

ASSEMBLY BILL NO. 565—COMMITTEE ON EDUCATION

MARCH 26, 2007

Referred to Concurrent Committees on
Education and Ways and Means

SUMMARY—Revises provisions governing educational finance.
(BDR 34-1371)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Contains Appropriation not included
in Executive Budget.

~

EXPLANATION – Matter in **bolded italics** is new; matter between brackets **[omitted material]** is material to be omitted.

AN ACT relating to education; revising the requirements for the biennial budgetary request for the State Distributive School Account; creating the Grant Fund for Incentives for Licensed Educational Personnel; repealing the provision requiring the purchase of retirement service for certain teachers and school psychologists; providing for the transfer of certain money to the Grant Fund; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the board of trustees of each school district to submit to the Superintendent of Public Instruction and to the Department of Taxation a written report of the annual budget of the school district. The Superintendent of Public Instruction is required to compile the reports of the annual budgets and submit the written compilation to the Department of Administration and to the Fiscal Analysis Division of the Legislative Counsel Bureau. (NRS 387.303) **Section 3** of this bill requires the Superintendent of Public Instruction to include certain information in the biennial budget request for the State Distributive School Account for submission to the Department of Administration based upon the annual budgets submitted by the school districts.

Section 4 of this bill creates the Grant Fund for Incentives for Licensed Educational Personnel and requires the board of trustees of each school district to establish a program of incentive pay for certain employees of the school district.

Under existing law, the board of trustees of a school district is required to purchase one-fifth of a year of retirement service for certain teachers and school psychologists. (NRS 391.165) **Section 8** of this bill repeals that section of NRS. **Section 9** of this bill authorizes teachers and school psychologists who are currently receiving the retirement service to elect to continue in that program for a



certain period. **Section 10** of this bill provides that certain money specifically designated by the Legislature from the State Distributive School Account for the 2007-2009 biennium to assist the school districts with the purchase of retirement service must be transferred to the Grant Fund for Incentives for Licensed Educational Personnel.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. (Deleted by amendment.)

Sec. 2. (Deleted by amendment.)

Sec. 3. NRS 387.303 is hereby amended to read as follows:

387.303 1. Not later than November 10 of each year, the board of trustees of each school district shall submit to the Superintendent of Public Instruction and the Department of Taxation a report which includes the following information:

(a) For each fund within the school district, including, without limitation, the school district's general fund and any special revenue fund which receives state money, the total number and salaries of licensed and nonlicensed persons whose salaries are paid from the fund and who are employed by the school district in full-time positions or in part-time positions added together to represent full-time positions. Information must be provided for the current school year based upon the school district's final budget, including any amendments and augmentations thereto, and for the preceding school year. An employee must be categorized as filling an instructional, administrative, instructional support or other position.

(b) The count of pupils computed pursuant to paragraph (a) of subsection 1 of NRS 387.1233.

(c) The school district's actual expenditures in the fiscal year immediately preceding the report.

(d) The school district's proposed expenditures for the current fiscal year.

(e) The schedule of salaries for licensed employees in the current school year and a statement of whether the negotiations regarding salaries for the current school year have been completed. If the negotiations have not been completed at the time the schedule of salaries is submitted, the board of trustees shall submit a supplemental report to the Superintendent of Public Instruction upon completion of negotiations or the determination of an arbitrator concerning the negotiations that includes the schedule of salaries agreed to or required by the arbitrator.

(f) The number of teachers who received an increase in salary pursuant to subsection 2 of NRS 391.160 for the current and preceding fiscal years. If the board of trustees is required to pay an



1 increase in salary retroactively pursuant to subsection 2 of NRS
2 391.160, the board of trustees shall submit a supplemental report to
3 the Superintendent of Public Instruction not later than February 15
4 of the year in which the retroactive payment was made that includes
5 the number of teachers to whom an increase in salary was paid
6 retroactively.

7 (g) The number of employees eligible for health insurance
8 within the school district for the current and preceding fiscal years
9 and the amount paid for health insurance for each such employee
10 during those years.

