secondary preparation participation, post-secondary preparation completion, and then below that for advance slash CCR. Those are the current metrics. So adding percentage of participation I think adds another level of validation.

Punam Mathur: And to all of the members of the business community that are tuning in today and not blinking listening to this conversation, I think what that reveal says, we'll have an accountability system that will give us meaningful insight into what workforce pipelines is going to look like, which is the important thing that the accountability system should do. So thank you.

Paul Johnson: Thank you, Member Johnson, for the record. And I think it's really important because we just had Jeremy come up here and talk about the vast amount of funds and tax policy exchange that might have to take place. And in order to give the public trust and confidence that we're being good stewards of their money, it's critically important that we create a reporting and accountability framework that provides them a system of feedback that gives them some comfort level that we are being good stewards of funds. So, they are not separate from the revenue. I think they're directly tied. And we need to be able to illustrate and come up with a format that says, look, here's how we're going to measure performance at school level. We're going to have all of this data in a data repository, which is where the Nevada report card, where we can have a lot of data and information with respect to inputs that maybe are not the specific outputs. Identify how students are doing. And with all of this information, you're going to have full transparent transparency to see how funds are being invested and, how funds are being used, and how the needles is being moved.

Punam Mathur: Useful. I'm happy to make a motion that we adopt the recommendations contained in this report with some gratitude for leadership of Paul Johnson in the work of our amazing trio consultants.

Chair Hobbs: We have a motion and a second by Member Woodhouse. Any additional discussion? Hearing none signify your support by saying aye.

Group: Aye.

Chair Hobbs: Opposed? Thank you, Amanda you're -- there we go.

Amanda Brown: Thank you. Amanda Brown for the record. This slide is just quickly then highlighting all of the metrics that have been recommended for inclusion. I'm just going to quickly go through them so you can see, again, the buckets they fall into to have the comprehensive picture. So, academic achievement, graduation rates, standardized test scores, number of credentials or other CT certificates, passing scores on AP or IB ninth grade credit sufficiency percentage of students who drop out, number of students who enroll in higher education. skipping this one because we recommended doing an alternative metric there. Chronic absenteeism, percentage of violent acts by people's, disciplinary actions. Then in early literacy, we have K through 3 literacy rate. So again, kindergarten, first, second, and third, promoted students who tested all proficiency we're going to exclude. And same with the literacy specialists. So our metric, really in early literacy is that K through three literacy rate. Hiring and retention, rate of vacancies for teachers and administrators, retention rate of teachers, including movers, leavers, and stay rate. We are excluding the classroom exceed capacity. And then the satisfaction surveys, again, this is one where none of the surveys quite line up, so there not be one there. Our funds are being used, the ones that we went through just a little bit ago. Total expenditures and revenues for LEA in school by PCFP fund category, expenditures by function and object the highest level, and then FTE counts and first two ratios by function. So just a quick recap of where we landed for what will be the metrics going forward for 8,400 and SB 98. Okay. So then with that, we have a number of kind of secondary and longer-term recommendations outside of the metrics that we'd like to talk about. And I have a note that actually Paul is going to help lead this.

Chair Hobbs: Did Paul know this?

Paul Johnson: Yeah. Thanks for waking up, Amanda. I appreciate that.

Amanda Brown: I believe he did know this.

