

**MINUTES OF THE
JOINT MEETING OF THE ASSEMBLY COMMITTEE ON WAYS AND MEANS
AND THE
SENATE COMMITTEE ON FINANCE**

**Seventy-Fourth Session
February 14, 2007**

The Joint Assembly Committee on Ways and Means and the Senate Committee on Finance was called to order by Chair Morse Arberry Jr. at 8:09 a.m., on Wednesday, February 14, 2007, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's Web site at www.leg.state.nv.us/74th/committees/. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Mr. Morse Arberry Jr., Chair
Ms. Sheila Leslie, Vice Chair
Ms. Barbara E. Buckley
Mr. Mo Denis
Mrs. Heidi S. Gansert
Mr. Tom Grady
Dr. Joseph P. (Joe) Hardy
Mr. Joseph Hogan
Mrs. Ellen Koivisto
Mr. John W. Marvel
Ms. Kathy McClain
Mr. David R. Parks
Mrs. Debbie Smith
Ms. Valerie E. Weber

SENATE COMMITTEE MEMBERS PRESENT:

Senator William J. Raggio, Chair
Senator Bob Beers, Vice Chair
Senator Barbara K. Cegavske
Senator Bernice Mathews
Senator Dean A. Rhoads
Senator Dina Titus

COMMITTEE MEMBERS EXCUSED:

Senator Bob Coffin



STAFF MEMBERS PRESENT:

Mark W. Stevens, Assembly Fiscal Analyst
Gary Ghiggeri, Senate Fiscal Analyst
Steve Abba, Principal Deputy Fiscal Analyst
Larry Peri, Principal Deputy Fiscal Analyst
Bob Atkinson, Senior Program Analyst
Mindy Martini, Program Analyst
Carol Thomsen, Committee Secretary
Patricia Adams, Committee Assistant

Chairman Arberry asked members to hold all questions until the presentations by Assemblywoman Smith and representatives from Augenblick, Palaich and Associates, Inc. had been completed. At that time, the Chairman would accept questions from Committee members.

Mrs. Smith advised the Committee that she served as the Chairwoman of the Interim Study Committee on School Financing Adequacy, created by A.C.R. No. 10 of the 73rd Legislative Session. Mrs. Smith stated that the study represented a significant project, and she would introduce the contractors who conducted the study to the Committee after a brief overview of the interim committee's assignment.

Mrs. Smith reported that Senator Warren B. Hardy served as the Vice Chairman of the interim committee, and also representing the Senate as members were Senators Bob Beers and Michael Schneider. In addition to Mrs. Smith serving as the Chairwoman, also representing the Assembly as members were Assemblymen Richard Perkins and Brooks Holcomb.

According to Mrs. Smith, the Interim Study Committee on School Financing Adequacy was charged with:

- Performing an analysis of the Nevada Plan for School Finance, the current plan under which the State funded schools.
- Performing a comprehensive analysis of the cost of providing an adequate educational opportunity for future students enrolled in Nevada schools.
- Determining whether the State's system of financing public schools was calibrated to the needs and educational goals of the pupils in Nevada.
- Performing an analysis of methods of school finance that ensured an effective public school system.
- Providing recommendations for legislation that would ensure that Nevada provided the children who resided in the State an opportunity for a meaningful public education.

One of the duties of the interim committee was to select a contractor to conduct the study, and Mrs. Smith explained that was achieved through a competitive bidding process. The contractor selected by the interim committee was Augenblick, Palaich and Associates, Inc. (APA), from Denver, Colorado. Mrs. Smith advised the Committee that representatives from the contractor were at the meeting today and would present the findings of the study.

Mrs. Smith explained that the interim committee held seven meetings in both northern and southern Nevada, and also held two public input sessions, one in Reno and one in Las Vegas.

The 2005 Legislature also charged the interim committee to study school construction and transportation issues. Mrs. Smith explained that those two issues were not traditionally included in adequacy studies, and the interim committee found that to be true with all contractors it contacted. Therefore, the interim committee devoted separate meetings to receiving and discussing information about school construction and transportation needs.

Mrs. Smith noted that the Committee had been provided with a copy of [Exhibit C](#), Bulletin No. 07-7, "School Financing Adequacy," along with a copy of the original report from APA, [Exhibit D](#), "Estimating the Cost of an Adequate Education in Nevada."

Mrs. Smith explained that [Exhibit C](#) contained two letters that were sent to various committees of the 2007 Legislature regarding school transportation and school construction, because the interim committee was required to study those issues. With regard to school construction, Mrs. Smith said the interim committee heard from all school districts and devoted one entire meeting to that issue. Mrs. Smith reported that the interim committee learned that school districts were not on an even footing in the way that districts could raise money for school construction. The recommendation from the interim committee was that the Legislature review the equity issue with no specific recommendation from the committee about the outcome of the legislative review.

Regarding the transportation issue, Mrs. Smith said the interim committee held a meeting devoted to school transportation issues, and there was a letter included in [Exhibit C](#) asking that the Legislature review school transportation. Several issues were brought forward during the interim committee's meeting, such as the fact that walk zones within school districts were different, although the State reimbursed the districts for school transportation costs. Mrs. Smith said that there were different requirements for walk zones within the various districts.

Mrs. Smith pointed out that the adequacy bulletin ([Exhibit C](#)) could also be located on the legislative website.

At the final meeting, the interim committee unanimously moved to recommend that the adequacy study be referred to the Legislature with no recommendation. Mrs. Smith thanked the members and staff who worked on the interim committee, which was very busy and reviewed a great deal of information in a short period of time.

Mrs. Smith asked John Augenblick, President, APA, and Justin Silverstein, Senior Associate, APA, to come forward and commence with the presentation of the report.

Mr. Augenblick stated that he and Mr. Silverstein would move as quickly as possible through the presentation in order to allow sufficient time for questions from the Committee. He referenced [Exhibit D](#) and [Exhibit E](#), "Summary of the Study for the Legislative Committee on School Funding Adequacy," that he and Mr. Silverstein would use in their presentations.