11 (h) The rates for fringe benefits, excluding health insurance,
12 paid by the school district for its licensed employees in the
13 preceding and current fiscal years.

14 (i) The amount paid for extra duties, supervision of
15 extracurricular activities and supplemental pay and the number of
16 employees receiving that pay in the preceding and current fiscal
17 years.

18 (j) The expenditures from the account created pursuant to
19 subsection 3 of NRS 179.1187. The report must indicate the total
20 amount received by the district in the preceding fiscal year, and the
21 specific amount spent on books and computer hardware and
22 software for each grade level in the district.

23 2. On or before November 25 of each year, the Superintendent
24 of Public Instruction shall submit to the Department of
25 Administration and the Fiscal Analysis Division of the Legislative
26 Counsel Bureau, in a format approved by the Director of the
27 Department of Administration, a compilation of the reports made by
28 each school district pursuant to subsection 1.

29 3. *In preparing the agency biennial budget request for the*
30 *State Distributive School Account for submission to the*
31 *Department of Administration, the Superintendent of Public*
32 *Instruction:*

33 (a) *Shall compile the information from the most recent*
34 *compilation of reports submitted pursuant to subsection 2;*

35 (b) *May increase the line items of expenditure or revenue*
36 *based on merit salary increases and cost of living adjustments or*
37 *inflation, as deemed credible and reliable based upon published*
38 *indexes and research relevant to the specific line item of*
39 *expenditure or revenue;*

40 (c) *May adjust expenditures and revenues pursuant to*
41 *paragraph (b) for any year remaining before the biennium for*
42 *which the budget is being prepared and for the 2 years of the*
43 *biennium covered by the biennial budget request to project the cost*
44 *of expenditures or the receipt of revenues for the specific line*
45 *items;*



(d) May consider the cost of enhancements to existing programs or the projected cost of proposed new educational programs, regardless of whether those enhancements or new programs are included in the per pupil basic support guarantee for inclusion in the biennial budget request to the Department of Administration; and

(e) Shall obtain approval from the State Board for any inflationary increase, enhancement to an existing program or addition of a new program included in the agency biennial budget request.

4. The Superintendent of Public Instruction shall, in the compilation required by subsection 2, reconcile the revenues ~~and expenditures~~ of the school districts with the apportionment received by those districts from the State Distributive School Account for the preceding year.

5. The request prepared pursuant to subsection 3 must:

(a) Be presented by the Superintendent of Public Instruction to such standing committees of the Legislature as requested by the standing committees for the purpose of developing educational programs and providing appropriations for those programs; and

(b) Provide for a direct comparison of appropriations to the proposed budget of the Governor submitted pursuant to subsection 4 of NRS 353.230.

Sec. 4. Chapter 391 of NRS is hereby amended by adding thereto a new section to read as follows:

1. There is hereby created a Grant Fund for Incentives for Licensed Educational Personnel to be administered by the Department. The Department may accept gifts and grants from any source for deposit in the Grant Fund.

2. The board of trustees of each school district shall establish a program of incentive pay for licensed teachers, school psychologists, school librarians, school counselors and administrators employed at the school level which must be designed to attract and retain those employees. The program must be negotiated pursuant to chapter 288 of NRS and must include, without limitation, the attraction and retention of:

(a) Licensed teachers, school psychologists, school librarians, school counselors and administrators employed at the school level who have been employed in that category of position for at least 5 years in this State or another state and who are employed in schools which are at-risk, as determined by the Department pursuant to subsection 8; and

(b) Teachers who hold an endorsement in the field of mathematics, science, special education, English as a second



1 language or other area of need within the school district, as
2 determined by the Superintendent of Public Instruction.

3 3. A program of incentive pay established by a school district
4 must specify the type of financial incentives offered to the licensed
5 educational personnel. Money available for the program must not
6 be used to negotiate the salaries of individual employees who
7 participate in the program.