Paul Johnson: Yeah, I did. I did know this. And thank you Amanda. And first of all, it's really great working with WestEd and APA and the experts that have been there. Just the wealth of information that they have and it's really helpful. And plus, I got to give kudos to my crew, my work group, they're awesome. So, on the recommendations and secondary and longer-term recommendations. So the first one says that creating a single integrated recording framework to measure progress in Nevada that incorporates the most meaningful elements of the NSPF facing, facing accountability and AB400 SB98 reporting framework. And there's a number of bullets right there. And I just want to explain why that is important. We can't have multiple ways to measure effectiveness, because then school districts have to try to figure out which metric are we supposed to appease and invest our resources at the school and district level in order to move which one. And then conversely, the stakeholders, which one is the right one to use in order to effectively measure the performance of school? So having multiple frameworks to measure performance, we think is more confusing than helpful. So I think ultimately long term, what we want to do is get what are the most important pieces of each one, and let's create one for work. And let's all agree that this is the way that we should measure school performance. That way it's universally, there's no argument about which one is better or which one is worse. And it helps school districts guide their investments in education to drive the results that we all collectively agree should be included in a framework. The bullets down below there talk about sudden setting, certain report requirements for acing accountability. Adding the metrics that are in the legislative mandates into the report card. Now, keep in mind the NSPF; in order to change that, it is a significant task that NDE would've to undertake. There's a process that's prescribed that they have to go through a public engagement stakeholder input in order to make those changes. So it is not an insignificant task for them to do that. But if that's the direction that goes in order to harmonize all of this in one focus, that's probably something that should be undertaken. Of course we talked about the burden that currently exists with the volume reports that Jason's working group has been working on. That needs to be streamlined and fine-tuned again. And I think I remember Member McIntosh saying at one point they want to provide so much information that nobody would have any questions, and that was ended up being more confusing and led to more questions. So this would be in line with focusing that as well. Additional investments at the Nevada Department of Education level, I think is important as well. Because if we want to have a world class structure, we have to have world class support, we can't have one without the other. So we need to make sure that NDE is equipped with the human financial capital resources that they need in order to adequately support the system that we prop up. And then obviously disaggregating data to align the PCFP Pupil-Centered funding plan, and directly link it to the performance framework so that we can identify that in school district, improvement plans and school improvement plans. And we can directly tie the investment in those human capital financial resources with the output that is intended to be moved on the performance framework so that there is a purpose behind the investment directly linked to the performance criteria. And I think that's it as far as the top bullet item. The bottom one, it says the CSF may also want to consider having MD evaluate revised, the NSPF to include the more meaningful holistic indicators and measures. And this means that we need to take a look at each one of those categories that are in this current school performance framework to see if there's more stuff, basically more meaningful data points that we can include those that would make it a better performance framework. And I can hear my superintendent's voice resonating in my background, how he needs to have more authentic, more meaningful measures that are more real time, not a year lag like we currently have with standardized tests that can incorporate and have more immediate reflection of what's going on in the schools and things that are a little bit more authentic. I couldn't tell you what those are right now and how that would be uniform and consistent across all school districts. I think it merits looking into to see what things may exist already that we can plug into the system that would make it more meaningful. And also identifying what are those things that may be other states have in their performance frameworks that are effective that we can incorporate, which would include maybe other areas of our curriculum standards, such as physical education, art, and those types of things, not just math condition science. I think that's it. Unless Amanda, Justin Kelsey.

Justin Kelsey: Kelsey, for the record, I don't have anything to add there.

Chair Hobbs: I just have one quick question, Paul. NDE evaluating and revising the NSPF, is that something that you've had conversation with NDE about as well?

Paul Johnson: Yeah, well we've been working with NDE the whole time. And they're critically important to this. And that's why we wanted to make sure that one of the recommendations that we have is that we talk about adequate and optimal funding, that they are not neglected or omitted from that discussion. So, it's something that they would have to undergo and do. And I think they've been in contact with [indiscernible]

Department of Education have meetings with the Nevada Association of School Superintendents. So it's something that is known in those circles. I shouldn't be a surprised in any way.

Chair Hobbs: No, I think I was just asking because of the comment that was made earlier about there being some -- it being a very heavy lift to modify the NSBF.

Paul Johnson: Yeah. It would be. And then I would've to defer to Megan. And there is the feasibility and the actual investment and labor and time in order to go through that. But it's federally mandated and that's the reason why we wanted to work with the Madison Quo Performance framework because that one is federally prescribed. There are certain criteria we have to meet. We do have the minimum criteria in there, but is there something that we need to layer onto that in order to make things more meaningful? And I think that was the intent, but it's easy for me and others to recommend to do that because we're not the ones actually doing that. So I don't know if Megan has anything to say to follow up on that.

Chair Hobbs: Well, it sounds like one of those things -- I'm sorry, Megan, it sounds like one of those things that may dovetail with recommendations about appropriate levels of funding for NDE administration which -- yeah, Megan?

