# MINUTES OF THE MEETING
# OF THE
# ASSEMBLY COMMITTEE ON WAYS AND MEANS
# AND THE
# SENATE COMMITTEE ON FINANCE
# JOINT SUBCOMMITTEE ON HUMAN RESOURCES

**Seventy-Third Session**
**March 11, 2005**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on Human Resources, was called to order at 8:00 a.m., on Friday, March 11, 2005. Chairwoman Chris Giunchigliani presided in Room 3137 of the Legislative Building, Carson City, Nevada. Exhibit A is the Agenda. All exhibits are available and on file at the Research Library of the Legislative Counsel Bureau.

**ASSEMBLY COMMITTEE MEMBERS PRESENT**:

Ms. Chris Giunchigliani, Chairwoman
Mr. Mo Denis
Mrs. Heidi S. Gansert
Ms. Sheila Leslie
Mrs. Debbie Smith
Ms. Valerie Weber

**SENATE COMMITTEE MEMBERS PRESENT**:

Senator Barbara Cegavske, Chairwoman
Senator Bernice Mathews
Senator William J. Raggio
Senator Dina Titus

**COMMITTEE MEMBERS ABSENT**:

None

**STAFF MEMBERS PRESENT**:

Mark Stevens, Assembly Fiscal Analyst
Gary Ghiggeri, Senate Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Mindy Braun, Education Program Analyst
Linda Smith, Committee Secretary
Lila Clark, Committee Secretary

Chairwoman Giunchigliani noted that the meeting would be the first budget hearing on the Distributive School Account and the second budget hearing on K-12 education and asked Dr. Rheault to come forward. She asked Dr. Rheault to address any additional budget amendments, supplemental appropriations, special funding, class-size reduction, school improvement programs, and adult high school diploma programs. The Chairwoman then welcomed the 4-H clubs in attendance.

Douglas C. Thunder, Deputy Superintendent, Administrative and Fiscal Services, Department of Education, referred to the DSA budget and noted that the assessed valuation numbers might change depending upon the outcome of any legislative action on the property tax issue. The local school support tax (LSST) revenue was coming in much higher than projections, which would result in a healthy reversion to the General Fund. Mr. Thunder said the Budget Division had submitted an amendment to The Executive Budget that incorporated inflationary changes on two line items, electricity and natural gas. The changes included increases of 4 percent for electricity and 8 percent for natural gas for each year of the 2005-2007 biennium. Mr. Thunder pointed out that FY2006 projections were based on the base budget year of FY2004.

Chairwoman Giunchigliani asked when actual expenditures would be known for FY2005. Mr. Thunder explained that the budget was based on information submitted by the local school districts for the "NRS 387" report, which was not received by the Department until November.

Mr. Thunder continued and said the increases for inflationary changes resulted in $2.6 million in FY2006 and $6.1 million in FY2007. The adjustments for projected enrollment increases were $98 million for FY2006 and $180.6 million in FY2007. Mr. Thunder referenced Decision Unit M-300, the benefit package, and noted that during the Legislative Commission's Budget Subcommittee hearing on the DSA there had been discussion on the PERS (Public Employees' Retirement System) rate reduction of 1/2 of 1 percent in the amount of contributions; the Governor's budget reflected that reduction in the PERS line item. Mr. Thunder said there was a question as to whether there should have been a salary adjustment in the DSA budget; however, to date a budget amendment had not been submitted. The adjustment would result in a .25 percent increase in salaries. Chairwoman Giunchigliani said she thought the PERS had sent a letter to the local school districts related to the retirement rate reduction indicating the salary schedules would be adjusted. Mr. Thunder said he was not aware of the letter referenced by the Chair, but indicated the Department was in discussions with the Budget Division, who would have to address the issue.

Chairwoman Giunchigliani expressed her displeasure with the lack of response provided by the Budget Division. She noted that an additional quarter percent should have been added to the salary schedule after the PERS rate reduction. The Chair then asked if the Budget Division had a position on the PERS rate.

Stephanie Phenix, Budget Analyst IV, Budget Division, Department of Administration, said the Division was reviewing the PERS rate reduction and would get back to the Chair. Chairwoman Giunchigliani said the Subcommittee did not have time for the Division to get back with the information. She then referenced NRS 286.421, subsection 2, and said the statute would clarify the requirement for the salary adjustment. The Chair stressed that the issue needed to be addressed immediately. The amendment would result in an approximate $5.1 million adjustment. Ms. Phoenix said the Budget Division would research the issue "this afternoon."

Mr. Thunder said another budget revision eliminated the increases for group insurance, based on the decision of the Public Employees' Benefits Program (PEBP) to not increase premiums in the 2005-2007 biennium. The revision reduced the DSA by $4 million in FY2006 and $11.2 million in FY2007. The revision would reduce the per employee monthly premium from an average of $427.15 to $409.61 in FY2006 and from $454.96 to $413.33 in FY2007.

The effective monthly premium for state agencies, if continued, would be $558.08. Mr. Thunder said he understood that rate might be reduced. The group insurance for the school districts had not previously been tied to the PEBP. Because only a few districts used PEBP, the rate would probably not be reduced because of the decision. Applying the rate to school districts resulted in an increase of 2.2 percent in FY2006 over FY2004 and 3.54 percent in FY2007 over FY2006.

Chairwoman Giunchigliani said it appeared the group insurance costs for the local school districts were based on state employee insurance costs, which had never been done. The amounts were not based on actual district costs, which were between 10 and 14 percent, depending on the district. Chairwoman Giunchigliani did not think the Subcommittee should accept the insurance amounts included in the DSA budget. She asked Mr. Thunder to work with LCB staff to recalculate the numbers based on actual district costs.

Chairwoman Giunchigliani referred to the budget amendment for inflationary costs and asked Mr. Thunder to be certain staff received back-up for the $6.1 million.

Mr. Thunder continued his presentation and said Decision Unit M-304 included a 2 percent cost-of-living adjustment for each year of the 2005-2007 biennium, $41 million in FY2006 and $86 million in FY2007. The unreserved fund balances had not been adjusted. The ending fund balance in each year became the opening balance in the next year.

Mr. Thunder said there was a problem involving the ending fund balance and the "other obligations" reported by the school districts. The Department was working with LCB staff and the Budget Division to resolve the problem. Chairwoman Giunchigliani interjected that it appeared the districts may have chosen not to hire teachers to actually fill positions and therefore built their ending fund balance, rather than utilizing the funding as intended by the Legislature. Mr. Thunder said he could not comment on the rationale and said the entire ratio issue had been mentioned in a prior meeting and needed to be addressed in the future. It was a matter of where funding was provided based on a certain ratio and if, for whatever reason, that ratio was not met and became higher, then the next budget cycle was built upon the higher set of ratios. Mr. Thunder questioned whether it was appropriate to continue funding based on what happened in the past, or did that need to be a decision point to look at the ratios and determine if that was something that needed to be established in another way. The Chair said the amount to correct the problem was $34 million per year.

Mr. Thunder said A.B. 93, which was heard the first time in the Assembly on March 9, 2005, made a supplemental appropriation in the amount of $9.6 million to the DSA for unanticipated expenses for FY2005 for providing health-care subsidies to retired school district employees. Mr. Thunder indicated the initial projections of the Department indicated the supplemental amount of $9.6 million might be high by $1.7 million, but the amount still needed to be trued up. Mr. Thunder said the state paid approximately $1,228 per employee for the retired employees' group insurance; if that amount was applied to the school districts, the total would be approximately $41million in FY2006 and $46 million in FY2007.

Mr. Thunder referred to the State match for the National School Lunch Program, a separate line item that was really only a paper transaction. The match was part of the basic support amount, but was pulled out in order to track the match separately. Chairwoman Giunchigliani asked if the match included school breakfast. Mr. Thunder said he thought technically the State match was only for the lunch program, no other match was involved, but said he would have to verify that.

Chairwoman Giunchigliani said information had been received on the school districts that opted out of the lunch program, but had not yet received information on the schools that opted out of providing free or reduced-price lunch. Mr. Thunder said he would check on the status of the report. Ms. Leslie asked the Department to also provide information on the participation rates in the school lunch programs. Mr. Thunder agreed.

Mr. Thunder referred to the impact of the two budget revisions on the basic support per pupil amounts. The basic support per pupil amounts included in The Executive Budget were $4,385 in FY2006 and $4,477 in FY2007. He said the first budget revision increased the amount by $7 in the first year and $14 in the second; the second revision reduced the amount by $10 in the first year and by $25 in the second year; the net effect was minus $3 in FY2006 and minus $11 in FY2007, resulting in basic support per pupil amounts of $4,382 in FY2006 and $4,465 in FY2007. The basic support amount per pupil for FY2005 was $4,424.

Chairwoman Giunchigliani asked if the basic support amounts were actually a reduction in overall support. Mr. Thunder explained that local school support tax and the 25 cents of property tax were included in the basic support per pupil amounts. The 50-cent portion of the property tax was not included in the per pupil amount; there could be some change, but the Department had looked at the growth rates used in the past and compared them to the present, and the rates were not significantly different in terms of percentage increase. Chairwoman Giunchigliani asked if the changes in the per pupil amounts were truly a loss of revenue for the school districts. Mr. Thunder said he thought that was correct. Chairwoman Giunchigliani pointed out that the revised numbers included the adjustment on the insurance and she was not certain the members would agree with the adjustment.

Chairwoman Giunchigliani referred to the adequacy of the K-12 funding formula. She thought there was going to be an interim study regarding the current funding formula that would address the debate of the national average issue and determine what should be provided to the school districts. The Chair said she was extremely distressed that the state's student population was increasing, but the funding for schools would be reduced in the first year of the 2005-2007 biennium. She then asked the Department to generate amounts for a 5 percent increase in salaries for both years of the biennium and asked Mr. Thunder to work with staff to bring those amounts back to the Subcommittee. Chairwoman Giunchigliani said the members appreciated the 2 percent increase included in the Governor's budget, but it was time to provide funding to make up for the increases in the cost of living.