8 4. If the board of trustees of a school district wishes to receive
9 a grant of money from the Grant Fund, the board of trustees shall
10 submit to the Department an application on a form prescribed by
11 the Department. The application must include a description of the
12 program of incentive pay established by the school district.

13 5. The Superintendent of Public Instruction shall compile a
14 list of the financial incentives recommended by each school
15 district that submitted an application. On or before December 1 of
16 each year, the Superintendent shall submit the list to the Interim
17 Finance Committee for its approval of the recommended
18 incentives.

19 6. After approval of the list of incentives by the Interim
20 Finance Committee pursuant to subsection 5 and within the limits
21 of money available in the Grant Fund, the Department shall
22 provide grants of money to each school district that submits an
23 application pursuant to subsection 4 based upon the amount of
24 money that is necessary to carry out each program. If an
25 insufficient amount of money is available to pay for each program
26 submitted to the Department, the amount of money available must
27 be distributed pro rata based upon the number of licensed
28 employees who are estimated to be eligible to participate in the
29 program in each school district that submitted an application.

30 7. An individual employee may not receive as a financial
31 incentive pursuant to the program an amount of money that is
32 more than \$3,500 per year.

33 8. The Department of Education shall, in consultation with
34 representatives appointed by the Nevada Association of School
35 Superintendents and the Nevada Association of School Boards,
36 develop a formula for identifying at-risk schools for purposes of
37 this section. The formula must be developed on or before July 1 of
38 each year and include, without limitation, the following factors:

39 (a) The percentage of pupils who are eligible for free or
40 reduced-price lunches pursuant to 42 U.S.C. §§ 1751 et seq.;

41 (b) The transiency rate of pupils;

42 (c) The percentage of pupils who are limited English
43 proficient;

44 (d) The percentage of pupils who have individualized
45 education programs;



* A B 5 6 5 R 4 *

(e) The percentage of pupils who score in the bottom two quarters on the mathematics portion or the reading portion, or both, of the high school proficiency examination; and

(f) The percentage of pupils who drop out of high school before graduation.

9. The board of trustees of each school district that receives a grant of money pursuant to this section shall evaluate the effectiveness of the program for which the grant was awarded. The evaluation must include, without limitation, an evaluation of whether the program is effective in recruiting and retaining the personnel as set forth in subsection 2. On or before December 1 of each year, the board of trustees shall submit a report of its evaluation to the:

(a) Governor;

(b) State Board;

(c) Interim Finance Committee;

(d) If the report is submitted in an even-numbered year, Director of the Legislative Counsel Bureau for transmittal to the next regular session of the Legislature; and

(e) Legislative Committee on Education.

Sec. 5. (Deleted by amendment.)

Sec. 6. (Deleted by amendment.)

Sec. 7. NRS 286.3005 is hereby amended to read as follows:

286.3005 A state agency may purchase credit for service on behalf of a member only as provided in NRS 286.3007. Except as otherwise required as a result of NRS 286.537, ~~for 391.165,~~ any other public employer may pay any portion of the cost to purchase credit for service under NRS 286.300, but is not required to do so. No credit may be validated unless the cost of purchasing credit has been paid.

Sec. 8. NRS 391.165 is hereby repealed.

Sec. 9. 1. If a teacher or school psychologist entered into a contract or other agreement of employment with a school district before July 1, 2007, the board of trustees of the school district shall purchase one-fifth of a year of service for that employee pursuant to subsection 2 of NRS 286.300 if the employee qualified under the provisions of NRS 391.165. On or before August 1, 2007, the board of trustees of each school district shall notify each such employee that he may elect to participate in the program of incentive pay for licensed educational personnel established pursuant to section 4 of this act if he otherwise qualifies for participation in the program in lieu of the purchase of retirement service on behalf of the employee pursuant to NRS 391.165.