Megan Peterson: Thank you. Megan Peterson for the record. Yes, when we went through this previously, it was a multi-year activity that involved engagement with all school districts and across the state with the public. And so it would be quite an undertaking in order to update this. And not to say that that's not what would be done, but it would require to year support and additional contracts as well likely to support it.

Chair Hobbs: Thank you for clarification. So the appropriate action on this would be to make a motion in support of these recommendations? I would go ahead and make that motion.

Paul Johnson: I was going to say I would, but it's my working group, so --

Megan Peterson: I'm happy to make the motion.

Paul Johnson: And I'll second [crosstalk].

Megan Peterson: -- support these recommendations.

Chair Hobbs: We have a motion and a second. Any other additional discussion? Hearing none, signify your support by saying aye.

Group: Aye.

Chair Hobbs: Opposed? Perfect. Thank you. Continuing.

Amanda Brown: Amanda Brown for the record. So the next area we want to shift to then is, really coming out of work group three on the streamlining current reporting requirements. So I'm going to start off just like the other section with recapping where we landed at the last meeting. So what were our recommendations? If you recall, we looked at the reports in five different areas and discussed what reports were required, how they overlapped with others, and district feedback and where we landed for acing accountability, very consistent with what we're hearing from the other work group, adopting recommendations to reduce the frequency of reporting from quarterly to annually, class size and people teacher ratio in that area. We adopted the recommendations to eliminate the quarterly class size reduction report, keep annual reporting and including the annual class size reduction plan. For staffing and personnel, there were no adopted recommendations at this time, and for the couple areas where we did have an adopted recommendation, now they really feed into these larger best practice recommendations for reporting that we'll talk about in just a couple slides. Financial, the adopted recommendations by the commission were to reduce the frequency of financial reporting from quarterly to annually, eliminate the minimum expenditure report and eliminate the requirement to publish the summary financial report. So just as a refresher, that's the one that's in a different format for the Department of Taxation that requires it to be published in the local paper. So this is not suggesting we're getting rid of any big financial report that they do every year. Enrollment, no recommendations at this time. So those are all of the recommendations we landed on at the last meeting. So with that, we have a number of recommendations that are broader around reporting best practices that we want to share and consider for adoption. So, those are ideally when legislation is related to education NDAs given an agency and responsibility to establish the reporting framework and structure after legislation passes. So, ideally not putting the specifics of reporting within the statutory language itself. However, if statute requirements are to be included in legislation language, recommend the NDE consulted to develop what those reporting requirements are then included. The next one is to strengthen the requirements that are in NRS 218D.380 to reduce the number of exemptions to Nevada's Sunset provision on reporting requirements. So currently there is a sunset provision that after a period of time reporting requirements expire or sunset. But the current language allows this legislation to include a statement of why that sunset provision should not apply to them. And the vast majority of the reporting requirements that have been put in place that we've looked at have been exempted from the sunset requirement. So revisiting to see there's a way to reduce the number of exemptions. So reports are somewhat sun-setted in a timely fashion. So the next one, as new reporting requirements are implemented, continue to update the developed list and database of current required reporting and metrics. So, the one that's been both developed by NDE and through the commission's work, continuing to keep that as a living document in order to ensure that there's common language for report names, elements and definitions. Allow for mapping of any new requirements to existing reports to support modification or consolidation of reports of similar or duplicative data metrics. And to allow for cross reference of any new requirements to data that's already centrally available and could be leveraged to reduce rowing additional reporting requests to districts. So be it either through a report that already exists or perhaps a statewide database. The next one, in this area of ongoing review is following NRS 218D.85, which requires a review of the necessity required reporting submitted to the legislature each by [indiscernible] continue to eliminate reporting requirements that are outdated or longer beneficial. So again, this is not a one-time look at reporting, it should continue going forward. And just a note here that NDE is also working on their end to review current reporting requirements to identify reports for elimination and sun setting. So with that, this is just a nod in support that the commission really affirms their expertise in this area and gives their support to any recommendations that NDE also makes for what reports are longer needed as the keeper of all of the reports. So then, just a few recommendations in the area of building capacity and improving systems. So if data is requested from districts, from different state agencies, education data specifically data collection should be coordinated through NDE to reduce redundancies. Through this process, we learned that not only are there reports that are required to go to the Department of Ed, but also different agencies are collecting similar information. So that should be coordinated through NDE. There should also be investments in the state's data infrastructure, including a statewide data set system, a centralized data repository. So again, this is consistent with the recommendation at work group board that we just talked about. And same with this one. NDE should be staffed at an adequate or optimal level to increase their capacity to manage and provide support for data collection and reporting. So we recognize any recommendation that efforts to look at data or collect data happen at the state level, requires more work for NDE and they should have the staff to be able to do so. So those are all of the recommendations that have come out to the work group, three conversations and I work with them.