Mr. Thunder referred to a handout (Exhibit B) which included pages from the Department's new "QuickSTATS" booklet, a publication the Department hoped to publish upon receipt of test scores and graduation rates. Mr. Thunder noted that the QuickFACTS book had already been disseminated. Chairwoman Giunchigliani complimented the Department on the QuickFACTS booklet, which was an excellent publication and most helpful.

Mr. Thunder reminded the Subcommittee that the $50 included in the budget for textbooks, instructional supplies, and/or computer hardware in the last session was not an additional $50 but was included in the various line items. Mr. Thunder stated that the "fencing off" technique had been quite difficult for the Department to manage; it was difficult to allocate the various line items to the districts in an appropriate fashion. Much time was expended on the allocation process by staff of LCB, the Budget Division, and the Department. Mr. Thunder asked that the fencing off process be reviewed by the Subcommittee. He noted that the districts' expenditures exceeded the funding provided through the DSA in all the fenced off areas.

Mr. Thunder said special education funding continued at the same level, using the same parameters for growth. The number of units was allowed to grow based on enrollment increases and the amount per unit was allowed to grow based on salary increases and movement on scale. Special education unit funding included in The Executive Budget was:

- 2,835 units at $34,433 per unit in FY2006
- 2,953 units at $35,122 per unit in FY2007

Chairwoman Giunchigliani asked for information on special education waiting lists. Gloria Dopf, Deputy Superintendent, Instructional, Research, and Evaluative Services, Department of Education, said the local school districts did not have waiting lists per se. She pointed out that the contributions local school districts made to special education through their general funds increased based on the number of students and the needs; higher pupil/teacher ratios in special education classes would require the districts to fund "local units" to support any increase beyond the maximum caseload allocations. The Department monitored special education caseloads. Chairwoman Giunchigliani requested a report on the number of local special education units, and Ms. Dopf agreed to forward the information. Ms. Dopf pointed out that the districts operated a larger number of local special education units than they received credit for. She explained that the districts only received credit for programs that fit the definition of a special education unit included in *Nevada Revised Statutes*. Ms. Dopf informed the members that districts were required to have related service providers to support special education instruction, such as nurses and school psychologists, and had to bear the costs of those providers. Ms. Dopf said occupational therapists could count under the new definition of a unit, due to being an instructional related program by a licensed service provider.

Chairwoman Giunchigliani said broadening the definition of a special education unit should have increased the actual costs of the unit, which had never fully been paid. Ms. Dopf said the change could have increased the need for the unit and the number of units the districts received, but the change was not created with a parallel increase in the number of units. Chairwoman Giunchigliani asked if the unit definition was a teacher in the classroom and a few ancillary services. Ms. Dopf said that was correct. Chairwoman Giunchigliani pointed out that special education units continued to be funded at approximately $34,000 per unit and an average teacher salary was approximately $43,000, a significant shortfall. Ms. Dopf concurred and said it would be conceptually the same whether it was a related service provider and/or a salaried instructor, funding was not tied to how much it cost for the salary and full-time benefits of a related service provider. Ms. Dopf referenced a special education document that was forwarded to all the legislators under separate cover. The document reflected the amount of support provided for special education above the basic unit amount. Many sessions ago, the Legislature required, under the

NRS 387 report, a specific accounting for all the special education expenditures, even though the revenue streams came from a few different sources. The report for FY2004 indicated in excess of $193 million of local general fund support was expended above and beyond the unit funding to operate the full special education program, including related services. Chairwoman Giunchigliani pointed out that the federal government did not pick up its end of funding for special education. Ms. Dopf said the percent of the per pupil expenditure at the federal level was approximately 15 percent. Ms. Dopf said the 40 percent in the federal law under the old 94-142 and then the Individuals with Disabilities Education Act (IDEA), was a figure at the national level that represented the per pupil expenditure, not the figure that each of the states was paying for their special education programs. Ms. Dopf said under the IDEA reauthorization that 2011 was the target year for the 40 percent per pupil.

Ms. Cegavske asked if any of Nevada's special education students received services out of state. Ms. Dopf referred to the NRS 395 Program, the program through which the districts requested support in meeting the needs of special education children, who could not receive services within the local school districts, and said there were four special education children being served out of state and one child in-state. The costs for the program were not reflected in the General Fund expenditures because they were supported under the NRS 395 Program, which was part of Budget Account 2715.

Chairwoman Giunchigliani asked about the number of special education discretionary units and Ms. Dopf said the budget included 40 units each year of the 2005-2007 biennium. Ms. Dopf addressed the charter schools and said the only special education funding that would be available for charter schools, especially the State sponsored charter schools, would be the discretionary units. Ms. Dopf indicated that there had been competition for the 40 units.

Mr. Thunder pointed out there was a supplemental appropriation request for the NRS 395 Program for $116,000 that would be heard March 14, 2005, in Senate Finance.

Ms. Dopf said a few sessions ago the Legislature approved $3.5 million for the comprehensive early childhood programs, however, freezes on all state-funded accounts resulted in the amount being reduced to under $3 million; funding had increased to approximately $3.1 million. The $3.1 million funded district supported and/or community-based programs through the community colleges and provided a comprehensive program, primarily for at-risk students that focused on pre-kindergarten readiness, pre-literacy, and pre-math. Ms. Dopf pointed out that the members had received an evaluation report on S.B. 8 in a separate transmittal. The Department was working on compiling the longitudinal evaluations and would provide members a draft of the report.

Mr. Dopf said the DSA budget included $301,000 specifically for the Classroom on Wheels program (COW). Based upon a legislative Letter of Intent, the funding was rolled into the "Governor Recommends" and that program would now compete for funds with the other early childhood programs. Chairwoman Giunchigliani asked for further information on the longitudinal study, and Ms. Dopf explained that the Department was compiling the data because of the specific need for a student tracking system that would allow the Department to have an identifier for the children prior to their entering the school system and then provide continuity in the tracking. The data was being analyzed and Ms. Dopf said the draft would be presented to the Legislature shortly. Ms. Dopf said the draft included some very good indicators on the impact in kindergarten on students who moved through the early childhood system. Chairwoman Giunchigliani noted that the evaluation would help as the area of full-time kindergarten was being discussed during the 2005 Legislative Session.

Senator Raggio requested information on how the $6 million included in the DSA budget for early childhood education over the 2005-2007 biennium was allocated. Ms. Dopf said the allocations would be based on a competitive grant with a very specific application packet that would track to the wording of the law. Eligible entities included community-based organizations and school districts. Part of the competiveness was that the school district and the early childhood provider collaborated and consolidated their efforts. The intent was to implement new programs or expand existing programs. Senator Raggio said that the early childhood programs were meant to enhance the capability of pre-kindergarten children and also to work with the parents. He asked if there had been a compilation of the data to determine the effectiveness of the program.

Ms. Dopf said the Department had prepared a program evaluation report as required by law and said she would be happy to provide a copy of the report to Senator Raggio. The report detailed the success of the nine programs against the indicators that were identified in statute. In all the areas, all the programs met or exceeded the performance indicators that were identified. Ms. Dopf said the report also indicated that involvement with the early childhood programs had a very positive impact on the student attendance and parental involvement. Senator Raggio said encouraging parental involvement in the early childhood programs was an area of great concern to him. Ms. Dopf pointed out that the programs did include parent training and hands-on parent literacy skills. Senator Raggio said he wanted to see something that could be measured and showed that parents who had otherwise not been interested or involved were now going to do so. Ms. Dopf said the longitudinal study would indicate an increase in the parental participation for the early childhood youngsters against the cohort that were not participating in the early childhood programs.

Chairwoman Giunchigliani said she just wanted to clarify that during the 2003-2004 school year, 1,054 pre-kindergarten children were served in the nine state-funded early childhood programs. Ms. Dopf said, "That is correct."

Ms. Leslie said information provided to the Subcommittee was that the COW bus program did not meet its performance indicators. Ms. Dopf said she believed that all the performance indicators were met by all the participants in the aggregate and each of the separate programs. There might have been some area under the COW program where perhaps one indicator was not met. Ms. Dopf said she would have to review the larger report. Ms. Leslie pointed out that it was important for members to have the reports on the day of the hearing. Ms. Leslie said that she thought it was important to break down the early childhood programs and look at the effectiveness by program and asked if the longitudinal report did that. Ms. Dopf said the S.B. 8 report did track the effectiveness by program. She did not believe the longitudinal study tracked the effectiveness on a per program basis. Ms. Leslie said the COW buses were cute but said she was not yet convinced that the program was the best preschool program. She thought, based on the Letter of Intent, the COW program would be required to participate in the competitive grant process during the 2003-2005 biennium, rather than funding the program for two more years and then having to compete. Ms. Dopf said she would check, but thought the $301,000 was cordoned off in FY2004 and FY2005. Ms. Leslie said she would be surprised if that was the case and thought staff agreed with her assessment. She indicated that the COW program should be funded if it was the best program, however, she did not believe it was the best program.

Chairwoman Giunchigliani said she also recalled that the COW program had to participate in a competitive bid. She then asked about the four outcome performance indicators. Ms. Dopf said the indicators were part of the primary evaluation and related to areas relevant to a youngster's performance in kindergarten including achievement level, parental participation, and attendance rates; factors that would impact the youngster's success against all the other kindergarten students.

Janie Lowe, Consultant, Department of Education, referenced the annual evaluation and said the COW program did not meet the three parenting goals. Ms. Lowe said when the data was received she requested an improvement plan to address the areas where the performance indicators were not met. She required improvement plans for all the programs because there was always room for improvement. Chairwoman Giunchigliani noted that record gains were being made in the COW program. When the program began no expectations were required. No matter what, there had to be accountability, which was why the Legislature moved to the competitive bid process, not just for the COW program but for all the early childhood programs. Chairwoman Giunchigliani noted that longitudinal studies based on student performance and remaining in school would be the key to determining the effectiveness of the COW program.