Mr. Augenblick referenced page 2 of [Exhibit E](#), which explained what the presentation would cover. The three major topics were: (1) background of the study; (2) study process; and (3) study results. Mr. Augenblick indicated that he would explain why the study was undertaken and how it would fit into what was being done in other areas; what exactly had been done by APA in conducting the study; and the results discovered by APA.

Mr. Augenblick remarked that he would like to present some background information about APA. The firm was founded in 1983 by him and his partner, both of whom had worked for the Education Commission of the States, an organization located in Denver, Colorado. Mr. Augenblick noted that he and his partner left the Education Commission of the States in order to provide consulting services directly to states. Most of the work done by the firm was with state policymakers, such as legislators, governors, special study commissions, and state departments of education. The firm did not conduct a great deal of work with other entities, although Mr. Augenblick noted that APA had also worked for school districts and, in some cases, had worked for higher education entities. The physical location of APA was in Denver, Colorado, which was the only office location for the firm's eight employees.

It was interesting to note, Mr. Augenblick said, that since 1983, APA had found itself doing work in every state in the country for one reason or another. For example, APA had evaluated the school finance formulas that were in place in almost every state, had made recommendations about how to modify and improve those formulas in order to accomplish the goals put forth by the state, and had evaluated the equity of the formulas. Mr. Augenblick said that within the past 10 to 12 years the issue of adequacy had arisen around the country and much of APA's current work was focused on adequacy. The work undertaken by APA for the state of Nevada had also been completed in at least 14 or 15 other states.

In addition, said Mr. Augenblick, APA also completed a great deal of work in the area of teacher pay and methods to change salary schedules. He noted that APA was working in both Colorado and Texas on the teacher pay issue. The APA had undertaken work for charter and virtual schools, and Mr. Augenblick remarked that APA had also completed some international work.

Mr. Augenblick remarked that when school finance was discussed, the words "adequacy" and "equity" were always included in the discussion. In the past 15 or 16 years, use of the word "adequacy" was related to the concept of standards-based reform. Mr. Augenblick explained that for decades numerous persons and groups had attempted to improve schools in the United States. There had been "waves of reform," where various procedures swept through the states, and were eventually swept away.

The latest model to be embraced was called standards-based reform. Mr. Augenblick stated that standards-based reform changed the role of the states, in that it asked states to define the areas in which children should be proficient, suggested that the states should measure the performance of children, and suggested that school districts, teachers, or schools should be held accountable for the performance of children. The model was outcome-oriented as opposed to input-oriented. Mr. Augenblick explained that in standards-based reform, the role of the states shifted from focusing on the type of services provided, the number of teachers needed, and the pay scale for teachers, to what knowledge children should acquire, whether children had acquired that knowledge, and whether the states were holding accountable the people that were responsible for imparting that knowledge to children.

Mr. Augenblick stated that the best example of the standards-based reform was the federal No Child Left Behind Act (NCLBA), which required states to embrace the concept of standards-based reform. The NCLBA was one of the

longest-lived phases of education improvement that had occurred within the past 15 or 16 years. Mr. Augenblick explained that the NCLBA had swept across the country and most states had voluntarily agreed to submit plans, hold people accountable, establish the necessary standards, and measure how well children were performing under those standards.

Mr. Augenblick pointed out that one interesting aspect was that states that adopted the NCLBA failed to ask how much it would cost for school districts to provide the services so that children might, in fact, meet the standards. It was very unusual to require a person to take certain action, hold the person accountable for that action, for which there would be consequences if the person failed to take action, and not tell the person what resources were available to complete the task. According to Mr. Augenblick, if states intended to hold people accountable and to suffer consequences if they failed to meet the standards and expectations, then normally the states would provide the necessary resources. Once the resources were in place, failure would not be based on a lack of resources, but would be based on the way the resources were used.

According to Mr. Augenblick, the meaning of "adequacy" today included the cost that school districts faced in order to meet the standards. Once a state accepted the NCLBA, created a state plan to meet those objectives, a plan where consequences would be faced by schools and/or school districts should they fail to meet the objectives, the question then arose about the cost of meeting those objectives.

The Legislature should be aware that in the plan adopted by Nevada to comply with the NCLBA, the standards would change and the expectations would continue to rise over time, which was true for all states. Mr. Augenblick noted that the standards were set very low for all states when the NCLBA was passed in 2001, but those standards would increase with time, and the expectations of how many children would meet those standards and be proficient would also increase. Mr. Augenblick pointed out that Nevada had entered into an agreement with the federal government that almost every child would be proficient by school year 2013-14. Because the State agreed with that time frame, there would be consequences if the State failed to meet the criteria.

Mr. Augenblick said that Nevada faced a situation where it was relatively easy to meet the standards and objectives that were in place for school year 2002-03, up to and including the current year, but as the State moved closer to school year 2013-14, the standards would become more and more difficult to meet. School districts had to deal with every child and ensure that all children met the standards. Mr. Augenblick stated that Nevada had to consider the cost associated with the programs and services that the State had to provide in order for the districts to meet the standards.

According to Mr. Augenblick, "equity" was a much older concept that had been around for at least 100 years, and when equity was discussed in the context of school financing, the discussion usually surrounded either student equity or taxpayer equity, or both. The question would be asked about the variation among school districts regarding funding, teachers, or other resources. In the case of taxpayer equity, the question would be about the variation in the tax efforts made by school districts to raise the money needed for schools. Mr. Augenblick reported that the concepts had been measured and evaluated for many years in an attempt to improve school finance systems, and to reach greater levels of both student equity and taxpayer equity.

Referencing page 3 of [Exhibit E](#), Mr. Augenblick pointed out that the third study topic was formula factors. The APA was asked not simply to study adequacy and equity, but to determine how the results of the study could be utilized in the creation of a funding formula. When considering a number of school districts, the formula had to take into consideration the differences that existed among those districts. Mr. Augenblick explained that the State had to develop a procedure to allocate money and avoid negotiation with every school district. Therefore, the formula had to contain the factors that made the districts different, such as the factors that were beyond the control of the districts and contributed to cost differences. Mr. Augenblick stated that APA was asked to provide information about how the State could take the results of the work completed by APA and create the formula.