2. On or before October 1, 2007, each employee who was given notice pursuant to subsection 1 shall notify the school district



* A B 5 6 5 R 4 *

whether he will participate in the program of incentive pay for licensed educational personnel in lieu of the purchase of retirement service on behalf of the employee pursuant to NRS 391.165, as that section existed on June 30, 2007.

3. If an employee elects to continue to receive the one-fifth of a year of service, the employee's participation in that program ceases when the employee has received, after his election, one full year of retirement service credit pursuant to that program. An employee's election to continue to receive the one-fifth of a year of service does not preclude the employee from participating in the program of incentive pay for licensed educational personnel established pursuant to section 4 of this act by the school district which employs him:

(a) After the employee's participation in the purchase of the retirement service credit program ceases; and

(b) If the employee is otherwise eligible to participate in the program established by the school district pursuant to section 4 of this act.

Sec. 10. Notwithstanding any other provision of law to the contrary, the money that is specifically designated for expenditure from the State Distributive School Account by the Legislature for the 2007-2009 biennium pursuant to section 14 of Assembly Bill No. 627 of this Session to assist school districts with the purchase of service on behalf of employees of the school district pursuant to NRS 391.165, as that section existed on June 30, 2007, must be transferred to the Grant Fund for Incentives for Licensed Educational Personnel created by section 4 of this act.

Sec. 11. This act becomes effective on July 1, 2007.

TEXT OF REPEALED SECTION

391.165 Purchase of retirement credit for certain teachers and school psychologists.

1. Except as otherwise provided in subsection 3 and except as otherwise required as a result of NRS 286.537, the board of trustees of a school district shall pay the cost for a licensed teacher or licensed school psychologist to purchase one-fifth of a year of service pursuant to subsection 2 of NRS 286.300 if:

(a) The teacher or school psychologist is a member of the Public Employees' Retirement System and has at least 5 years of service;

(b) The teacher or school psychologist has been employed as a licensed teacher or licensed school psychologist in this State for at



* A B 5 6 5 R 4 *

least 5 consecutive school years, regardless of whether the employment was with one or more school districts in this State;

(c) Each evaluation of the teacher or school psychologist conducted pursuant to NRS 391.3125 is at least satisfactory for the years of employment required by paragraph (b); and

(d) In addition to the years of employment required by paragraph (b):

(1) The teacher has been employed as a licensed teacher for 2 school years at a school within the school district during his employment at the school:

(I) Which carried the designation of demonstrating need for improvement; or

(II) At which at least 65 percent of the pupils who are enrolled in the school are children who are at risk;

(2) The teacher holds an endorsement in the field of mathematics, science, special education or English as a second language and has been employed for at least 1 school year to teach in the subject area for which he holds an endorsement; or

(3) The school psychologist has been employed as a licensed school psychologist for at least 1 school year.

➔ The provisions of this paragraph do not require consecutive years of employment or employment at the same school within the school district.

2. Except as otherwise provided in subsection 3, the board of trustees of a school district shall pay the cost for a licensed teacher or school psychologist to purchase one-fifth of a year of service for each year that a teacher or school psychologist satisfies the requirements of subsection 1. If, in 1 school year, a teacher satisfies the criteria set forth in both subparagraphs (1) and (2) of paragraph (d) of subsection 1, the school district in which the teacher is employed is not required to pay for more than one-fifth of a year of service pursuant to subsection 2 of NRS 286.300 for that school year.

3. In no event may the years of service purchased by a licensed teacher or school psychologist as a result of subsection 2 of NRS 286.300 exceed 5 years.

4. The board of trustees of a school district shall not:

(a) Assign or reassign a licensed teacher or school psychologist to circumvent the requirements of this section.

(b) Include as part of a teacher's or school psychologist's salary the costs of paying the teacher or school psychologist to purchase service pursuant to this section.

5. As used in this section:

(a) A child is "at risk" if he is eligible for free or reduced-price lunches pursuant to 42 U.S.C. §§ 1751 et seq.



(b) “Service” has the meaning ascribed to it in NRS 286.078.



* A B 5 6 5 R 4 *