Ms. Leslie expressed her support of the early childhood programs and acknowledged that the COW program was working. She asked why the Department was not requesting more money for the program. Mr. Thunder explained that the funding included in The Executive Budget for the COW program, and the other early childhood programs, was built on the base year expenditures. Chairwoman Giunchigliani asked if the Department had any regional data on the numbers of children participating in the COW program that the members could review in order to determine need. Mr. Thunder said the Department would compile the numbers and forward a report to the Subcommittee.

Ms. Dopf pointed out for the record that because the funding included in the Governor's budget for the COW program was built on the base year and assuming continuation of the existing programs, the recommended revenue would not be sufficient to cover the salary needs of existing program staff. Ms. Dopf indicated that Ms. Lowe would provide additional information to the Subcommittee. Chairwoman Giunchigliani asked if the rollup was applied to the COW program and Ms. Dopf said the program was flat-funded against the base. Chairwoman Giunchigliani noted that the flat funding was another shortfall.

Senator Cegavske referred to the English Language Learners (ELL) program and asked how long it generally took for an ELL student to learn English and if the effectiveness of the program had been measured. She asked if any existing programs were deemed ineffective and were eliminated, or were the programs still being utilized, how many different programs were there, and would it be better to consider only a few of the programs. In the Clark County School District often students were moved from school to school and there were many different programs resulting in a lack of consistency, which was a disservice to the students. Senator Cegavske asked for a list of the existing programs and any programs that had been discontinued. She also referred to the measurements and asked if the Department could provide the number of students, rather than the percentage of students. Ms. Dopf asked for clarification and Senator Cegavske said she wanted information on all the areas because of the large number of programs. She indicated that she had heard horror stories about some of the programs and would like to get a handle on what was out there and if there was feedback from teachers, parents, and students. Ms. Dopf agreed to provide the requested information.

Chairwoman Giunchigliani asked if there were any emersion programs for ELL. Ms. Dopf said the Department did not have specific information on which language acquisition programs the districts were utilizing. She indicated the Department would provide members with the requested information. Chairwoman Giunchigliani pointed out that ELL and special education would also be addressed in a future budget hearing.

Mr. Denis said he thought age was the biggest factor in the time required for a child to learn. Ms. Dopf agreed with Mr. Denis's assessment and said the other major factor was a child who was limited English proficient and was also limited in his primary language; for those youngsters, the age of intervention became critical. Language studies did not provide data on the average amount of time it took to acquire a language and utilize it in an academic arena. Ms. Dopf pointed out that expressive language skills were one level of functioning, but being able to use the language skills to decode, read, and absorb content from reading as students progressed through the grades was significantly affected by the level of the language knowledge, not just the ability to speak the language.

Senator Cegavske asked Ms. Dopf to provide information on the number of gifted and talented units. Ms. Dopf said she would be happy to provide the information.

Dr. Rheault referred to the retirement credits for high-impact positions and at-risk schools and said the DSA budget included increased funding for both programs. He said a number of bills related to the retirement credits had been heard in the Assembly Education Committee and a few of the bills were up for discussion in subcommittee. Dr. Rheault said FY2004 was the first year funding was provided for full implementation of the retirement credits for teachers in at-risk schools and schools needing improvement. He noted that the difference between the projected needs versus actual school district expenditures for the programs was significant. As an example, in FY2004, there were 2,477 teachers that qualified for the 1/5 stipend at 124 eligible schools; the Legislature had budgeted $2.689 million for that purpose. The Public Employees' Retirement System (PERS) calculated $6.497 million in actual costs for the 1/5 stipend. Statutes required school districts to make up any difference if the appropriation did not meet the needs.

Dr. Rheault explained that FY2005 was the first year for the high impact, or hard to fill, position stipend. There were 3,077 teachers designated as hard to fill positions. Those teachers qualified either as secondary math, secondary English, English as a Second Language, special education, and school psychologists. The funding provided for the high impact positions would cover approximately 64 percent of the costs, which was what the Department calculated and turned into the PERS' office. Dr. Rheault said the Department expected the number of at-risk and school improvement costs to increase. In FY2005 there were 192 eligible schools that qualified for the 1/5 retirement stipend, an increase of 72 schools over FY2004, mainly due to the increase in the number of schools designated as needing improvement.

Chairwoman Giunchigliani asked about the amounts included in the budget for high-impact positions and at-risk schools. Dr. Rheault said The Executive Budget included $6.1 million in FY2006 and $6.4 million in FY2007 for high-impact positions; funding for the at-risk stipends was $7.5 million in FY2006 and $7.9 in FY2007. Chairwoman Giunchigliani noted that the Department had requested $8 million for high-impact positions and $2.9 for at-risk and noted there was a shortfall. Dr. Rheault pointed out that an individual could receive only one stipend, not both. He said the Department was collecting data for all the individuals receiving stipends for at-risk and schools in need of improvement positions and the data would have to be cross-walked against the data for the hard to fill positions. Dr. Rheault said he was hoping the two would balance and would result in the funding covering 100 percent of the costs.

Senator Raggio said he was quite interested in the stipends and noted that initially there was to be a bonus and then, by agreement, the bonus was transmuted to a retirement credit. The purpose of the credit was to provide an incentive for the retention of teachers in the at-risk schools. Senator Raggio said the issue of the high-impact stipend was slightly different. He asked if there was any data to indicate that the stipends were working and provided incentives for teachers in at-risk schools to remain in the schools. Dr. Rheault said the Department did not have current data but did have results from FY2004 to see if the retention rate at the schools having the 1/5 retirement stipend had a higher retention rate for teachers than schools not funded. Senator Raggio said he wanted information on the success of the stipends prior to extending the stipends to principals and other school staff. He said the stipends were not intended as a reward, there was a reason for the stipends, and that reason was to encourage people teaching at high-risk schools, who were subject to more burnout than anyone else, to have a reason to remain in the school. Senator Raggio commented that he did not think it would be difficult to measure the success of the program. He said, "Ask the at-risk schools if the teachers are staying or not." Chairwoman Giunchigliani recalled that the Subcommittee had also requested information on the success of the recruitment stipend.

Mrs. Smith referred to information reported by the Department at a prior meeting that indicated the stipends for high-impact positions, in particular, were not helping to retain the teachers. Mrs. Smith also noted for the record that the Assembly Education Committee passed out A.B. 60 as amended to include signing bonuses and including all licensed personnel. The Education Committee was also looking at A.B. 110 for discussion related to retirement credit and some other options. Because of the costs and rapid growth in the number of schools designated as needing improvement, Mrs. Smith felt there needed to be consideration of school eligibility. She thought the members needed to be very concerned about the increasing numbers because so far the data did not indicate the stipends were helping in retaining teachers.

Chairwoman Giunchigliani noted that various scenarios had been discussed including pooling dollars, allowing a retirement credit option, and paying for university courses for those working toward a degree to fill the special shortage areas. She noted that Senator Titus had suggested using some of the funds for a small down payment on a home loan.

Senator Cegavske said some teachers had expressed interest in returning to school for additional education classes. She recognized that there had been trouble with higher education giving up their remedial money and thought that funding might be an avenue that could be considered as an incentive for teachers. She thought the idea of giving the teachers various options for incentives was a good idea. Senator Cegavske did not know if using the remedial money was possible, but agreed with the Chair that there needed to be more options for the teachers.

Senator Mathews asked if the amendment to A.B. 60, referenced by Assemblywoman Smith, was in a form that could be reviewed by the Subcommittee. Mrs. Smith said A.B. 60 would be submitted to the Subcommittee soon in an amended version that addressed the signing bonuses. She reiterated that A.B. 110 would be the bill that would provide the menu of options discussed in Subcommittee.

Chairwoman Giunchigliani said she and Senator Raggio also wanted to make certain any bill included a performance standard based on a longitudinal study.

Mr. Denis noted that almost all the schools in his district were at-risk schools. He pointed out that the teachers who succeeded in the at-risk areas were teachers who wanted to be in the high-risk schools and could really make a difference in student achievement. Mr. Denis did not think merely providing financial incentives resulted in the types of teachers needed in his district.

Chairwoman Giunchigliani agreed with Mr. Denis's assessment and said it had always been her choice to teach in a high-risk area; the students and parents were wonderful. She said her school district had mandated that teachers remain in a school, so teachers were stuck in a school and did not really want to be there, which was not good for the teacher or the students. The Chair said she had legislation modeled after the Denver Plan that was performance based, skills based, and career ladder mentoring, and required the associations to have to bargain the different types of procedures. The bill was in the drafting process, but would give the members a vehicle for discussion along with A.B. 110.

Senator Titus said that after the last Subcommittee meeting she and the Chair had discussed the housing issue. The Senator indicated she had received a visit from a representative of Fannie Mae who explained that there were creative ways to assist with providing funding for housing. The Senator said she hoped that information could be included in the bill.

Mrs. Smith referred to the comments made by Mr. Denis and said the incentive to stay in an at-risk school was about money and also about school leadership, which was one of the important reasons to include the principals in the eligibility for the at-risk stipends. The at-risk schools needed strong leadership. A recent survey by the California Teachers' Association indicated the main reason teachers stayed in an at-risk school was because of strong leadership.

Dr. Rheault thought the biggest issue that the Subcommittee needed to consider was that the local school districts were on record indicating that it was almost a disincentive to give the schools in need of improvement a bonus or a retirement incentive. If the funding included in BA 2615 for remediation was approved, there would be funding to support schools needing improvement. The at-risk schools would provide a stable base, and Dr. Rheault thought that was the intent of the original funding, trying to keep teachers in schools in lower economic areas; that number was fairly stable each year. Dr. Rheault said he had reviewed the prior year's numbers and there were 110 schools that had 65 percent or more students in free or reduced lunch; in FY2005, even though the number of schools in need of improvement went from 124 to 192, there were 111 at-risk schools based on the free and reduced lunch; a stable number that would result in solid projections that would give teachers incentives in the hardest to serve schools. Chairwoman Giunchigliani asked if the schools in need of improvement were the same as the schools not meeting average yearly progress (AYP), and Dr. Rheault explained that all of those schools were on the list.