Page 4 of [Exhibit E](#) depicted the study process and the four major topics: (1) Adequacy; (2) Equity; (3) Formula Factors; and (4) Other. Mr. Augenblick explained that the primary purpose of the study was to determine adequacy and answer the question about the cost for school districts to provide the necessary services to children in order to meet the standards and expectations set by the State. Mr. Augenblick reported that the Equity category was a measure of how well the State was doing in terms of equity, and the Formula Factors category discussed how the State could develop a formula. The fourth category addressed other issues considered by APA in the study.

Mr. Augenblick advised the Committee that APA used several approaches to study adequacy. There were three different approaches to studying adequacy, and APA incorporated all approaches into its study. One of the approaches used by APA was the successful schools (SS) approach. That approach was based on a very simple premise that if APA could locate schools that currently met the NCLBA expectations and study the spending for those schools, it would be able to determine what the spending level should be in every district.

According to Mr. Augenblick, the problem with the SS approach was that it provided only one piece of the information necessary to create the formula, and that was the base cost figure. The base cost figure was the cost for students with no special needs who were attending schools in districts that had no unusual cost pressures; the schools were neither too big nor too small, and the students had no special education needs and suffered no language difficulties.

The second approach, said Mr. Augenblick, was referred to as the professional judgment (PJ) approach and was based on a different premise. The PJ approach was based on the premise that if educators from Nevada were brought together and given a hypothetical situation that included the outcome and a hypothetical school, those educators could tell APA the type of services needed by the hypothetical school in order for children to succeed. Mr. Augenblick stated that APA used that approach, which was more robust because it provided not only a base cost figure, but also the adjustments needed relative to factors beyond the control of the school districts. Those factors included the presence of at-risk students, the presence of students enrolled in special education, the presence of students with language barriers, or the size of the school district. Mr. Augenblick indicated that the PJ approach was much richer in terms of the data yielded and the information produced.

The third approach was statistical analysis, and Mr. Augenblick pointed out that statistical analysis could not be used to determine the base cost or the adjustments, but it could be used to determine certain areas of cost. The way

statistical analysis was used by APA was to determine the piece relative to the size issue. Nevada consisted of school districts that ranged in size from very small to very large, and APA had to determine what the cost differential would be in providing services in the various schools. Mr. Augenblick reported that APA used the statistical approach by gathering data and using typical standard statistical procedures to analyze the data and provide results that could be used by APA.

According to Mr. Augenblick, it was the combination of all approaches that allowed APA to arrive at a series of results. The APA study used pieces of all approaches to produce a series of recommendations in the end result that took all pertinent information into consideration.

Mr. Augenblick advised the Committee that APA had not reviewed either capital construction costs or transportation costs. It was very difficult to include those issues in a study because they were different and were not closely related to the performance of students, the expectations of teachers, or other services provided by the schools. It was almost impossible to use any of the aforementioned approaches to study transportation or capital costs.

One of the underlying premises of APA's study was that it attempted to arrive at cost figures, or figures that could be used by the State in allocating money to school districts. However, Mr. Augenblick said APA was not trying to arrive at the actual formula to be used by the school districts in spending the allocation. Mr. Augenblick stated that the underlying premise of standards-based reform was that school districts, with their elected boards, superintendents, and professional staff, would make the decisions about how to use the resources and would be held accountable for the results.

One observation made by various states was that if the state provided direction to the school districts, there was no doubt that the districts would comply with the state's direction. However, said Mr. Augenblick, if the state then tried to hold the districts accountable for unsuccessful programs undertaken at the direction of the state, the state would be responsible for the failure rather than the districts.

Under standards-based reform, the school districts were responsible for the results rather than the state. Mr. Augenblick noted that standards-based reform represented a very different way of conducting business. Despite the fact that APA would discuss some resources, the whole intent of the work done by APA was to produce cost figures that could be used as the basis for allocating money, but not used to determine the exact type of services that should be delivered. Mr. Augenblick pointed out that no one knew the best way to deliver services within every school district.

Mr. Augenblick indicated that a number of states were undertaking studies, and Nevada was a forerunner in shifting the performance of the study from school board associations, teacher's associations, and other entities that provided services, to the State itself.

Mr. Augenblick reported that Maryland had initiated a study in 2001, and currently had a new school finance system in place that was based on the work done during the study to understand the costs associated with meeting state standards. Also, Mr. Augenblick said the Board of Education for the State of Pennsylvania was currently conducting a funding study with the support of that state's legislature.

Mr. Augenblick remarked that in determining equity, APA looked at the variation in the spending and tax efforts of school districts.

Regarding formula factors, Mr. Augenblick said that two factors were reviewed by APA: (1) geographic cost factor; and (2) yearly inflation factor. It was usually understood that the cost of providing services in one part of the state was different from the cost of providing services in another part of the state. However, almost no state had a procedure in place for measuring the cost of providing services. Mr. Augenblick said that APA believed it had developed a procedure that could be used in Nevada to recognize geographic cost differences. According to Mr. Augenblick, the yearly inflation factor was also studied by APA.

Mr. Augenblick explained that having studied adequacy, APA devised formulas that allowed it to determine the adequacy level, or cost, of meeting the standards in all school districts. The APA then compared that cost to the actual spending of the districts for school year 2003-04, which was the latest information available at the time the study was conducted. The APA also made recommendations for a formula that could be used in Nevada.

Mr. Augenblick stated that Justin Silverstein, Senior Associate, APA, would explain the specifics of how APA used the successful schools (SS) approach and professional judgment (PJ) approach in its study.

Ms. Silverstein stated that it was important to remember that the SS approach focused on two factors:

1. The SS approach took into account only the base cost figure, or the spending, for a student with no special needs in an average district without any other special characteristics.
2. The SS approach measured what was needed today and what districts were spending today at the base level to be successful. The approach did not address the standards for 2013-14.

According to Mr. Silverstein, page 10 of [Exhibit D](#) contained information pertaining to implementation of the SS approach in Nevada.

Mr. Silverstein explained that the SS approach was data-driven and was an approach that could be undertaken by APA in its offices in Denver by reviewing performance and spending data for schools in Nevada. The APA used the figures collected by In\$ite® for the spending data for Nevada schools, which was a collection system that collected spending at the school level. Mr. Silverstein stated that allowed APA to implement the SS approach at the school level.

