

COMMISSION ON SCHOOL FUNDING

Friday, November 1, 2019

8:00 AM

Meeting Locations:

The meeting was video conferenced from two locations:

Office	Address	City	Meeting Room
Department of Education	2080 E. Flamingo Rd.	Las Vegas	Bristlecone/Bighorn
Department of Education	700 E. Fifth St.	Carson City	Battle Born

SUMMARY MINUTES OF THE REGULAR MEETING

Commission Members Present:

In Las Vegas:

Jason A. Goudie
Guy Hobbs
Paul Johnson
Punam Mathur
R. Karlene McCormick-Lee, Ed., D.
Jim McIntosh
Dr. Lisa Morris Hibbler

In Carson City:

Dusty Casey
Andrew Feuling
Mark Mathers

Members Excused:

Dr. David Jensen

Department Staff Present:

In Las Vegas:

Heidi Haartz, Deputy Superintendent of Business and Support Services
Jessica Todtman, Chief Strategy Officer

In Carson City:

Jhone M. Ebert, State Superintendent of Public Instruction
Megan Peterson, Business & Support Services
Sarah Nick, Management Analyst to the Superintendent.

Legal Staff Present:

In Carson City:

Greg Ott, Chief Deputy Attorney General

Others Present:

In Las Vegas:

Jeremy Aguero, Applied Analysis
Cindy Creighton, Nevada Taxpayers Association
Meredith Freeman, HOPE 4 Nevada
Linda Jones, Clark County Education Association
Carrie Kaufman, Nevada Voice
Brad Keating, Clark County School District
Sylvia Lazos, Nevada Immigrant Coalition
Justin Silverstein, APA Consulting
Senator Joyce Woodhouse, Nevada Legislature

In Carson City:

Sarah Adler, Charter School Association of Nevada
Lindsay Anderson, Washoe County School District
Paige Barnes, Nevada Association of School Boards
Tiffany Greenameyer, Governor's Finance Office
Pat Hickey, Advocates for Charter School Options
Jordan Hosmer, Governor Sisolak's Office
Jimmy Lau, FPA
Jennifer McMenemy, Allison MacKenzie Law Firm
Maggie O'Flaherty, Legacy
Jim Penrose, R&R Partners
Mary Pierczynski, Nevada Association of School Superintendent (NASS)
Daniel Pierrott, Pearson
Brian Rippet, Nevada State Education Association
Victor Salcido, Charter School Association of Nevada
Michaela Tonking, Educate Nevada Now
Alison Turner, Nevada PTA

Agenda Item #1 – Call to Order; Roll Call; Pledge of Allegiance

Chair McCormick-Lee called the meeting to order at 8:00 a.m.

Roll Call was taken; a quorum was present.

The pledge of allegiance was led by Chair McCormick-Lee

Chair McCormick-Lee outlined housekeeping information for the audience and members of the Commission.

Agenda Item #2 – Public Comment #1

Public comment will be taken during this agenda item regarding any item appearing on the agenda. No action may be taken on a matter discussed under this item until the matter is included on an agenda as an item on which action may be taken. A time limit of three minutes will be imposed by the Commission Chair in order to afford all members of the public who wish to comment with an opportunity to do so within the timeframe available to the Commission. Public comment #2 will provide an opportunity for public comment on any matter within the Commission's jurisdiction, control, or advisory power.

No public comment.

Agenda Item #3 – Approval of Flexible Agenda (For Possible Action)

No formal action was taken.

Agenda Item #4 – Approval of September 27, 2019 Meeting Minutes (For Possible Action)

Motion: Member Jim McIntosh moved to approve the September 27, 2019 Meeting Minutes.

Second: Vice Chair Hobbs seconded the motion. **Motion carried unanimously.**

Agenda Item #5 – Presentation by Applied Analysis (Information and Discussion)

The Commission will receive a presentation from Applied Analysis and have an opportunity to ask questions to lay a foundation of common understanding regarding proposals that were developed prior to the enactment of Senate Bill 543.