Ms. Dopf said that previously Title I schools were the only schools identified as needing improvement. Now all the school designations were included in S.B. 1. The difference was that the Title I schools had already been included in the cycle and were at a different level of consequence. The designation of schools failing to meet AYP in the first year placed a school on a watch list. When AYP was not met the second year, the school was then designated as needing improvement.

Senator Cegavske said during the 2003 Legislative Session one of the concepts that had been discussed was letting each teacher negotiate a year-long contract with school administration. The school administrations would hire their own staff based on qualifications needed for a particular school. Senator Cegavske said the concept was discussed last session and never went anywhere, but she thought the Subcommittee needed to review the area. There were teachers who desired to work a year-round schedule but were only on the nine-month schedule. Senator Cegavske suggested a teacher could be on a 12-month contract and could still work in a 9-month school and then teach in at-risk schools during the remaining time—just another option to be considered by the Subcommittee.

Dr. Rheault addressed the class-size reduction (CSR) program which was increased by the percentage of enrollment growth. He said that the State Board of Education was charged with granting variances each year. He referenced a report submitted under separate cover that contained information on the CSR variances granted and the class-size numbers for the last two years. Dr. Rheault said, in accordance with statutes, variances to exceed the 15:1 pupil/teacher ratio could be granted if funding provided to support the class size numbers was not sufficient. A recent problem that had surfaced the last few years was due to the increasing number of CSR teachers who had been in the CSR program for quite some time, which resulted in salaries that were higher than the average class-size salary. He pointed to the Clark County School District (CCSD) as a good example. The amount expended for the CSR teachers was $6 million or $7 million above what was received through the CSR program. The CCSD increased ratios in grade 3 to offset the $7 million shortfall. The problem was worse in the rural school districts having numerous small schools with small enrollments and not having sufficient funds to hire an additional teacher to reduce a ratio of perhaps 20:1 to the mandated ratio of 15:1.

Mr. Thunder mentioned that in the past the movement on scale for the CSR teachers was 3 and 3 percent. However, because the average CSR teacher salaries were approaching the average salaries across-the-board, the movement on scale was dropped to 2 and 2 percent. Mr. Thunder said he thought the salary issues had been addressed. In the past, some of the districts reported only the amount of money received from the State for the CSR program salaries, any additional costs for the CSR program salaries were paid from their general funds.

Chairwoman Giunchigliani asked why the Lander County School District did not submit an evaluation report for the alternative CSR program. Dr. Rheault said the district had requested the 22:1 ratio option in FY2004 and then a new superintendent was hired. Dr. Rheault thought the district failed to request continuing the alternative program after the new superintendent was hired. Dr. Rheault said for FY2005 the district needed to apply for a variance. Chairwoman Giunchigliani recognized that the entire class-size reduction program resulted in heated debates each legislative session and said she did not support flexibility in the program and thought team teaching should have been eliminated a long time ago.

Chairwoman Giunchigliani asked if each school district offered classes with licensed instructors for physical education, art, and music. The Chair said there were certain fundamentals that should be offered to students but were not because of flexibility; the same was true with driver's education, which was part of her fear with allowing flexibility within the CSR program. The goal of a 15:1 ratio in kindergarten and grades 1, 2, and 3 had never been realized. The Chair said her personal bias was that nothing had been provided for kindergarten class-size reduction; those students did not deserve to be in classroom sizes of 38 and 40 at the age of 5 and 6. The CSR funding needed to be addressed.

Senator Cegavske agreed with the Chairwoman on the team teaching allowed under the CSR program. She said it was unfortunate that the program was mandated when 16 of the 17 districts could not fulfill the requirement. The Senator said she fully supported the flexibility within the CSR program and thought the Elko County School District was an outstanding example of the success of flexibility. The Elko program provided for smaller class sizes without requiring waivers.

Senator Raggio explained that the CSR program was implemented over a decade ago. At the time the CSR legislation was passed, the legislators advised the local school districts that full accountability would be a requirement. The legislators had asked each of the 17 school districts if the districts would be able to accommodate the CSR program and be able to provide the classrooms required for the reduced ratios. Senator Raggio emphasized that providing school facilities had never been, and was not contemplated to be, within the responsibility of State funding. Senator Raggio said funding for education was a joint effort between local school districts and the State, even though the State was the guarantor under *The Nevada Plan* for basic school support. Senator Raggio said he kept reading articles and hearing legislators who evidently did not know of the school districts' testimony on the CSR program. He said there was not the obligation, and never had been the obligation of the State to provide classrooms for the class-size reduction program. School rooms were not provided which then resulted in the team teaching concept. There was a great deal of discussion that team teaching was good until finally the teachers involved in team teaching came forward and said the concept was not good. With legislative approval, the Elko County School District implemented a pilot program for flexibility within the CSR program, which worked extremely well. Last session the Governor recommended that the flexibility option be allowed for each of the school districts. For whatever reason, Clark County School District and Washoe County School District were not provided the flexibility option. The Legislature had asked the two districts to study the possibility of flexibility. Senator Raggio recognized there were some personal biases, but pointed out that people were elected to serve on the school boards in each of the school districts and the Legislature should not be micromanaging. The Governor had again recommended that all school districts be given the option of flexibility. Flexibility addressed the team teaching problem and dollars were not reduced. Senator Raggio said it was his understanding that both the CCSD and the WCSD requested the flexibility option and he did not think "we should sit here and say okay, we know better than the school districts or school boards." He emphasized that the Subcommittee members could not let personal biases replace the valued decisions of the school districts and their boards.

Dr. Rheault said the bill that allowed CSR flexibility would sunset in FY2005 unless reauthorized by the Legislature, which was a concern of the school districts. Dr. Rheault noted that some of the districts might consider flexibility in the future if the option was reauthorized. If flexibility was not reauthorized, all the districts would have to return to the original class-size reduction requirements in grades 1, 2, and 3.

Assemblywoman Leslie noted that the Lander County School District had implemented the flexibility option for one year and then elected not to the second year. Dr. Rheault reiterated that one reason was due to the change in superintendent. However, he offered to contact the district and request additional information on why the flexibility option was dropped. Ms. Leslie said she had information that eliminating team teaching in the CCSD would cost the district $10.4 million and in the WCSD it would cost $28.7 million and she asked why the cost for the WCSD was so much greater. Dr. Rheault indicated he was not sure why there was such disparity and pointed out that the CCSD had 290 team taught classrooms and the WCSD had only 47. Ms. Leslie said the information indicated that the CCSD needed an additional 298 classrooms or 174 portables which would cost $10.4 million, and the WCSD needed an additional 110 classrooms at an estimated cost of $28.7 million. She asked the Department to conduct research on the differences in cost. Chairwoman Giunchigliani referred to the huge disparity in cost and suggested perhaps the WCSD did not want to use portables. She noted that there was a bill draft to assist with funding for portables for kindergarten classes. Ms. Leslie echoed the Chairwoman's comments related to kindergarten and pointed out that the WCSD had the highest pupil/teacher ratios in kindergarten, especially in the newer areas of town. She emphasized that the 2005 Legislature had to review kindergarten class sizes.

Mrs. Smith said one of her greatest concerns with the CSR was that data was reported on averages and said she would like to see where the high numbers were because some class sizes were much higher than the average. Her fear with flexibility and changing the numbers was that the high end would get higher. Mrs. Smith said in an earlier meeting she had requested information on "that high number in Elko" and did not believe she had received the information. She asked Dr. Rheault to check on the status of the report.

Chairwoman Giunchigliani said she appreciated Senator Raggio's comments on not micromanaging, however, she felt that the Legislature often selected programs they wanted and ignored other programs. She pointed out that Nevada was the first state in the nation to mandate class-size reduction but never bothered to fully fund the program. The Chair indicated that some college and university class sizes were often smaller than class sizes for 5, 6, 7, and 8 year old children. She reiterated that there was something wrong with the legislative priorities.

Senator Raggio said it was true that the CSR program was not funded for a 15:1 pupil/teacher ratio, but that was not the initial expectation. Senator Raggio said he wanted to set the record straight and said the class-size reduction program was funded 15 years ago, which meant funding had been provided for additional teachers. The state had experienced record growth. The total amount of funding for the class-size reduction for the 15-year period was $994 million. The Chairwoman noted that education was not cheap, but prisons were even more expensive. She said the CSR program would be revisited in future Subcommittee meetings.

Chairwoman Giunchigliani referred to the Regional Professional Development Programs (RPDPs) and noted that representatives for the RPDPs were unable to attend the Subcommittee meeting. She said the questions would be forwarded to the representatives for response. The questions related to (1) the funding recommended for FY2006 for the Western RPDP, which increased 39 percent over FY2005, the other programs each received much less of an increase; (2) $90,000 included in each year of the 2005-2007 biennium for car rental expenditures for the Northeastern RPDP; and (3) current policies of the school districts use of substitute teachers and how the RPDPs modified their programs to meet the needs of teachers.

Chairwoman Giunchigliani then referred to the remediation funding for low performing schools and at-risk pupils and asked how many schools were eligible for remediation funding or tutoring funding. She also asked which remediation programs had been identified to actually produce results, what were the programs, and how were the programs being measured. The Chair noted that many of the remediation programs were good programs but were supplemental programs and not necessarily tied to instruction improvements. She asked if the spring testing issue for the year-round schools versus the regular schools had been resolved. Dr. Rheault answered in the affirmative and said when the contract was negotiated with the new test vendor, there were two separate dates and there was a test window that all schools would meet—15 days either way of 120 days; there would be a different testing time for year-round schools versus regular schools. Dr. Rheault indicated that the change would not require additional funding.

Assemblywoman Smith said it had been brought to her attention that parents and teachers did not receive the test reports in a timely manner, especially the Grow Network reports.