Mr. Silverstein indicated that APA identified 118 Nevada schools as being successful. That meant that those 118 schools were successful in meeting a very specific performance criteria set by APA, but it did not mean that those were the only successful schools that were doing well for students in Nevada.

According to Mr. Silverstein, the first step in undertaking the SS approach was to select the successful schools, and APA used two criteria to select successful schools, the first of which was growth. The APA reviewed test scores for every school in Nevada for school years 2002-03, 2003-04, and 2004-05, to ascertain the growth in reading and math tests. Mr. Silverstein indicated that provided a trend line regarding growth and improvement, which allowed APA to

ascertain whether the trend line in growth would allow those schools to meet the NCLBA standards for school year 2008-09.

Mr. Silverstein stated that APA then included a filter for how those schools were performing with their special needs populations, such as special education, at-risk students, and English language learners (ELL). The APA then looked at reading and math tests for each of those three populations, which provided six tests for APA to examine for each school. Mr. Silverstein said that if the schools were performing at the performance standards for 2003-04, and met the objective for two of the six special population tests, those schools were included in the group. The list of those 118 schools was depicted on page 14 of [Exhibit D](#), and included elementary schools, middle schools, and high schools throughout the State.

It was important to remember that APA did not include private schools in the study. Mr. Silverstein explained that private schools did not participate in state tests, so there was no performance data available, nor did they report expenditures through the state's system, so there was no way to track the spending for private schools.

Mr. Silverstein explained that there were two approaches that could be used to arrive at spending figures. The first approach identified successful schools and their base spending. The second approach reviewed only schools that were spending efficiently in certain areas, and that was the approach APA used for Nevada. The APA applied "efficiency screens" and divided spending into three categories: (1) instructional spending; (2) spending for administration; and (3) spending for building maintenance and operations. The screens were designed to exclude schools whose spending in any one area was out of line with other schools.

The APA then created a metric for each area to determine whether successful schools were spending efficiently in those areas. Mr. Silverstein stated that in the areas of instruction and administration, APA reviewed personnel figures to determine whether the schools were spending efficiently. The APA looked at the number of personnel per 1,000 students in each school to determine efficiency. Mr. Silverstein stated that APA then excluded any school that had a teachers-per-1,000 pupil figure that was one standard deviation or higher above the mean for a given metric. The top 16 percent of schools were eliminated and excluded for being inefficient in the personnel per student area.

For the administration category, Mr. Silverstein reported that APA reviewed the number of administrators per 1,000 students and also excluded schools that had an administrators-per-1,000 pupil figure that was one standard deviation or higher above the mean for a given metric.

The data available to APA regarding building maintenance and operations was expenditure data. Mr. Silverstein explained that APA reviewed expenditures per pupil and excluded schools whose spending per pupil in that category was one standard deviation or higher above the mean for a given metric.

Mr. Silverstein stated that in identifying the overall base cost, once the efficiency screens were applied, APA was left with 101 schools in the instruction category, 93 schools in the administration category, and 98 schools in the building maintenance and operations category. Mr. Silverstein stated that pages 15, 16, and 17 of [Exhibit D](#) depicted which schools were used to calculate the spending in each category. The 118 successful schools depicted

on page 14 of the exhibit represented a variety of schools from elementary through high school, and schools from various geographical areas.

Mr. Silverstein called the Committee's attention to page 13 of [Exhibit D](#) and explained that APA examined the per pupil spending for each of those sets of schools in the three different categories, and determined the base costs for each area for school year 2003-04:

1. Instruction weighted average base cost was \$3,277;
2. Administration weighted average base cost was \$429; and
3. Building maintenance and operations weighted average base cost was \$556.

The spending per pupil for an average student with no special needs in a district without any particular problems under the SS approach was \$4,660, including district costs. Mr. Silverstein pointed out that the figure represented the spending needed to maintain current performance standards.

Mr. Silverstein referenced page 7 of [Exhibit E](#) and page 18 of [Exhibit D](#), which depicted the professional judgment (PJ) approach. The PJ approach was very different from the SS approach, and relied on Nevada educators to discuss the resources that would be necessary for students to meet the 2013-14 NCLB standards, along with all other State standards. The APA worked with educators in Nevada to arrive at the results.

To facilitate the PJ approach, APA first had to establish the standard that would be addressed. Mr. Silverstein advised the Committee that the standard was included in Appendix B of [Exhibit D](#), and included the input requirement of the districts and the outcome requirements facing the districts, including the NCLB standards. Mr. Silverstein stated that the panelists were tasked with reviewing the standard and discussing only the resources that would be needed in order to meet that standard. Mr. Silverstein stated that APA met with 39 Nevada educators who served on 6 different panels. The 39 participants were mainly selected from schools that had been deemed successful. Panelists were also selected to ensure site and geographic representation.

Mr. Silverstein explained that the panels were broken into five levels that were utilized in the PJ approach:

1. Two school-level panels.
2. One career and technical education panel (CTE).
3. One special-needs panel.
4. One district-level panel.
5. One statewide panel.

The participants ranged from teachers through superintendents, and the levels determined the participants of the panels.

Mr. Silverstein stated that page 8 of [Exhibit D](#) detailed the process used by the PJ panels. Two APA staff members facilitated each panel meeting, but did not participate as members of the panel.

The participants in the school-level panel spent approximately one hour with APA staff discussing the tasks of the panel. Mr. Silverstein stated that panelists were instructed first to identify the resources needed to reach the very specific standard and second to not try to build a "dream" school. That was a very important factor and the panelists were asked to identify only the

resources needed to meet the standards. Mr. Silverstein remarked that most of the panelists had worked in the field of education for 20 or 30 years and could undoubtedly describe a perfect school. However, APA was not looking for a perfect school, but rather for a school that met the standards for Nevada.

Continuing his presentation, Mr. Silverstein explained that the school-level panel was given a grid that included a list of personnel on one side and a list of types of students across the top. The APA staff asked participants to think about education in a somewhat different manner, and first think about the resources that would be needed for schools that included no students with special needs. Mr. Silverstein acknowledged that there were no schools in Nevada with a student population that excluded students with special needs, but that was the first question asked of the panelists so that APA could determine a comparison base-cost figure. The panels began by looking at resources developed specifically for Nevada by national experts. Those resources were based on the evidence-based approach to adequacy.