Presentation

Jeremy Aguero from Applied Analysis gave a presentation before the Commission. In his presentation, Mr. Aguero was asked to address the following questions collected from Members of the Commission on School Funding:

- Section 2 of SB 543 creates a special revenue fund called the State Education Fund. How is that special fund different from how funds are treated (accounted for) under the Nevada Plan?
- Section 3 of SB 543 creates the Education Stabilization Account. How is this account different from how funds are treated (accounted for) under the Nevada Plan?
- Can you help us better understand the process and logic underlying the base and weight calculations used in your model?
- If the 1.1, .5, .3 and .05 weights used in the Nevada School Finance Study (APA Study) are the suggested weights from the experts, why isn't that the starting point from a legislative perspective?
- Can you discuss the derivation of equity adjustment calculations for small schools, small Comparable Wage Index (CWI) in the APA study excludes teacher salaries in the calculations? Were average teacher salaries by district ever considered instead of the CWI? If not, why?
- Please outline any differences in base funding, equity adjustments, weights, mineral taxes, and auxiliary services as they compare to traditional districts.
- Please explain how public charter schools were originally accounted for in the model, and how they ultimately were accounted for in the model in Senate Bill 543.
- Can you discuss the treatment of mining dollars in SB 543? Do they go into the Nevada Education Fund? Are they part of the allocation or are they returned to the county of origin?

Mr. Aguero outlined key constructs developed in Senate Bill 543 (SB 543) including five core elements to assist in answering the questions provided by the Commission:

1. Creation of the Nevada Education fund
2. Creation of the Education Stabilization Account

3. Replace the Nevada Plan with the Pupil-Centered Funding Plan
4. Creation of the Commission on School Funding
5. Enhanced Reporting and Accountability at All Levels

Questions and Comments

Member McIntosh asked a question with regard to the Commission's charge to monitor the implementation of the new Pupil-Centered Funding Plan (PCFP). He asked what items would be helpful to consider in monitoring to support the Commission in making recommendations to the Legislative Committee on Education.

Mr. Aguero suggested that the Commission ensure that all of the revenues that go into and the expenditures that come out of the "lock box" are accounted for and used as intended.

Member Andrew Feuling referenced section 5, subsection 6 (b) of SB 543 regarding the net proceeds of minerals. He noted that funding would revert back to the districts that generate net proceeds to mitigate the cyclical nature of the mining industry. He asked whether his reading was correct that districts would have to use such funding in the year they receive it and if they exceed the 16.6 percent provision, those funds would revert to the State Education Fund.

Mr. Aguero said he would have to think through exactly how that would work as it relates to a continuing appropriation of those funds on a go forward basis. He said that those dollars must ultimately be used, so even if they reverted to the stabilization fund, they would have to be walled off and returned to those mining counties in the event of an economic downturn.

Member Paul Johnson asked whether the existing base general fund plus categorical grants would constitute a new base for the PCFP.

Mr. Aguero answered affirmatively.

Member Johnson noted that the NRS 373.03 report contains 41 state grants, requiring 41 separate applications, grant amendments, requests for funds, and a lot of paperwork. He asked whether this approach was intended to create efficiencies in the grant-making process.

Mr. Aguero answered affirmatively. He added that he did not want to suggest that there would not be strings attached and the legislature could dictate any allocations from base funding as it sees fit. He said the legislature placed an emphasis on transparency in making sure that dollars reach the students and that the funding is student-centered.

Member Johnson stated he thinks that there will be efficiencies gained and that funding weights in this manner is going to eliminate the short-term nature of the categorical funding. He added that a systemic way of funding programs would help districts make long-term plans for hiring and have more success in filling positions.

Member Mathur noted that pupil-centered follows the child, offset with some measure of flexibility granted at the district level to preserve some agility. She asked Mr. Aguero to elaborate on that intent of the legislation.