Dr. Rheault said the Department had also received complaints on the six-week turnaround time for test results, mainly for tests taken by seniors in the latter part of their senior year. He suggested possibly scoring the high school proficiency tests in-house with a requirement that the test contractor observe the scoring process. Dr. Rheault noted that seniors in the Clark County School District taking the tests in May were scheduled to graduate in ten days or less after the tests. The small number of tests was scored in the district and, in order to be in compliance with statutes, the district required the testing contractor to observe the scoring process. Dr. Rheault said he did not know if the testing contractor would agree to observe the process for the February and April test for seniors only. Chairwoman Giunchigliani requested that Dr. Rheault find out if the contractor would consider observing the scorings. Dr. Rheault agreed.

Senator Cegavske referred to the Grow Network program and noted that in the past the program sent out a "report card." The Senator said she thought the Grow Network and the report card were good, but parents and teachers were frustrated due to not receiving any test information during the summer months. She reiterated Assemblywoman Smith's concern that the reports needed to be received in a timely fashion in order to provide help for the students prior to their moving into the next grade. The Senator did not think it was appropriate to pay for reports generated after the fact and voiced concern that the State was not addressing the problem.

Dr. Rheault said part of the Senator's concerns would be addressed by moving the test window, which was changed to 120 days because of the year-round schools. The results for the individual schools, with the exception of year-round schools, should be received much sooner. Senator Cegavske said she did not understand why the results could not be generated for each school as the results were received. The reports could then be forwarded to the parents and schools, rather than waiting for all the reports.

Ms. Dopf said she thought two different dynamics were being discussed. She said the districts did provide information on the state administered assessments to the parents within the course of the school year. Ms. Dopf said as a parent recipient in the Carson City School District, as soon as the test information was provided to the district and verified, the CRT reports were provided to the parents in a form provided by the district based on material from the test vendor; that was required by statutes and did occur. Ms. Dopf said, as a parent, she would receive information on her child, who would be taking the CRTs soon, from the district in the form provided. Transferring the test information in the format that the Grow Network provided took time and Ms. Dopf said she was not certain about the time frame. The Department hoped that transmission of the 2006 test data would be more effective because of the student information system being online. Chairwoman Giunchigliani said she was certain the Grow Network budget would be discussed in future Subcommittee hearings.

The Chair asked if there had been any problems with the State funds and the federal funds provided for tutoring students. Ms. Dopf said the issue of the supplemental funds for both the remediation programs and the tutoring were both tied to two dynamics that delayed the availability of the funds. The funds were tied to the designation of schools in need of improvement. The first year of the biennium the schools that were not Title I schools did not have the running score under S.B. 1, so funding was available for schools that had been designated as needing improvement in this system, but did not have non-Title I schools identified because they were in the first year of AYP and were on watch lists, but were not needing improvement, which had an impact on the timing. The continuing issue was based upon the AYP finalization, which occurred in mid-August. The funds were finally granted out in the middle of the school year and had a six-month life, which was why there was now information about wanting to cycle the remediation dollars in the proposed trust fund slightly differently. The Chairwoman asked if there was sufficient funding or did the Subcommittee need to consider adding additional resources; was it enough to cover the number of schools. Ms. Dopf said, "Given the growing number of schools eligible under the in need of improvement, if we took the pot of money and prioritized and distributed it based upon a prioritization and the application process, if the intent was to fund all the eligible schools, absolutely not." Ms. Dopf said the Department would provide information on the estimated funds needed for all the eligible schools. The Chair then asked if there was pending legislation to streamline and make the application and processes less cumbersome. Dr. Rheault said the Governor had proposed a bill draft request for the school improvement funding, and the request included some recommendations to streamline the process.

Chairwoman Giunchigliani then asked if there was a plan for the proposed Remediation Trust Fund, $50 million in each year of the 2005-2007 biennium.

Lisa Foster, Deputy Chief of Staff, Office of the Governor, provided a brief overview of the Remediation Trust Fund. She said the Governor, as a former school administrator, wanted to find a creative and effective way to address the problem of failing schools in Nevada. He felt that while the schools had done a good job of identifying their competencies and problems and putting them in the school improvement plans that the legislators had requested, there was no money budgeted to meet the goals outlined. The Governor thought that by allocating $100 million over the biennium to help elementary schools meet the goals in their improvement plans, that the funding would go a long way in improving the performance of some of the low-performing schools. The Governor targeted elementary schools feeling that would provide the best chance of improving outcomes for the greatest number of students. The Governor proposed removing the existing remedial funding process. The Governor's Office had received information that the process took too long and there seemed to be issues about people applying early in the school year and receiving the funds late in the school year. Ms. Foster said the new process would get the money to the schools faster and more effectively. The Governor felt that the infusion of the funds, overseen by a new committee, would give the schools on the failure and watch list the opportunity to pull themselves off that list. The committee would have responsibility for oversight of the funds and would be comprised of individuals familiar with innovative ways of improving school performance. The schools would write grants that would be tied to their particular school improvement plans; some funds could be set aside for district-wide programs. The committee would have the latitude to make many of the decisions on how the funds could be expended. Some examples of how the funds would be expended included special programs such as all-day kindergarten, literacy programs, specialized personnel such as bilingual teachers, sustained professional development, including mentoring programs. Ms. Foster said she had spoken with Assemblywoman Parnell and Assemblywoman Smith about some potential district-wide programs that, particularly in the smaller districts, might be an excellent use of the funds. Ms. Foster pointed out the Governor's Office was awaiting a bill draft and would be happy to present more program detail upon receipt of the bill draft.

Chairwoman Giunchigliani thanked Ms. Foster for her presentation, which gave the members a much better picture of the proposed remediation funds than what was provided in the State of the State Address. The Chair understood that the funds were directed only at the low performing schools and schools on the AYP list.

Dr. Rheault said the Governor had asked the Department for recommendations for the Remediation Trust Fund. He referred to the handout titled "Improvement Plans for Individual Schools, School Districts, and State, Statutory Requirements" (Exhibit C) and said one of the strongest recommendations to the Governor was to use the existing school improvement plans. Every school and every school district spent months compiling the very detailed improvement plans. Dr. Rheault pointed out the statutes included three and one-half pages devoted to the school improvement plans. Chairwoman Giunchigliani noted that Dr. Rheault's comments were key and were what the Standards Commission wanted to recommend. She said what was being recommended was a narrow view of only looking at AYP. The Chair said she thought the Assembly wanted every school to have an opportunity for remediation funds, and if funding was needed for their school improvement plan, even if not on AYP, the funding should be provided to prevent the school from going on AYP.

Chairwoman Giunchigliani suggested rewarding schools that fell off the AYP list by funding projects and programs to make sure the schools stayed off of AYP. The Chair said the Subcommittee would have further discussions as the machinations of the bill draft were worked out. The Chair asked about the distribution process and noted that the term "trust" generally was thought of as a corpus and the principal was not used. Ms. Foster said the intent was that the schools would apply for grants and the fund would be an ongoing fund so that the money did not revert. Funding that was not expended would be carried forward to the next year. Chairwoman Giunchigliani noted that the program was not really a trust fund and said a trust fund meant establishing the fund and the principal was never touched. Ms. Foster said that was not the intent. She said the Department would allocate the funds based on the grants. Dr. Rheault said it was his understanding that a commission would be appointed by the Governor for oversight of the Remediation Trust Fund and the Department would work with the commission to allocate the funding. Chairwoman Giunchigliani said she did not want to create another bureaucracy and recognized that was usually the Governor's position. She suggested there be discussion on the need for a commission.

The Chair pointed out that there was a great deal of funding that could be captured through a grant writer. The Department did not have a grant writer and Chairwoman Giunchigliani said she hoped to move the Governor's grant writer position to the Department. Ms. Foster said the Governor's Office did not have a grant writer. Mr. Comeaux confirmed that the Governor's Office did not have a grant writer, but said there were "adequate salary dollars to fund the staff that they have in that budget." The Chair suggested moving funding to the Department to support a grant writer position. Ms. Foster said the Governor in his State of the State Address referred to a couple of schools that had moved forward in their successes and what he wanted to do was to have a committee of principals and teachers that had experienced success and would know how to train staff in other schools. Ms. Foster emphasized that there was a reason for creating a new commission.

Assemblywoman Leslie said one of the schools Ms. Foster referenced was Anderson Elementary School in Reno and said the transiency rate in that particular area of town was huge and it did not make sense to take money away that provided the extra reading teachers and the extra things that helped the school. It was not all about a one-year fix. Ms. Leslie expressed her frustration and asked what would happen to a school like Anderson Elementary that did well but would continue to experience a huge transciency rate, and would have all the same problems, but would no longer have the resources. Dr. Rheault said the Governor had been concerned and wanted to provide funding for more than one school year, and if a school applied the funding could be provided for the biennium. The Governor did not want the funding to end the year after and Dr. Rheault hoped that could be considered. The schools that improved and had certain things put in place that resulted in their being removed from the AYP list probably needed funding beyond normal funds to keep them off the list. Ms. Leslie agreed but said the bottom line was that Anderson staff understood what worked and perhaps additional funding needed to be provided permanently; the neighborhood would not change and the situation would not get better.

Chairwoman Giunchigliani said she thought the concerns expressed by Ms. Leslie would be part of future discussions. She said sometimes innovation was confused with a good practice that worked within a particular school. She thought the Assembly would like to see some reward for truly innovative ideas such as "weaving arts completely through the curriculum." Illinois and Texas were two states that were currently doing this and the results had been incredible. Innovation was separate from helping the schools stay off the AYP list. The Chair said she thought resources for additional teachers needed to be built into the budget rather than requiring the schools to go through a grant process.