Mr. Silverstein referred to page 25 of [Exhibit D](#), which contained examples of the resources used by the panels in completing their work. The APA staff explained the basis for the figures and then allowed the panelists to make the decisions about the resources that would be best for educating students in Nevada, such as whether more or less teachers or counselors were needed. The Nevada educators who served as panelists made the final decisions, but they started with information based on resources developed specifically for Nevada by national experts.

It was important to remember that panelists were building resources based on hypothetical districts and schools that were based on Nevada characteristics. Mr. Silverstein explained that APA reviewed the 17 school districts in Nevada and separated them into size categories. The APA then reviewed the average district and the average type and size of schools within each category. The APA also reviewed the average demographics within the size categories. According to Mr. Silverstein, there were different percentages of at-risk students within the different size categories. The APA used actual Nevada characteristics to build the hypothetical districts and schools, so that the panelists would review information that was familiar. Mr. Silverstein pointed out that APA wanted the panelists to build resources to meet the standard, but the information about the districts and schools had to be familiar to the panelists and relevant to Nevada.

Mr. Silverstein indicated that the panelists spent two days discussing the resources that would be needed to reach the standards in Nevada. The discussion included personnel, additional programs, and full-day kindergarten. The panels were allowed to make decisions as panelists saw fit. Mr. Silverstein said that APA then took the work of the school-level panels to the other panels and used that as the baseline model.

Mr. Silverstein noted that Nevada was one of the first states in which APA included a separate special-needs panel. The APA discovered that a panel that included people who understood services for special education, services for at-risk students, and services for English language learners (ELL), would achieve better results. The special needs panel took the work of the school level panel and built in additional resources for special education students, at-risk students, and ELL. Mr. Silverstein explained that there was also a panel specifically designated to review the cost of career and technical education.

According to Mr. Silverstein, APA then asked the district level panelists to review the costs at the district level that would facilitate learning at the school sites within the hypothetical districts. Finally, the statewide review panel reviewed the results from all panels. The statewide panel reviewed issues that were not consistent across the various size districts. Mr. Silverstein reported that there were differences in costs based on the size of the schools.

Mr. Silverstein remarked that pages 38-42 of [Exhibit D](#), contained the resources identified by the panelists for each grade configuration, elementary school, middle school, and high school, and the actual number of personnel identified as necessary by the panels to meet the standards. The tables in the exhibit provided the information about how APA computed the cost-out of the approach. Mr. Silverstein said he would not recommend that the information be used as some type of prescriptive future model to instruct schools exactly how to provide education. The information, however, provides an understanding of the type of personnel, the student/teacher ratios, and the type of additional resources needed for special education students, ELL students, and at-risk students deemed necessary by the panel members in order to attain the 2013-14 standards. The majority of the cost, said Mr. Silverstein, was based on personnel needs, which represented approximately 85 percent of the cost, as depicted by the tables contained in [Exhibit D](#).

Once the panels had completed their work, the next step was to apply costs to the resources identified by the panels. Mr. Silverstein explained that included salaries and benefits for personnel. The panel members never saw dollar figures and only discussed the resources needed. After the panelists had completed their work, APA completed the cost-out of the resources. Mr. Silverstein stated that for Nevada, APA applied the average salaries in the various personnel categories to the resources identified, to determine the final cost figures. The APA did not make any adjustments to teacher salaries for the study, and used average salaries for school year 2003-04.

Mr. Silverstein referenced page 60 of [Exhibit D](#), and explained that Table III-10 contained the district-level costs for school year 2003-04 based on the PJ approach. There were three hypothetical districts:

1. Small = 780 students;
2. Medium = 6,500 students; and
3. Large = 50,000 students.

Mr. Silverstein stated that Table III-10 depicted the per pupil costs identified by the panels as being necessary to meet the 2013-14 standards. Table III-10(3) depicted the breakout between school-level spending and district-level spending. Mr. Silverstein pointed out that the bolded figures on page 60 of [Exhibit D](#) were the results of the study.

For a small district with 780 students in Nevada to meet the 2013-14 standards, the panels identified a cost of \$11,327 per pupil as the total base cost. Mr. Silverstein explained that the per pupil dollar figures under the heading "Added Cost of Special Need Student" (page 60, [Exhibit D](#)) depicted the additional resources needed to provide services to students with special needs. For example, for a student with mild special education needs, the cost would include the base cost of \$11,327, plus an additional cost of \$11,781 in order to meet the special education needs.

Mr. Silverstein said that another example would be for an at-risk student in a large district with 50,000 students. That at-risk student would require the base cost of \$7,229, plus an additional \$2,558 for the resources associated with that student's at-risk status.

Mr. Silverstein advised the Committee that page 60 of [Exhibit D](#) contained the results of the professional judgment panels. The APA analyzed the results of both the SS and PJ approaches to create the formulas that would apply to any size district in Nevada, and for all types of students, to arrive at the per pupil amount. He noted that Mr. Augenblick would address the formulas.

Mr. Augenblick said the most difficult part for APA, after the completion of the panel work, was to determine what action to take with the information listed on page 60 of the exhibit. The APA approach was to translate the work into the factors that would be included in formulas to allocate money. Mr. Augenblick stated that APA used the base cost figure and a series of adjustments, which were calculated in the form of student weights. It was a common belief that using student weights was the way to ensure that the money needed for students with special needs, or for districts with special needs, actually reached those students and/or districts. Mr. Augenblick explained that a "weight" took into consideration the added cost of providing services in comparison to the base costs. When the added cost was divided by the base cost, the weight could be calculated. The APA calculated the weights, created a graph, and then created formulas that actually ran through the points on the graph. Mr. Augenblick stated that the formulas were then used and applied to particular situations. By doing that, APA could actually apply a base-cost and a weight to any school district in Nevada, regardless of the circumstances of that district.

Mr. Augenblick referenced page 10 of [Exhibit E](#), which showed what would occur when the formulas were applied under varying circumstances. The formulas were developed so that a district of any size could be reviewed. However, under the heading "District Size," the exhibit used districts of 100 students; 500 students; 2,500 students; 5,000 students; 15,000 students; 50,000 students; and 275,000 students, which was a very large range of districts.