Chair Hobbs: Thank you very much, Amanda. Just a question with regard to number two and three on the slide that's currently showing, absolutely agree, but is this something that we need to be able to quantify, actually have more meaning? It's pretty non-specific.

Amanda Brown: Amanda Brown, for the record. You are correct. We do not have an estimate of what this would cost to do, so I would have to defer to the NDE team for what this might look like. I know NDE has worked in the past around this idea of a statewide data system. Megan, I'm curious if you have anything to add.

Megan Peterson: Megan Peterson for the record. The department is currently in the process of working with bringing a project manager on board to facilitate this activity two and three. Developing and broadening our infrastructure and managing that collection and reporting. So without getting too into the weeds and I don't want to say jeopardize, but interfere with the RFP work that we haven't processed with that right now. I don't think I can divulge too much information, but we do know it is quite expansive. So I'm going to leave it there at the moment.

Chair Hobbs: No, that's fine. And should the commission adopt these recommendations, I would just ask, as you go through that process, get a project manager on board if and when the amount of investment is better known, I think it would be more appropriate for us to include something more specific by way of this recommendation when that information becomes available. So that doesn't keep us from acting on this. So Paul.

Paul Johnson: Yeah. Member Johnson for the record. Yeah. In addition to the cost, operating efficiency is ultimately the gain here, to have the central repository. Because right now everybody does things manually. They submit it to NDE and then they do it manually as well. So there's a redundancy of data entry that takes place that could be eliminated. You don't have enough data warehouse that could be mined for the data without having to go through and collect it from 17 school districts and have it be there, has a lot of value. And we have something similar that I don't think we use a lot through school nomics, where school districts do send a trial balance to them and they work on Magica and create the school genomics reports, which I have always been a proponent that NDE be the entity that does that. So, I think in addition to the capital cost or whatever the cost is going to be, the understanding, the underlying operating efficiency that we came from doing that I think are important as well.

Chair Hobbs: I think the justification, which clearly should be added to the recommendation as we said before, I would just like to be at some point more specific about what it is we're asking for and what the justification for that ask is. But I don't think that keeps us from moving forward with this at this time. So the pleasure of the commission, you need a motion?

Noman Khanani: I can make a motion that we adopt any recommendations as presented.

Amanda Brown: I can second.

Megan Peterson: I'll second.

Chair Hobbs: We have a motion and a second. Any additional discussion? Hearing none, all those in favor signify by saying aye.

Group: Aye.

Chair Hobbs: Opposed? Thank you very much.