Senator Cegavske asked if problems were being experienced with the current remediation funds getting to the schools and asked if the commission would receive salaries. Ms. Foster said, "No, there is no salary intended." The commission would be a small volunteer board comprised of individuals experienced in the educational field and appointed by the Governor. The commission would be comprised of the Superintendent of Public Instruction, two elementary school teachers, two elementary school principals, a school district administrator, and a member of the public. Senator Cegavske restated her questions on the current remediation funds. Dr. Rheault said the problem with the current funding was that it was limited to successful programs on a list and required that the Department, the Legislative Counsel Bureau, and the Budget Division work together to jointly agree on the approval. It then went to the Board of Examiners and on to the Interim Finance Committee for approval. The entire process took six months after the applications were received from the districts. The process needed to be streamlined. Chairwoman Giunchigliani said the areas discussed would be included in the "other bill that had been discussed."

Senator Raggio noted that one reason for the delay in the remediation funding was due to the addition of the spring testing. He noted there was always a perception that money was the answer to everything, however, the Anderson School was one of the poorest performing schools in the Washoe County School District and was one of twelve schools designated as needing improvement. The school had all the demographics, 60 percent of students were English Language Learners. The school had a new principal who surveyed everyone in the school, and school staff and parents were involved. At least nine teachers, on their own vacation time at their own expense, visited and observed a school in Washington State that had been successful. The success of the school was not due to money, but was a question of getting people involved. Anderson staff returned and developed an action plan. Among other things, all the school staff on their own decided to participate in reading. The Senator noted that "they did all these things and the results were amazing." It did not always require money, but took commitment. The staff of Anderson was a model and the principal involved staff and parents. Chairwoman Giunchigliani thought Senator Raggio's comments summed up the requirements of a healthy, successful school; good leadership, commitment, parental involvement, and passion. However, she thought the school still needed additional reading teachers and other programs that required funding.

Chairwoman Giunchigliani continued review of the DSA budget and asked if, because of the reopening of the Jean Correctional Center and the Casa Grande Transitional Housing facility, the recommended funding for the adult high school diploma program would be sufficient to provide services to the expanding prison population. She thought the Jean facility was anticipated to be the juvenile facility if the Legislature moved forward with the recommendation. The Chair said she understood the funding was included in the Department of Correction's (DOC) budget rather than in the DSA for the openings and thought that was unusual. She said the Subcommittee might request that the funding be given to the Department for disbursement.

Dr. Carl Shaff, Adult Education Coordinator, Department of Education, said there was not currently funding within the DOC budget to pay for the additional costs. Mr. Shaff said he had met with Brad Walden, the administrator in charge of the alternative programs in the Clark County School District, and Jackie Crawford, and said the cost to reopen the Jean facility in FY2007 was approximately $2.1 million. He recognized it made a great deal of sense to open a juvenile facility, but the funding for providing an adult high school diploma program at the new facility was not included in the Department's budget. The Department's adult high school diploma program was static and grew on a formula basis. The average cost per student in the regular adult high school diploma program was approximately $830, but was slightly higher in the prison system due to the limitations placed on the programs, such as not allowing night school. Dr. Shaff said he would provide the Chairwoman with a copy of the rough draft provided by Ms. Crawford. The Chair indicated she had been corrected by staff, there was no money in the DOC budget for additional program costs, only funding for computers and a contractor.

The Chairwoman referred to the "hold harmless" provision within statutes and said there would be debate on the provision within the Subcommittee. Chairwoman Giunchigliani did not think charter schools should fall under the hold harmless provision because of the lack of accountability. She then referred to the two-year hold harmless provision and pointed out that prior to 2001 the provision was for a one-year hold harmless. Chairwoman Giunchigliani indicated that part of the intent of the hold harmless provision was to give districts time to plan for phasing out staff due to decreased enrollments. She indicated she would be asking the districts for their plans to phase out the two-year hold harmless provision.

Chairwoman Giunchigliani said the average teacher salary was $43,838 and was budgeted to increase to $45,000 and then $46,000 commensurately. She asked for verification that no salary increase was budgeted for teachers hired in the second year of the biennium. Mr. Thunder said in the second year of the biennium the salary increase applied.

Randy Robison, Executive Director, Nevada Association of School Boards, read from prepared testimony:

> This is an important budget for public schools in Nevada—more especially so since K-12 education again finds itself in the midst of a tax policy controversy which is not of our making. Before I address the unusual position of the school system in this legislative session, please allow me to provide some background on school revenues and make a request of the Committee on behalf of the Nevada Association of School Boards, and the soon-to-be over 400,000 public school students.
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> We are frequently reminded that public schools consume a significant portion of total tax revenue. That is true. However, there is probably no public institution in Nevada that comes in more direct contact with more of our citizens than we do, so it is reasonable to expect that we need a large portion of that revenue

to succeed. Yet none of the taxes we receive for operations are under local control. All school operating taxes are levied at the State level and designated by the State to the public schools, and the State General Fund supplements these sources to fund our budgets at the level approved by the Legislature. State supplement varies by county based on differential cost factors and local wealth. That supplement is needed to help level the playing field among school districts and we always appreciate that the State has considered K-12 education a high priority. However, the fact State funding can actually decline as local revenues rise seems to keep us behind other states in per student funding.

We all know about the State guarantee under which the State is to make up shortfalls in school sales tax and 25-cent property tax when such shortfalls occur. In fact, over $70 million in supplemental State money was provided in 2003 for this purpose. Over time, however, the guarantee has produced more windfalls for the State than it provided supplement to schools, and we see the State now doubling this $70 million investment in 2003 to a $140 million reversion to its General Fund in 2005. With even more sales tax being collected by schools, the State is likely to receive yet another $40 million this year, all in the name of taxes supposedly allocated to the benefit of public schools.

The Governor's recommended budget contemplates about $5.2 billion in school expenditures for general school operations plus continuation of specific State-funded programs. That is an increase of over $600 million beyond the current biennium and we acknowledge and appreciate that most normal cost increases are included in this calculation. However, all one has to do is multiply this year's budget by the estimated 5.38 percent and 4.15 percent enrollment increases over the next two years and add annual CPI at 2.5 percent, the U.S. average over the past 5 years, and the result is about $5.2 billion. In other words, it takes all of the $600 plus million in "new money" to buy no more than the status quo.

We understand this budget, including both State General Fund and dedicated school taxes, is generally intended to meet the challenge of enrollment growth with a modest 2 percent COLA for school district personnel. However, we always find the DSA is a work in progress subject to adjustment throughout the session. For example, normal CPI allowances were omitted for non-salary operating costs, discovery of data entry errors has revealed serious shortfalls which must be fixed, and concern over funding for employee group insurance has been heightened—all issues which must be resolved. However, beyond such adjustments there remains the fundamental policy question of why State appropriations for K-12 as a percent of total appropriations is reduced simply because our local economies are growing—all this at a time of significant State surplus. The NASB believes that regardless of the performance of local sales and property taxes, the State should not reduce its percentage investment in K-12. Even if all technical issues I just mentioned were resolved in K-12's favor by adding more State money, the proportion of State General Fund directed to K-12 would still decline in the next two years compared to the current biennium.

> We have three requests. First, that the DSA adjustments be made by adding State General Fund to correct some of the issues mentioned above. Second, that you carefully consider the justification forthcoming from school districts throughout this session and add General Fund dollars to the DSA to at least equalize FY2005-2007 appropriations as a percentage of General Fund spending. Third, that any additional school support sales tax, which may be projected by the Economic Forum later this session, not be used to further reduce General Fund appropriation, but rather be used to increase State per student support.
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> Before closing, I would like to return to the position in which schools find themselves this session. Public schools have sometimes been cited this session as an issue in the property tax deliberations. We, in fact, are not the issue. The issues are rising property values and what to do about them. The 75-cent school operating property tax is budgeted to yield well over $1 billion over the next two years. We understand that amount to have been conservatively projected based on normal growth in assessed valuation, a reasonable approach given the uncertainty surrounding property tax reform. Whatever course of action the Legislature takes in this issue, we ask only that our arguments be heard and that adjustments to the overall school budget be carefully considered and funded. We also would respectfully request that the DSA budget be calculated prior to final approval of any property tax proposal.
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> We thank the Governor for providing in his budget for growth in the school system and for his thoughtful and supportive recommendation of the $50 million per year special fund, and we thank this Committee for the privilege of appearing before you.

Chairwoman Giunchigliani asked Mr. Robison to provide members with a copy of his presentation. She referred to Mr. Robison's point about the DSA going down and said the overall budget went down by approximately 2 percent even though growth numbers were huge. The Chair said there was a term "State obligation" but that never seemed to be fulfilled. The Chair said she had a bill during the current session to capture the reversion dollars.

Terry Hickman, high school counselor and President of the Nevada State Education Association, provided the following testimony:

> Nevada is once again at a crossroads for public education funding. The economy is robust, yet education remained severely underfunded. According to the rankings of the National Education Association (NEA) and estimates from fall 2004, Nevada slipped to 47th in per pupil funding among the 50 states and the District of Columbia, ahead of only Mississippi, Arkansas, Arizona, and Utah. We believe it is time for this Body to step up to the plate and to do better for public education. The fact remains that if this DSA goes through as is, we will continue to have overcrowded classrooms, old and outdated textbooks, and no full-day kindergarten to enhance the student achievement of our young learners. In addition, this budget does not include salaries that are competitive to attract and retain teachers and support professionals, nor does it

> begin to address the escalating cost of health insurance. This DSA budget ignores the realities of teachers and support professionals when it comes to health insurance adjustments. The proposed budget begs one fundamental question. Is this the best that we can do? There is nearly $1 billion in surplus in this state and this money needs to be used to address the education funding crisis. If we continue to turn our backs on education, we shortchange our students and the future of our state. That is why, as the advocates for more than 24,000 members, the Nevada Education Association has come here today to speak with you and to talk to you about this situation. We urge you to support increased funding for public education, allow our students, teachers, and support professionals to enjoy the good times in which our state is partaking. Help us provide our students with the quality schools they need and deserve.