Mr. Augenblick explained that the exhibit depicted figures for both the SS base and the PJ base, which were different because the SS base figures reflected current standards and the PJ base figures reflected the standards for 2013-14. In a district with 100 students, there was a difference in the spending level between the SS base and the PJ base, which was to be expected. That difference was associated with meeting the higher standards by 2013-14, including the additional resources that would be needed to meet the higher standards.

Mr. Augenblick stated that as the district size increased, the figures for the SS base and the PJ base decreased very quickly because, based on the PJ approach and the statistical analysis conducted by APA, it was discovered that the cost of providing services in very large districts was simply less than the cost of providing services in smaller districts. Mr. Augenblick noted that aspect would hold true in any state and, while the difference might vary from state to state, the fact that there were differences was not unusual.

The graph on page 11 of [Exhibit E](#) showed the relationship between size and base costs. Mr. Augenblick stated that the upper curve depicted the PJ base and the lower curve depicted the SS base. Both curves had exactly the same

shape, and Mr. Augenblick indicated that APA derived the shape of the curve by utilizing the PJ base and the statistical analysis. The APA could only use the PJ results for certain size groupings and the statistical analysis was used to reach the smallest and the largest districts. Mr. Augenblick pointed out that the numbers appeared to drop dramatically and then flatten out. However, the numbers were actually decreasing as the graph moved toward the larger size district.

Regarding the figures on page 10, [Exhibit E](#), Mr. Augenblick referenced the mild special education category. He stated that the figures in that column represented the weights, or additional costs above the base cost, of serving mild special education students. Those numbers also decreased as the districts grew in size, which meant that the weights actually changed as the size of the district changed. Most states that used student weights applied them the same to every district, no matter what the size, but because the base cost for Nevada differed depending upon size, the weight also differed. Mr. Augenblick said that the weight for a mild special education student in a district of 100 students was 1.04, and for a district with 175,000 students, the weight dropped to 0.89. The same concept held true in the moderate and severe special education category, although as districts moved to a higher level of need in special education, the weights increased. However, Mr. Augenblick pointed out that all three special education categories decreased as the number of students increased.

Mr. Augenblick stated that the same was not true for the at-risk category. The APA measured at-risk students as those eligible for free or reduced-price lunch, the typical measurement used throughout the country, and was considered to be a good indicator of at-risk students. The at-risk weight was much lower than the special education weight. Mr. Augenblick noted that the services required by special education students in terms of psychologists, support services, and non-instructional services, were much more expensive than the services required by at-risk students. The weight number of 0.30 multiplied by the base represented a large amount of money, and Mr. Augenblick indicated that was the method used by APA to determine the cost-effect for at-risk students. The same applied for ELL students, although the weight dropped very dramatically from the smaller to the larger districts.

According to Mr. Augenblick, APA realized the actual cost only after completing the cost-out for services, and APA then created formulas to reflect the cost. The cost was designed to reflect the services and resources that educators in Nevada believed were important and necessary for children to meet the 2013-14 standards. The same held true for the career and technical education column. Mr. Augenblick indicated that the numbers in that column were not large and decrease as the size of the district increased.

The at-risk weight was the only number that increased as the size of the school district increased. Mr. Augenblick explained that the weight for a district of 100 students was 0.30, and for a district of 275,000 students, the weight actually increased to 0.35. When the needed resources were translated into costs and the costs were reviewed in relationship to the base, there was a higher ratio for larger districts. That fact was not known until APA commenced with development of the formula.

Mr. Augenblick stated that the figures contained on page 10 of [Exhibit E](#) showed the outcome of the PJ approach and SS approach. Behind those figures were formulas that would allow APA to apply the results to any Nevada school district, no matter what the characteristics were of that district.

Mr. Augenblick referred to page 12 of [Exhibit E](#) where the base cost and adjustment formulas were applied to the 2003-04 demographic characteristics of every school district. The current spending for 2003-04, without transportation or capital costs, for the State as a whole was \$2.23 billion. Mr. Augenblick said that by using the SS base cost, including all adjustments, and applying the costs to each district based on its individual characteristics, the total cost would be \$2.30 billion, which was not significantly higher than the amount actually spent. The statewide total under the PJ approach in order to meet the 2013-14 standards was \$3.56 billion, which was significantly higher than the amount actually spent. Mr. Augenblick noted that the NCLBA standards did not need to be met until 2013-14 and the expectations would increase as time passed. Mr. Augenblick remarked that funding could be increased to get from the 2003-04 spending level to the 2013-14 spending level.

Mr. Augenblick indicated that page 79 of [Exhibit D](#) contained Table VI-1A, which was fairly complicated. The table contained the estimate of the total costs of adequacy for Nevada school districts using the SS approach, but did not include geographical cost differences. The table depicted districts by size, small, moderate, or large, and also depicted totals.

The first heading, "School District Characteristics," showed the size of the districts:

- Small districts contained less than 1,500 students.
- Moderate districts contained 1,501 – 49,999 students.
- Large districts contained over 50,000 students.

Mr. Augenblick explained that Table VI-1A also showed the total number of districts and the number of small, moderate, and large districts.

The second heading, "Estimated Aggregate Cost of Adequacy," showed the base cost and the additional costs for special education students, at-risk students, ELL students, and CTE students, in small, moderate, and large districts. Mr. Augenblick explained that Table VI-1A showed that the typical base cost for a small district was \$43.1 million; the special education cost was \$8.6 million; the at-risk cost was \$4.1 million; the ELL cost was \$1.7 million; and the CTE cost was \$1.8 million, for a grand total of \$59.2 million.

Mr. Augenblick called the Committee's attention to the column for a typical moderate district, and noted that the total was \$316 million, with the total for a typical large district at \$1.9 billion. The overall total when the costs for small, moderate, and large districts were added was \$2,295.5 billion. Mr. Augenblick stated that after applying the formulas and the SS base, that was APA's estimate of the cost to the State. The estimated cost of adequacy per student was \$6,221.