Mr. Aguero said Member Mathur was correct about the intent, but that the allocations and weights will never be perfect and will be revisited over time. He said that it was always understood that when dollars get to the district level stratification will be needed to make sure dollars get where they are needed, for example in the case of serving special education students. He said the first goal is that dollars follow students and second that districts are using dollars to serve those students. He said there will be a transition needed in the case of programs like Zoom and Victory.

Member Mathur asked for examples of other state examples from which the Commission could learn.

Mr. Aguero said that the work of WestEd and the APA Study were incorporated into the development of Senate Bill 543 and that it is a reflection of all of the work done previously. He said that Nevada isn't any other place and its specific needs will need to be addressed.

Agenda Item #6 – Presentation by Augenblick, Palaich and Associates (Information and Discussion)

The Commission will receive a presentation from Augenblick, Palaich and Associates and have an opportunity to ask questions to lay a foundation of common understanding regarding proposals that were developed prior to the enactment of Senate Bill 543, including the 2018 Nevada School Finance Study.

Presentation

Justin Silverstein from Augenblick, Palaich and Associates (APA or APA Consulting) gave a presentation before the Commission. In his presentation, Mr. Silverstein was asked to address the following questions collected from Members of the Commission on School Funding:

- Where did the successful schools base come from?
- How were the proposed weights for special populations determined?
- Why is the size adjustment not also applied to student weights?
- Why don't we look at teacher salaries in the CWI?

The following topics were addressed in Mr. Silverstein's presentation:

- Review of recommendations from APA's study
 - Base cost recommendations
 - Student need adjustments for at-risk, English learners, special education, and gifted and talented students
 - District size
 - Regional cost adjustments
 - Comparative Wage Index (CWI)

- Necessarily small schools adjustment
- Implementation scenarios
 - Full adequacy
 - Scaled weights
 - Hold harmless provision
- Areas that the Commission could further address

Questions and Comments

Member Johnson that according to the NRS 387.303 report for fiscal year 2018, only half of district wages are allocated to teachers, while the other half are allocated to support staff. He said that the CWI should address all of these wages, not just the 50% that are teachers. He added that perhaps the most important aspect of the funding formula will be the definition of inflation. Over years, the per-pupil amount has not increased relative to the increase in costs to school district costs. Member Johnson said that if the CPI goes up by one percent, districts lose two percent, and over a decade that could amount to 20%. The existing disparity between the base and inflation should be addressed.

Member McIntosh asked how proposed weights for English Learners would interact with the current supports for Zoom schools. Schools with a lot of English Learners benefit from Zoom funding, but smaller schools will now receive dollars for each English Learner.

Mr. Silverstein said that the new approach where the dollars follow the student will result in districts having to figure out the pool of services students are entitled to and how best to fund those services.

Member Jason Goudie stated that Clark County School District has begun to consider how to address weighted funding partially because of the requirements of Assembly Bill 469. Providing centralized services at the districts that schools can pay for partially (e.g., a program facilitator) can help in the shift from programmatic funding to weighted per-pupil funding.

Member Lisa Morris Hibbler asked for recommendations regarding how the PCFP should be implemented based on best practice; it's important to get it right and avoid pitfalls in the short time allowed for the work.

Mr. Silverstein noted that many states have some level of weighted funding, but in some cases districts may be the best models for the Commission to consider. He said that finding the right balance between strong accountability and support at the state level while maintaining flexibility for districts is important.

Member Morris Hibbler concurred that that balance will be critically important and she wants to ensure that the Commission's work acknowledges Nevada's uniqueness and does right by every district and student.

Member Mathur note that Senate Bill 543 does not allow for students who fall into multiple categories to receive multiple weights.