Al Bellister, Director of Research, Nevada State Education Association, referred to the teacher salaries and said over the last ten years the Legislature appropriated salary increases for public school employees of approximately 25 percent. Over that same period of time, the consumer price index (CPI) increased approximately 36.8 percent. Clearly, teachers and public school employee salaries had not kept pace with the cost of living, resulting in erosion of their purchasing power. Nevada's teacher salaries were not competitive with other states. Mr. Bellister pointed out that there was only so much money "in the pie" and there was a reduced share of the pie for group health costs, the impact of which would be reduced benefits, or shifting the costs to the employee. Not only was there the effect of reduced purchasing power, but also the impact on salaries when the cost of health insurance shifted to the employee, which left fewer dollars for the employee for other purchases. Mr. Bellister said the Legislative Counsel Bureau recently conducted a survey, a performance audit of Clark and Washoe County School Districts. The exit survey in the Washoe County School District found that 41.8 percent of those surveyed who were leaving the employment of the district indicated dissatisfaction with salary. High staff turnover did have an impact on student achievement. There needed to be continuity in instruction.

Mr. Bellister referred to the Clark County School District, the sixth largest school district in the nation. Of the ten largest school districts, Clark County School District's starting salary was ninth, the second lowest. The starting salary in the WCSD was less than $28,000. Mr. Bellister referred to a recent article in the *Reno Gazette-Journal* that pointed out the difficulty the WCSD was experiencing in recruiting minority teacher candidates. Most often the candidates indicated that the cost of living was too high in the Reno-Sparks area and the salaries were described as "pretty bad." One candidate had turned down the WCSD offer of $28,000 and instead went to Phoenix, Arizona, for a starting salary of $38,000. Mr. Bellister said Phoenix was also able to provide funding for the individual to return to school to obtain a master's degree in the content area, another incentive Nevada needed to consider. Other candidates interviewed in the article indicated rather than coming to the WCSD, they went to Dallas, Texas, for a higher starting salary, that district also assisted with moving and housing expenses. Mr. Bellister said the median price of a home in Reno was $265,000. A 30-year loan with 3 percent down would leave $257,000 to finance and would result in $1,500 for the principal, adding in taxes and interest increased the amount to slightly over $2,000. In order to obtain the loan, the borrower would have to earn approximately $4,900 per month, or $58,000 annually. Mr. Bellister emphasized that salaries were not keeping pace with the cost of living. He said these teaching professionals coming out of college who, if married and starting a family, would qualify for federal poverty assistance and free and reduced lunch programs if earning the starting salary in the WCSD or the CCSD. Something had to be done to improve the salaries for the public school employees in the State. The CPI was 3 percent; the Governor proposed 2 percent, and Mr. Bellister said "we appreciate the offer, but we need to do more." There had been five times when the legislative body appropriated zero for public school employee salary increases. Mr. Bellister said, "We share in the bad times, we don't share in the good times, and we urge you to reprioritize the budget and help improve public school employee salaries."

Mr. Bellister continued and said there needed to be serious discussion about whether or not the funding provided to the schools and the students in the State was adequate. The rate of growth in funding for the DSA, compared to the rate of enrollment growth and inflation, resulted in no real growth in terms of funding for the public schools. Mr. Bellister pointed out that the Governor had provided an adjustment for gas and electricity, but there was no similar adjustment for textbook and instructional supplies or library books. He stressed the need for an adjustment for inflation, otherwise school funding simply did not keep pace, resulting in larger class sizes; some of the largest pupil/teacher ratios in the country. The U.S. average student/teacher ratio was declining, Nevada's ratios were increasing. There was also an inadequate amount of funding going toward special education. Nevada had the lowest percentage of students in small schools; small schools had a positive impact on student achievement. There were fewer computers per pupil than in many of the other states. Nevada was one of eleven states that did not help pay for school construction and renovation. Mr. Bellister referred to an interim study conducted a few years ago and chaired by Assemblywoman Giunchigliani related to the backlog of deferred maintenance projects the schools incurred over time. Mr. Bellister said he was not aware that the issue had been addressed. Mr. Bellister continued and said there was something good that came from the No Child Left Behind Act (NCLB) because it helped focus on the achievement gap. Data had been collected and student achievement had been measured. The Department of Education's AYP report showed an alarming trend across all grade levels, minority student populations were not performing well in either English language arts or mathematics. Mr. Bellister did not believe *The Nevada Plan* and the DSA over time had become sensitive to the needs of Nevada's diverse student population. He said he was encouraged to hear there might be an interim study to study the adequacy of Nevada's funding of public schools and urged the Subcommittee's support for the study.

Senator Mathews asked Mr. Bellister what the total beginning salary was for a teacher if benefits were included. She recognized benefits were not included when purchasing a home. Mr. Bellister said benefit packages in terms of group insurance differed from district to district, but he thought including the retirement package and group health insurance would be 33 percent in addition to the salary. Chairwoman Giunchigliani interjected that teachers gave up their salary along with other public employees in order to create the PERS, unlike judges, the only group in the state of Nevada that paid nothing into their retirement fund. The Chair noted that most of the other states had a retirement system and/or social security. Mr. Bellister said whether state by state or urban school districts, the total benefit package had to be considered. He reiterated that some of the other states and school districts were offering moving expenses and paying college tuition for a master's degree. Many states paid for dependent insurance; Nevada teachers did not have that benefit. Mr. Bellister said, "If you want to measure apples for apples, we will be happy to engage in that debate" and said he did not think that would change the nature of Nevada's teacher compensation.

Senator Mathews pointed out that many teachers could not qualify for housing loans even with including the benefits. She knew her loans were based on the base salary, not on the benefits. The benefits continued to decline in terms of health insurance. The Senator said she had asked the question on benefits because she knew Senator Raggio would have posed the question. Chairwoman Giunchigliani agreed with Senator Mathews that only the base salary was considered when purchasing a house.

Senator Cegavske said she and her husband had put their oldest son through college, 5 and 1/2 years, and he worked part-time. One of his degrees was in secondary education, and, as parents, she and her husband were thrilled with the beginning salary and benefits. She asked if the beginning salary was directed toward a student just coming out of college. Chairwoman Giunchigliani said, "Most traditional salary schedules are first year, first-time experienced teachers." She noted that the majority of salary schedules across the United States were based on salary schedules developed for women, since in the past the majority of individuals entering the teaching profession were women. In the past there were separate salary schedules for male teachers versus female teachers, for African-American teachers versus Caucasian teachers, and that had changed not that long ago. There continued to be a gender issue. Chairwoman Giunchigliani said the other problem was that full credit was not given for teachers coming into Nevada from another state. She noted that there was no other profession that did not provide credit for experience. The Chair said, "You can get content-oriented teachers that have 10 years experience if you don't put them on the second step of the salary schedule." Senator Cegavske recalled at one time there had been consideration of providing significant pay increases near the end of a teacher's career.

Senator Cegavske indicated that while her son was in school, a representative from the Teachers' Association visited his class. The students in the class were very disappointed in hearing the negativity about the teaching profession in Nevada. She thought the message needed to be more positive and said Nevada had fantastic teachers. Senator Cegavske said she understood the Association's position was to gain members, but she did not blame people for not entering the teaching profession in Nevada because of the negativity. She pointed out that many of the teachers she spoke with loved their vocation. However, half of the kids in her son's class made a decision not to enter the education field based on the negativity espoused to them. The Senator stated that she believed in education and believed the system needed improvement; there had to be a way to come together and work together.

Chairwoman Giunchigliani agreed that negativity and presentation was a key element when talking to a college class. However, reality was also sometimes interpreted as negative. The Chair pointed out that often an individual could make more in a casino than as a teacher. She said there were problems with teaching, one-third of the faculty turned over every three years. Chairwoman Giunchigliani said she did not want young people choosing a career that they would not be happy in. The problems related to teaching included salary issues, school leadership, and the ability to be able to do the job. Teacher retention, career ladders, and mentoring all needed to be reviewed by the Legislature. Chairwoman Giunchigliani said the salary schedules needed to be amended to reward based on specific skills, qualifications, and additional work. She noted that any excess funds were returned to the State rather than being retained at the district level, which was irresponsible.

Chairwoman Giunchigliani asked Mr. Bellister to provide additional information on the health insurance costs within the districts. Mr. Bellister interjected that he was passionate about his advocacy for the Association's members and believed the members were hardworking individuals dedicated to doing the best for Nevada's youth. He indicated that the comments he made before the college class of possible education students were based on fact. Mr. Bellister referred to the health insurance costs and said he would provide actual costs based on the NRS 387.303 report, and said only two school districts were covered by the Public Employees' Benefit Program; White Pine County School District and Churchill County School District, two small districts that did not drive the cost of group health insurance within the DSA. The rates that needed to be reviewed were for Clark and Washoe County School Districts, 80 percent of the state. The DSA budget rate increases were traditionally driven off the base year. Mr. Bellister urged the Subcommittee to consider driving the rate increases off the second year of the biennium. School districts were under contract with their carriers and knew their rates. Actual costs were not known until the end of the fiscal year, but the rates were known. Mr. Bellister said he did not know why the rate increases could not be driven off of actual contracted rates for the current year. Chairwoman Giunchigliani said the districts would be requested to provide the dollar amount.

Assemblywoman Gansert commented that salary amounts addressed in previous hearings were always focused on "starting wages" and said she agreed that the starting wage seemed reasonable for an individual coming out of college. Maybe retention and long-term schedules should be the focus. If individuals typically dropped out at three years, maybe that was where the wages needed to be increased. Mrs. Gansert suggested looking at changing how the salary schedules were used based on data, such as the number of years of service; 0 to 5 years, 5 to 10 years, and so forth. Mrs. Gansert's other suggestions included a bump in the wages and reimbursement for education.

Senator Cegavske said her earlier statements were based upon her son's education at UNR in the Education Department. She acknowledged that she looked at starting salary and the benefits and referred to some of the published national data. She said she asked the districts if they actually started people at the bottom of the salary schedule, and most of the districts indicated they did not start teachers at that level. Senator Cegavske addressed Mr. Bellister and said she appreciated his passion and looked forward to working him during the current legislative session. Mr. Bellister referred to the salary schedules and explained that the schedules contained a series of columns and steps, the columns were based on educational experience and educational attainments, and steps were based on experience. He acknowledged there were higher salaries for individuals having credits beyond a bachelor's degree, and contracts limited how much experience could be granted. There were differing starting salaries for beginning teachers.