Amanda Brown: Wonderful. So we have one last section to talk about, and this is data visualization. So this is coming out of work group five which is attempting to think about all this data that's now going to be collected for AB400 and SB98. How do we think about presenting that and communicating it for a number of different purposes? So we wanted to, as a work group, had been thinking through how do you distinguish between what are the very immediate goals, short term goals, long term goals, because these range from really supporting, for this initial work. What are the priorities or elements that should be considered for approaching data visualization? Our group also looked at examples from other states. Then the next step of goals is making sure that we can visualize the data in a way that's helpful for the commission as it fulfills its purposes and thinks about evaluating the impact of the PCFP. So what data visualizations are most helpful for CSF and for its own understanding and reporting purposes. What data visualizations would best communicate to policy makers, how PCFP wants and the use to improve outcomes. And then the long-term vision is how do you create a data system or public data portal that communicates this information to the broader public. So, how should data be visualized for charter schools and districts for perhaps their purposes for the public? What are ways of presenting the data that best meets [indiscernible]. So, the work group spent a lot of time thinking about who are the audiences for data collection. That includes the commission obviously you all. So understanding the impacts of the new funding formula and additional funding, what resources were purchased with the dollars. So, that includes our conversations about those metrics around spending my function or object transfer data metrics over time. Again, very consistent with a lot of the conversations that have been had. Policy makers, what's the impact of their investment? What was purchased with the dollars? Possible return on investment for district and charter leaders, being able to do comparisons of spending between schools in their district, spending trends over time within their district. And again, what was purchased with the dollars' public. This is a multi-layered group, obviously. We've thought about different groups including parents, so allowing for school-to-school comparisons on spending and staffing journalists and researchers. What are the highlights? Being able to access more detailed information and advocates and business leaders. So being able to again, see the high level data, the big picture, the highlights and trends over time. So out of those conversations about, who are we trying to serve, what do they want to know, what examples can we look at work group discussions. We've come up with a number of recommendations that APA and WestEd are making to the commission, including bucketed by what we consider higher priority and lower priority. And again, lower priority. It's not to say it's not important, but might not be important now. So another way of thinking about it's what are your must haves and what are your nice haves? So data visualization, and the higher priority are must haves include easy to update and fits into the capacity of current capabilities of [indiscernible] Data is clearly and intuitively presented. So that includes visual displays of information, include charts and tables, trends over time. Provides information to communicate how to interpret the data. So we got that contextual piece of not just putting a table, but being able to help others understand what does it actually mean, allowing for comparison by funding source. So again, the base, the way the funding categories of PCFP fund category categories as we've talked about by student groups between schools. And then finally, allow the user to access more detailed data, which is similar to how the Nevada report card is now. There's kind of a front end and then you can dig in as much as you would like beyond that. So, lower priority or things that might come over time, consistent with the other group, investing in a more robust data portal and visualization system. And then additional data visualization capabilities being allowing for return on investment comparison and comparison between districts or to statewide average. So this is kind of where the work group five has landed on, but they should be some really priorities and elements to consider for inclusion going forward for visualizing the data. And I'd look to anyone in that group if you want to add to what I shared.

Chair Hobbs: Not hearing anybody. And thinking ahead too. Coming back to agenda item number eight. I believe the reporting that you've provided largely covers a lot of the working group material. We'll still go back to agenda item number eight because of working group number eight, nine, just for a quick update there. But I think it's largely covered that. So, uh, we thank you for that and I don't believe there's any action required on this part of it. It's a visualization of the direction that we're taking more than anything else. Okay. Anything else?

Amanda Brown: Amanda Brown for the record. That was all we had for you all.

Chair Hobbs: Well, and that was plenty and it was also very, very good. And we thank you so much for -- I think Paul has already thanked you earlier, I think from the rest of us the work that APA and WestEd are doing to provide support to all of the tasks that we're trying to deal with is absolutely tremendous. And we thank all of you for that. If there are any other questions and comments, we'll return to agenda item number eight, which is the working group reports. I'll just simply ask working groups three, four, and five, Jason, yours, Paul's, and Dr. Brune, if there's anything else that you wish to add beyond that, which has been summarized thus far in the meeting.

Unidentified Speaker: (Indiscernible) again for the record. The only update is obviously we're based off these. We're starting to work on the report, but Amanda covered the majority of what we're doing right now. So, thank you.

Chair Hobbs: Outstanding.

Unidentified Speaker: Same.

Unidentified Speaker: Same.

Chair Hobbs: Okay, perfect. Working group 89, Dusty isn't here. So I'm going to give an attempt to try to describe where I think this one is. This working group was looking -- help me out if I run the ground here. This working group was looking at the recommendations that were being made by the task force, they were here a couple of meetings ago. I believe they just recently gotten a copy of those and they were very robust and detailed, and I believe that working group is -- the idea was that that working group could add support to some of those recommendations. And I believe where we are is that working group is looking through the recommendations made by the task force to ensure that any of those that they would want to provide additional support to are appropriate given our mission. Does that sound about right?