Mr. Silverstein responded that states treat weights differently and, for example, in Maryland a student in all three weighted categories receives three weights. For students receiving special education services, the weight will need to provide services in aligned with what they are entitled to under their Individualized Educational Plan (IEP), which is non-negotiable. He added that in the case of students in other groups, similar programmatic investments could serve multiple purposes so shared resources could be reasonable.

Member Johnson asked how the flow of funding compensates for seniority of staff at a school that would result in above-average wages. He said that a school with above-average wages would end up with less discretionary funding. He asked Mr. Silverstein to comment on whether districts should have to report on averages rather than amounts when it comes to wages.

Mr. Silverstein stated that the federal government is starting to require reporting on the actual versus the average salaries through the Every Student Succeeds Act, but that is about reporting and not funding. He noted that APA consulting has worked with districts that charge an average salary to their schools. In larger communities this can create some inequities in cases of more highly paid staff, and that is something for the Commission to take under consideration.

Member McIntosh commented that the PFCP does not provide for a distinction for grade levels, for example, in money that is for a literacy program will now be a part of the base that could support high school students. He said he is grappling with the practical applications of the model and how it will function.

Member Goudie commented that the bill allows for per-pupil weights for elementary, middle, and high schools and that if you fund every level the same way, elementary schools will be significantly underfunded and high schools will be significantly overfunded. He said that the pay differentials across schools of different sizes and geographies in the Clark County School District (CCSD) can be significant. He said that he had spoken with Dr. Marguerite Roza at Georgetown University about the shift from average to actual pay. He said that in CCSD's view to date, the only reasonable concept they have come up with is to initiate the use of actual pay, then implement a hold harmless provision and phase it in over a period of time. This results in schools adjusting their hiring models and over time, it normalizes. He added it is a long and more difficult process than simply flipping a switch.

Member Morris Hibbler said she would like to look at a handful schools at different levels and that receive different programmatic funds (e.g., Zoom) and evaluate how the change in the base funding would affect them. She suggested that inviting representatives from the school district level to discuss these issues with the Commission would be helpful.

Chair McCormick-Lee asked a general question with regard to the J-Curve. She noted that across the country there are many districts that have 200,000 students or less and five that have 300,000 or more, but the J-Curve indicates that costs are not different whether there are 150,000, 400,000 and 950,000. She asked that, given that Nevada has one of the five largest

districts in the country and may have the smallest, do the tails of the J-Curve provide enough information?

Mr. Silverstein acknowledged that the tails of the J-Curve are not studied as much as other aspects because there are very few districts that are on such large scales. He said that APA can research what the outer tails of the curve would look like.

Chair McCormick-Lee noted that Mr. Silverstein spoke about the district distribution and allocations first, then the base, and then the weights. She asked whether there was a reason for the particular order of presentation, as in, whether that is the order in which the funding should be allocated.

Mr. Silverstein stated that there was no particular reason for the order. He said that APA tends to build from the base and then add adjustments, and then parallel between student characteristic and district characteristic adjustments. He said that effectively the work involves solving for an equation, so starting with the Commission's basic principles around each of those categories would make sense, and then they could consider making adjustments.

Chair McCormick-Lee stated that the Commission can learn locally from Clark County and would also like to hear about lessons learned in implementation and reporting in other states and districts, including at the school level.

Mr. Silverstein responded that APA can identify examples that would be helpful to the Commission.

Member Mathur requested a clarification with regard to reporting and the monitoring. She asked whether there are common platforms and approaches to reporting between the State Board of Education and district requirements.

Chair McCormick-Lee noted that the Nevada Department of Education can help the Commission think about the ability to gather common data and information about per-pupil enrollment, budgets, programs, expenditures, accountability, and all of the above.

Deputy Superintendent Heidi Haartz, Nevada Department of Education, suggested that the question about reporting can be addressed in greater depth at a future meeting.

Agenda Item #7 – Presentation by the Nevada Department of Education (Information and Discussion)

The Commission will receive a presentation from Department of Education staff in response to questions raised by Members at their September 27 and October 11 meetings.