Senator Mathews recognized that not all the individuals coming right out of school with a bachelor's degree were 20 years of age, there were many individuals that reentered school later in life. Many of today's college students were reentry students coming out with teaching degrees and other types of degrees and were much older than 20. The average age of individuals coming out of the community college system was 31 and those individuals often had families or were single family parents, both men and women coming in at a starting salary of $27,000, which was not sufficient. An individual could be on welfare and receive more benefits. Senator Mathews said, "As a person who was a reentry student, I can tell you for a fact you can't wait for me to be there three years before you decide to give me a raise." She said we have to be realistic about the process.

Assemblywoman Smith agreed the starting salaries needed to be reviewed. In an earlier Education Committee meeting, testimony was provided that in no other profession do you have the expectation of the person walking into the classroom for the first day or the 30th year and both were expected to perform at the same level in the education of our children. Mrs. Smith thought the numbers included in the bills for recruiting and retaining teachers indicated something needed to done. Often the new teachers were placed in the most at-risk schools and situations. Mrs. Smith emphasized the importance of reviewing the beginning salaries.

Senator Mathews said she had a son teaching at Hug High School in Reno who had worked for the Washoe County School District as a janitor prior to completing college and had to take a pay cut to take a job teaching art. He originally thought he would remain in the janitorial department rather than teach for less money. The Senator said her family had to talk like one-armed bandits to convince her son that it would be better in the long run to become a teacher.

Antoinette Cavanaugh, Superintendent, Elko County School District (ECSD), addressed some questions posed earlier in the meeting related to the alternative class-size reduction program in Elko. During FY2004 there was a pupil/teacher ratio overage of 27:1 in Jackpot in a classroom where the ratio should have been 22:1. The overage occurred because of being unable to allow a split in that grade due to facilities. However, a certified teacher in the capacity of a teacher aide was added to the classroom. During the FY2005 school year, there was an overage in the 6th grade class with a 27:1 student/teacher ratio that should have been 25:1. Ms. Cavanaugh said the District planned to remediate overages in the future by moving additional facilities to Jackpot.

Ms. Cavanaugh said she sat on the board of the Northeastern Nevada Regional Professional Development Program (NNRPDP) and had been advised last year, when reviewing the budget for the prior biennium, that the grant did not allow for any capital outlay. It seemed somewhat wasteful that the district could not purchase cars for the program through the grant. She said if there was a change in the grant, the Elko County School District would provide for the maintenance of those cars if allowed to purchase the cars, as long as the district knew that down the road that money could be used for ongoing support staff to provide services. Ms. Cavanaugh said the NNRPDP had been a very worthwhile program. In an effort to retain and attract teachers, the ECSD began the RISE (Retaining, Inducting, Supporting and Encouraging) program, an induction program to welcome new teachers into the district. The program also provided the new teachers with a solid foundation for beginning the important task of educating the youth. The NNRPDP had been an integral part of making sure that the program was solid and Ms. Cavanaugh stressed the importance of continuing the RISE program so there would be adequate resources to not only provide instruction for teachers in teaching standards, but also in integrating and welcoming new teachers.

Ms. Cavanaugh referenced health care costs and said the average annual inflationary increase for the Elko County School District was 14 percent and was expected to increase.

Ms. Cavanaugh commended the Subcommittee for considering alternative methods for enticing teachers to remain in at-risk schools, primarily because she had a huge concern for what would happen down the road because of purchasing 1/5 year retirement for those teachers teaching in critical areas who had been invested through their professional development training to teach at-risk students. Ms. Cavanaugh referred to Senator Cegavske's son who had graduated, probably at the age of 23, and said if he were to teach in an at-risk school, he would be finished teaching and ready to retire at the age of 48, resulting in the loss of a very valuable resource. The option for the retired individual would be to leave the teaching profession or teach in another state. Ms. Cavanaugh was concerned that there would not be a sufficient number of teachers going into the teaching profession to replace the early retirees. She noted that there was a teacher shortage and there were a limited number of individuals entering the teaching profession and asked the Subcommittee to consider this when pondering all the differing options for teaching in at-risk schools.

Ms. Cavanaugh thanked the Subcommittee for their work in protecting the interest of the future, which was to protect the quality of instruction students received while enrolled in Nevada's public schools.

Chairwoman Giunchigliani said she thought an individual had to have had five years of experience and remain in an at-risk school for three years to qualify for the 1/5 retirement credit. However, an individual could retire in their early 50s, depending on where they fell on the five-year scale. She recognized early retirement was an issue and said she personally did not support "throwing a few dollars at people." She had heard from faculty members that the retirement credit was a good investment and said there needed to be recognition that there were a lot of different types of teachers and that was the reason for consideration of expanding the concept.

Ms. Cavanaugh said she appreciated the Subcommittee taking the time to consider all the options. The Elko County School District did have a difficult time returning the investment to the at-risk locations where there were very rural communities. The 1/5 retirement credit did serve as an enticement, but often individuals were not looking at the outcome.

Rick Kester, Director of Business Services, Douglas County School District, referred to the question of whether the decrease in basic support was actually a loss in revenue to districts. He said because of the increase in local resources, the Douglas County School District, and probably the majority of Nevada's school districts, would realize an increase in the total budget. However, the basic support per pupil number that would flow to the Douglas County School District from the decreased state basic support number, those local resources would cover movement on a salary schedule and the increase in utilities. The District definitely would not have the 2 percent salary increase intended to be funded through the DSA, and most of the problem was the fact that there had been no adjustment for the data issue in the Clark and Washoe County School Districts, which was approximately \$86 per pupil in FY2006 and \$82 per pupil in FY2007. In the Douglas County School District it would take approximately \$100 per pupil to provide a 2 percent salary increase. From that perspective, the District would end up, if basic support was left as is and the adjustment not made, with no money for salary increases, only money for movement on scale.

Mr. Kester addressed the health insurance issue and said he believed the right solution would be to consistently apply to school district costs some credible, certifiable health-care index that applied, preferably in Nevada, as a way of increasing health-care costs to school districts. The information could be gleaned from aggregating all school district data, but that aggregate amount would not flow to individual school districts in a way to meet actual increases, but would flow as an average state increase. Mr. Kester said it simply made no sense to treat the districts as a state agency in regard to health care. It might make sense in the utilities, since the state and districts shared the same vendor and were subjected to the same rate increases, but in health care the districts were not part of the same system. It did not make any sense to go about the business of spending a considerable amount of money funding incentives to attract people to the state or keep them in the state if the result that health insurance or health benefits were not funded correctly and ended up with an inadequate health package for employees. Mr. Kester stressed that the Subcommittee had to be careful about looking at rate increases over the past several years because the Douglas County School District had not had a rate increase in the past year, and the reason there was no increase was that the District's employees took a significant decrease in benefits. Mr. Kester said, "It has not always been about rate increases, some of it is about what we have had to do to keep those rate increases fundable."

Chairwoman Giunchigliani asked if Mr. Kester agreed that the Subcommittee should at least be looking at the inflation costs for textbooks, library books, and those types of things not included in the budget. Mr. Kester agreed and referred to the iNVest (Investing in Nevada's Education, Students and Teachers) plan, which was built in a pyramid format. He believed the districts would not be served well by providing a great deal of funding for new programs if the base of the pyramid was eroded and regular classroom teachers could not be attracted or textbooks could not be purchased. Mr. Kester said he thought the DSA should be funded honestly and fairly and the districts should not receive more than the Legislature desired, but should receive what the Legislature perceived as needed, which would not happen if adequate funding was not provided for health care or textbook increases—those things should be done in a fair and honest way and then the districts should be held accountable.

Donna Anspach, President, Nevadans for Quality Education (NQE), a statewide organization focusing on educational issues, began her presentation and said,

> After hearing what I have heard this morning, I would just like to reiterate and confirm a few things. NQE would like to take this opportunity to encourage the Committee to truly consider the true cost of education in this state, versus the DSA. We must keep in mind that the educational system in Nevada is more than the "three Rs." We are developing our future and, as such, we must recognize that it is costly, but the returns are exponentially greatest to us. The DSA, as is, is not in this state's best interest. We accuse the federal government of underfunding NCLB and yet the bulk of the costs many consider as NCLB associated costs are for rules mandated by this state. If we can't give extra, please, at least, give what is necessary. Nevada students are appreciative, as I am, and many other parents in this state, of the effort this Committee puts forth on the funding issue, but they deserve full funding from this state.

Carl Shaff referred to the $2.1 million to open the Jean facility, which he had reported earlier in the meeting, and corrected the amount to $2.385 million.

Chairwoman Giunchigliani referred to the large state surplus and recognized that the Legislature had a big job ahead. She emphasized that the additional dollars should be placed into programs and should not be wasted on "little pet projects all over this state" and recognized there was opportunity to work together to properly fund the Distributive School Account budget.

Chairwoman Giunchigliani adjourned the meeting at 11:23 A.M.

RESPECTFULLY SUBMITTED:

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Linda Smith
Committee Secretary

APPROVED BY:

__________________________________________

Assemblywoman Chris Giunchigliani, Chairwoman

DATE:____________________________________

__________________________________________

Senator Barbara Cegavske, Chairwoman

DATE:____________________________________

## EXHIBITS

**Committee Name: Assembly Committee on Ways and Means/Senate Committee on Finance Joint Subcommittee on Human Resources**

**Date: March 11, 2005** **Time of Meeting: 8:00 a.m.**

| Bill | Exhibit | Witness / Agency | Description |
|---|---|---|---|
| | A | | Agenda |
| | B | Doug Thunder, NDE | Booklet, "QuickSTATS" |
| | C | Dr. Keith Rheault, NDE | Booklet, "Improvement Plans for Individual Schools, School Districts, and State, Statutory Requirements" |