Joyce Woodhouse: Chair Hobbs, Member Woodhouse for the record. Yes, that's my understanding of what they're doing. And I'm not on that work group, but I also wanted to take a look at those because it was a rather substantive document addressing the teacher pipeline and shortage and all of those things. And I've also had some subsequent meetings with some of the teacher prep programs in the state Nevada with some of the great steps forward that they're making in this field. So, I'll look forward to the report from the group next time and may have some additional comments myself. Thank you.

Chair Hobbs: Excellent. And I'll talk to Dusty on his return and try to get a firm timeline on bringing closure to working group 8, 9. I think that's basically where it is right now, is going through and selecting those recommendations that fit the task as was assigned to us and then bringing them back. So hopefully we'll be able to check that one off. And the hope is then, everybody could -- well obviously there are a lot of you that have been working very hard on working groups, three, four, and five that the rest of us that had other working groups can make ourselves available to provide any additional hands that may be needed or stay out of the way if that's the best course. Right, Paul? Anything else to add on agenda item number eight? If not, that brings us to agenda item number 10, future. We didn't take our break, but I thought that the agenda item eight would be rather short. Future agenda items, I think most of us are going to now focus on subjects within the realm of working groups three, four, and five on a going forward basis. So we'll be developing those. We'll be working on elements of the report depending on how the development of that goes, we may bring that back in pieces if it makes sense. And we may bring it back. We'll certainly be bringing it back before we finish this process. But for example, if we were to be able to finish the update of the report on funding by the September meeting, we would bring that back as one item. And so, that's how we're going to be doing that. Does anybody else have any other agenda items they would want request for the next meeting? If you do, you can simply let us know. And we'll make sure that we attend to. It brings us to agenda item number 11, public comment, period number two. And this is on any matter within the commission's jurisdiction, control or advisory power. So, I would first go to Carson City to see if there's any public comment to be made in person in Carson City.

Secretary: Chair. There are no public comments in Carson City at this time.

Chair Hobbs: Okay, likewise, there are no public comments here in Las Vegas. We would next go to whether -- let's see, we already did whether or not any had been submitted in writing, but have any been submitted by way of email during the course of the meeting?

Secretary: Yes, sir. We have one email public comment.

Chair Hobbs: Okay, go ahead.

Secretary: This is from Sarah Adler. "Good afternoon. Apologies. I had to leave for another meeting. With this comment, I am representing myself as a 44-year-old Nevada former teacher, school district grants administrator and grandmother of Nevada students, not as a representative of any of my clients. My comment returns to the commission's discussion of metrics reporting and plans related to class size reduction. The accountability for driving down class sizes rests with the governor and the legislature adequately funding education. You, the CSF are doing an outstanding job gathering data, conducting analysis, and making recommendations to allow those entities to do so, for which I thank you. Only when education funding is adequate to plans for class size reduction have meaning. Secondly, I encourage the CSF to be bold and its recommendations as there are likely legislators who will sponsor bills that will move this work forward. Regards, Sarah Adler."

Chair Hobbs: Thank you very much. And thanks, Sarah, for providing those comments. Do we have any public comment by way of telephone?

Secretary: Yes, Chair Hobbs. We do have one call in. Phone number ending in 2281, you'll be unmuted.

Unidentified Speaker: Hi, Commissioner [indiscernible]. I'm on my way to the airport, so I just want to stay with the meeting actually.

Secretary: Thank you.

Chair Hobbs: And we don't have any down here in Las Vegas. Right? So that concludes public comment period number two. And that brings us to agenda item number 12. I'd like to thank everybody for their time today. We worked through a couple of lengthy items and I appreciate everybody's attention to that. I'm also very comforted by the progress that we made, that showed in the presentation from WestEd and APA and all the work that you guys have been doing, Paul and Dr. Brune and others within the reporting and accountability area. That concludes today's agenda and I hope everybody has a great weekend.