Presentation

Deputy Superintendent Heidi Haartz gave a presentation before the Commission. In her presentation, Deputy Haartz addressed the following questions collected from Members of the Commission on School Funding:

- Can the Commission, the Governor, and/or Legislature choose to phase in target weights over time, as revenues grow?
- How are we to reconcile the “base funding” in the Nevada Plan to that in the Pupil-Centered Funding Plan?
- How do you define “budget” as used in SB 543, Section 76.2?
- How do you explain of SB 543, Section 8.7 weighted funding for at-risk pupils?
- Is SB 543, Section 15.2 a per-pupil amount or a total?

The following topics were addressed in Deputy Haartz’s presentation:

- Comparison of the proposed funding model from Applied Analysis and the PCFP in SB 543
- NDE / Governor’s Finance Office (GFO) Activities and Commission Inputs that comprise the PCFP
- Comparison of the Nevada Plan and PCFP
- Recommendations on weighted funding
- Reconciling base funding
- Explanation of weighted funding for at-risk pupils and English Learners
- Explanation regarding SB 543 Sections 15.2
- Next steps by NDE/GFO

Questions and Comments

Member Casey asked if the hold-harmless provision would apply to school districts only, or include charter schools.

Deputy Haartz stated that the hold-harmless provision only applies to school districts.

Chair McCormick-Lee requested clarification with regard to the base funding and the weights not being fully funded. She gave an example noting if I have ten dollars, and if the base is five dollars, then it doesn’t matter how much those weights are, I still only have five other dollars to distribute.

Chair McCormick-Lee, Member McIntosh, and Member Goudie discussed the base and the weights.

Member McIntosh expressed concern with regard to the base and weights interacting with factors of inflation and enrollment and ensuring that the legislators understand the funding allocation.

Vice Chair Hobbs suggested that the terminology minimally required funding may be more appropriate than base funding for discussion purposes.

Member Johnson commented on how per-pupil student weights will be understood given that district expenditures are reported and recorded in the category of service performed not in the category of revenue received.

Member Goudie commented that it seems that the legislative intent was to compare the amount of revenue with the amount of funding districts would receive. He said that rebuilding district budgets will be an overwhelming and time-consuming task. He said that he believes practical limitations will prevent districts from providing useful data in the given timeframe.

Chair McCormick-Lee stated that the Commission needs to find the tipping point between collecting the information needed to make reasonable recommendations for improvement as required by SB 543 while not overburdening districts and ending up with more information than would be helpful.

Deputy Haartz stated that she will circle back with colleagues at the Nevada Department of Education and the Governor's Finance Office to revisit this issue and address it in a future meeting.

Member Morris Hibbler asked who is responsible for providing the methodology for the districts to create new budgets. She asked who will create instructions for the PCFP to ensure that each district is implementing it consistently and that the information received is valid and reliable.

Deputy Haartz clarified that Section 76, subsection 2 of Senate Bill 543 states, "Using such assumptions and data as the Commission determines to be appropriate, each school district shall prepare a budget for the 2019-2021 biennium as if the provisions of this act were in effect for that biennium, compare those projections to the projected budget under the existing law and submit both budgets to the Commission on or before May 15, 2020."

Deputy Haartz stated that initial conversations indicated that budgets would be submitted using the same process that is currently in place for school districts. She reiterated that she would circle back with colleagues to ensure that the work load is taken into consideration.

Member Johnson said he hoped that the Nevada Department of Taxation is being included in conversations so that their forms could be adapted to accommodate the funding formula. He added that given that the Commission's role is to make recommendations, school districts should not have to prepare a formal budget.

Member McIntosh asked what the value is of having the school districts provide a hypothetical budget of how they would spend money.

Vice Chair Hobbs noted that the intent of SB 543 is that the districts produce enough information to make a meaningful comparison, but it doesn't prescribe a level of detail. He said that the Commission should discuss what the appropriate level of detail would be along with a consistent format.