Mr. Augenblick noted that the spending level for school year 2003-04 was \$2,231.3 billion, or \$6,046 per student. There were school districts in Nevada in which spending might already be higher than APA's estimate, while others were lower. Page 80 of the exhibit depicted five districts in which spending was actually greater in 2003-04 than that calculated by APA as needed,

based on adequacy and using the SS base. Page 81 of the exhibit showed that there were 12 districts that spent less than the amount calculated to be adequate. Mr. Augenblick stated that in order to understand the full cost implication, it was necessary to understand the difference between those districts above and below the calculated amount needed.

Mr. Augenblick advised the Committee that there were additional tables beginning on page 85 of [Exhibit D](#) that explained the estimated cost of adequacy for Nevada school districts using the PJ approach, based on the 2003-04 school year. Those tables would give the Legislature the "big picture" about the cost of education for the State as a whole.

Referring to page 13 of [Exhibit E](#), Mr. Augenblick said that one of the interesting questions was why equity could not be considered at the beginning of the study. He explained that was because equity could not be studied until the needs of each school district were measured. When equity was considered many years ago in states such as California, it was examined in a very simple way, such as whether one district spent more than another. When it was discovered that one district spent more than another, the conclusion was that the system was inequitable.

Over time, Mr. Augenblick said, it had come to light that there were reasons why one district spent more than another, and those reasons were perfectly legitimate. It should not come as a surprise that a large district would spend less than a small district, all things being equal, because the large district was likely to have lower costs. It also should not come as a surprise that two districts of the same size, one of which had a very high population of at-risk students and the other with a very low population, would spend different amounts. Mr. Augenblick said the only way APA could measure the needs of school districts was to produce the weights and formulas and review previous spending based on those weights and formulas.

Mr. Augenblick said there were many measures that could be used to determine equity. Some studies used as many as 15 or 20 measures, and while most were consistent with each other, others were difficult to explain. The APA determined that it would use one measure. That measure included information from all districts, used impacts that could be weighted or not weighted, was easy to calculate, and used statistics that were generally easy to identify.

Mr. Augenblick explained that APA used the coefficient of variation (CV) as its equity indicator. That was a statistic that took the standard deviation and divided that by the need, which was easy to calculate. A CV of zero would mean that there was literally no variation in spending among the 17 school districts in Nevada. Mr. Augenblick pointed out that spending was rarely the same and a good system was usually judged as being one in which the CV was less than 0.150. The number could vary, and it was not unusual to find huge variations of 0.900 or higher in some states when calculating the CV based on property wealth or any other wealth indicator.

What was interesting, Mr. Augenblick said, was that school finance formulas were designed to reduce the variation in spending despite the fact that the variation in wealth might be much higher. The whole point of equalization in education was to make the spending relatively equal even though the wealth of the communities was vastly different.

Table VIII-1 on page 107 of [Exhibit D](#) looked at several issues simultaneously. Mr. Augenblick noted that the table contained four columns, with columns number one and two under the heading "Spending per Student." To arrive at those figures, APA divided the spending of each district by the number of students the district served. Columns number three and four were under the heading "Spending per Weighted Student," and to arrive at those figures, APA weighted the students by the aforementioned factors as a way of taking the needs of the students into consideration. Mr. Augenblick pointed out that the table was also divided into "All Districts," which included all 17 school districts, and "Federal Range of Districts," which included a limited number of districts.

Under column number one, "Actual Spending Per Student," which included all 17 districts, the minimum spending was \$5,825, the maximum spending was \$21,250, the range, or difference, was \$15,425, and the range ratio was 3.648. Mr. Augenblick stated that the simple average was \$9,236, the standard deviation was \$4,373, and the simple CV was 0.473. When looking at that CV it might appear that Nevada had an inequitable school finance system.

Under the third column, the actual spending was weighted to reflect the needs of each school district, and the CV was 0.235. According to Mr. Augenblick, even though that was a lower number, it still was not at the optimum CV of 0.150 or less. If APA weighted the student count, rather than counting the figures for Clark County in the same manner as the figures for the smallest district, and took into consideration that one district was much larger than the other, the CV would almost drop to zero. Most studies used weighted student populations and the impact that size differences had on the statistics.

Mr. Augenblick said that one conclusion was that Nevada's system would pass any test of fiscal equity. What APA was testing was whether or not the system was sensitive to the needs of districts under the current allocation, without taking the weights into consideration. Because the figures in column one and column three under the heading "All Districts," subheading "Simple Coefficient of Variation," decreased, that suggested the system already took into consideration the needs of students. Mr. Augenblick noted that APA believed that the equity of Nevada's system was good.

Continuing his presentation, Mr. Augenblick referenced the last row of figures on page 107 of [Exhibit D](#) under the heading "Federal Range of Districts," subheading "Simple Coefficient of Variation," and pointed out that the figures were quite small. The CV in column one was 0.088 and in column three the CV was 0.031. The reason those figures were so small was that APA used the federal range ratio, which eliminated the districts with only 5 percent of the students. Mr. Augenblick explained that such elimination was permitted by the federal government under its definitions of fiscal equity. The APA eliminated districts with only 5 percent of the students, which meant that many small districts were eliminated. Once that population was eliminated, Nevada had a very low CV.

Mr. Augenblick stated that in terms of taxpayer equity, because Nevada required that all school districts operate under the same tax effort, Nevada had built perfect taxpayer equity into its system; there was no taxpayer inequity in Nevada.

According to Mr. Augenblick, Nevada appeared to have both taxpayer and student equity and, if the State was only promoting equity, there was nothing in the system that needed to be changed. To promote adequacy, the

State might not want to change the structure of the formula, but it might need to change the parameters that drove the structure.

Calling the Committee's attention to page 14 of [Exhibit E](#), Mr. Augenblick explained that APA developed a procedure referred to as a Location Cost Metric (LCM) Index, which was the code for the geographic cost differential. The APA discovered that cost differences between communities in Nevada were primarily related to housing differences and not to differences in the price of food, gasoline, or other essentials. Mr. Augenblick said that APA reviewed the housing costs across the districts and developed a procedure for measuring how different one area was from another. The index figures ranged from 84.2 to 104.7. Mr. Augenblick explained that by using the LCM approach, APA found that the district with the lowest cost relative to a statewide average of 100 had a cost of 84.2, and the highest had a cost of 104.7 (page 68, [Exhibit D](#)). The APA discovered a way to measure differences and those differences could, in fact, be included in a formula, which would lower the amount of funding to some districts and slightly increase the funding to other districts.