Member Goudie said that it is not reasonable that schools would be provided with money and determining how to spend it on services; that is not consistent with how CCSD operates. For

example, in special education, CCSD tracks funding for services down to the minute and the value of those services can be tracked and attributed to individual schools. He would like to ensure there is discussion around the fact that no matter what weight is used for students receiving special education services, they are required by law to follow the IEP. He recommended that dollars are accounted for on a student-by-student basis in schools using the weights, but that there should not be a requirement to physically send the funding to the school level.

Chair McCormick-Lee recommended that at its next meeting, the Commission look at what the dollar allocation would look like in the Nevada Plan and PCFP in fiscal year 2020 dollars. She noted that the Commission could take a look at how dollars shifted, what changed, what would be the potential difference in terms of the decisions that the Commission has authority to make.

Jhone M. Ebert, Superintendent of Public Instruction, addressed some of the questions that had been asked during the presentation. Superintendent Ebert thanked the Commission for their work and noted its importance to the future of the state. She said that there are three sets of requirements running parallel – the current Nevada Plan, the future PCFP, and the requirements of the federal Every Student Succeeds Act.

Superintendent Ebert continued that in developing the legislation the Senate Finance Committee considered the implementation and its many moving parts and acknowledged the heavy lift ahead. She said she appreciated Commissioner McIntosh's statement that no one, whether the Department of Education, the school districts or charter schools, should be doing any work that is not meaningful to moving the state forward.

Superintendent Ebert added that though the work is not currently moving as fast as we would like, the Department of Education has been working to request an allocation of funds from Interim Finance Committee for the support of staff and subject matter experts. She said that Deputy Haartz has hired both staff positions for the Commission and that the Department is grateful for the additional support.

Superintendent Ebert said that Nevada has the opportunity with the implementation of the PCFP to become the model for other states. She reiterated that the Department of Education will work with the Governor's Finance Office and the Commission and remain transparent in our communications. She ended by thanking the Commission for their thoughtful questions and for thinking differently about the future of this work.

Member Feuling asked if members of the Commission would receive copies of the presentations as well as the full list of questions submitted to the subject matter experts.

Chair McCormick-Lee confirmed that the presentations were being adjusted for ADA compliance and would be posted to the website and that the questions would be made available to the Commission Members.

Agenda Item #8 – Public Comment #2

Public comment will be taken during this agenda item on any matter within the Commission’s jurisdiction, control, or advisory power. No action may be taken on a matter raised under this item until the matter is included on an agenda as an item on which action may be taken. A time limit of three minutes will be imposed by the Commission Chair in order to afford all members of the public who wish to comment with an opportunity to do so within the timeframe available to the Commission.

In Las Vegas:

Sylvia Lazos of the Nevada Immigrant Coalition commented to underscore the importance of weights and equity, which made the passage of SB 543 possible. She said she did not believe the Commission to date had been sufficiently attentive to the issue of weights. She said that the Nevada Constitution has a mandate regarding equity in that the legislature must give every child an equal opportunity for an education, as the government deems fit. Ms. Lazos supported Member Morris Hibbler’s recommendation that the Commission review how the formula would impact Zoom and Victory Schools and that attentiveness to those issues would make their work more politically feasible. Ms. Lazos continued by recommending that the Commission request a presentation on the effectiveness of the Zoom program. She said that the only group that has closed the equity gap, according to National Assessment of Educational Progress scores, has been English Learners. She said these results are an acknowledgement that Zoom is working. She added that the Nevada Immigrant Coalition will look at all options when it comes to protecting kids of color, English Learners, and kids in poverty. She said that the Zoom and Victory programs gave those kids a chance and underfunding the weights and spreading out funding would knowingly take away that chance.

No public comment in Carson City.

Agenda Item #8 – Adjournment

The meeting was adjourned at 11:21a.m.