Mr. Augenblick stated that APA also reviewed the inflation adjustment, as required by the study. Most states did not have a formal procedure for changing figures from one year to the next, and used the Consumer Price Index (CPI). The problem in Nevada was that the CPI figure was not available for individual locations within the State. Mr. Augenblick reported that the estimate provided by Legislative Counsel Bureau (LCB) staff was 2.3 percent, but most of the work completed by APA did not include an inflation indicator.

Mr. Augenblick reported that the SS school base reflected the cost of meeting today's student performance expectations, and to reach the higher standard, the State would need to spend more in order to provide the resources and services necessary to attain the higher standard. There were three issues the State should consider when creating a procedure:

1. The APA study assumed that special education, at-risk, and ELL, were separate and no child could fit into more than one category. However, there were probably children who would be counted in at least two categories. When implementing the formula, the cost should be less than anticipated by APA because of children counted in multiple categories. The State should apply only one weight to those children.
2. The federal government would continue to provide money for education, but most of that funding would be geared toward the special needs population. There were ways to account for how federal funds were earmarked, and APA suggested that the State determine how much it would receive in federal funds and adjust the appropriate weights downward to reflect the fact that federal dollars were included. That would eliminate the possibility of double-counting revenue.
3. The State had a decision to make about whether or not it wanted to use the LCM, which was a decision that APA could not make. There were tables included in the report ([Exhibit D](#)) that used the LCM and others that did not.

Mr. Augenblick referenced page 113 of [Exhibit D](#), Table VIII-2, which was an attempt to show how the State might progress from its current education plan to attaining the 2013-14 standards, particularly if the State wanted to reach the figures depicted under the PJ approach.

The APA was working with figures from 2003-04, and Mr. Augenblick stated that APA adjusted figures upward by the amount it would take to bring all students up to the figures for the SS approach for 2004-05, using the inflation figure provided by LCB staff of 2.3 percent for each year. The APA then determined what it would take to progress from school year 2006-07 to 2013-14, assuming that in 2013-14 Nevada wanted to be at the level determined under the PJ approach, plus the inflation factor for those years. Mr. Augenblick stated that APA explored two choices for Nevada:

1. If the State was willing to increase the amount of money going into education by 7.3 percent, or 5 percent above the expected inflation rate of 2.3 percent, it would reach the 2013-14 standards. That percentage did not take into account local funding, and it was possible that a growth in local wealth would compensate for a portion of that additional 5 percent, which would reduce the State's share.
2. The State could increase funding by \$222 million per year and reach the same end point by 2013-14.

Mr. Augenblick said that he simply wanted to demonstrate that it was possible to progress from the current funding level to the funding level necessary to achieve the standards by 2013-14 in a reasonable manner.

Chairman Arberry thanked Mr. Augenblick and Mr. Silverstein for their presentations and opened Committee discussion.

Senator Cegavske asked about the national experts who assisted APA with the study, and whether those experts were identified in [Exhibit D](#).

Mr. Silverstein explained that APA convened two national experts to identify the resources needed to meet the specific goals that Nevada established for its children, so that APA could create the initial resource needs under the PJ approach.

Senator Cegavske asked whether the names of those experts were included in the final report ([Exhibit D](#)).

Mr. Silverstein reported that the two national experts were Dr. C. Kent McGuire, Dean of the School of Education at Temple University, and Dr. David Conley, Professor of Education at the University of Oregon (footnote, page 23, [Exhibit D](#)).

Senator Cegavske asked whether the Nevada educators were paid panel members. Mr. Silverstein replied that the Nevada educators were not paid and voluntarily participated in the panels.

Senator Cegavske asked whether the panelists were listed by category and Mr. Silverstein replied that Appendix A, [Exhibit D](#), contained the list of participants, but did not identify the categories.

Senator Cegavske asked Mr. Silverstein to provide that information to the Committee, and Mr. Silverstein stated he would comply with that request.

Senator Cegavske said she was curious about why APA had not included remediation dollars in the formula dealing with special education.

Mr. Augenblick explained that those dollars were included and were counted as expenditures in the comparison between what APA suggested as being needed and what was actually being spent. However, remediation dollars were not specifically named in a separate category.

Senator Cegavske noted that in the Executive Summary, [Exhibit D](#), under number 2, "Additional cost 'weights,'" federal remediation dollars were not listed. She asked why that funding was not included, or in which category APA had included those dollars.

Mr. Silverstein explained that, depending upon where a student fell in the special needs category, the funding was identified in the resources for every student to attain the standards. For example, if there was remediation funding for a tutor for an at-risk student, those dollars would be included in the at-risk weight. There was no separate category for remediation and the category depended on the type of student being served. Mr. Silverstein clarified that any resources needed by a special needs student to attain the standards was included in the weights.

Senator Cegavske referred to the bond money used for construction of schools, which was taxpayer-funded. Nevada was an unusual State because of its growth, and she asked why APA had not included the bond money in the study.

Mr. Augenblick stated that construction costs and funding were not included in the study. In order to conduct a study that included those costs, the need for facilities in the various areas of the State would have to be determined, which was completely separate and would involve a much more expensive study. Mr. Augenblick indicated that the few states that had undertaken such studies had spent hundreds of thousands of dollars in an attempt to have engineers and architects determine the needs of the various school districts. According to Mr. Augenblick, including construction costs was beyond the scope of the study conducted by APA for Nevada.

Senator Cegavske asked whether those costs were added into any of the per pupil base costs. Mr. Augenblick explained that all spending was comparable, or based on current operating expenditures, which excluded capital and transportation costs.

Senator Cegavske pointed out that APA treated Nevada as if it was similar to other states when, in fact, it was not. Mr. Augenblick replied that APA had not used other states, but rather compared the figures derived to meet adequacy requirements to Nevada's actual spending. The APA was aware that every state experienced spending for capital outlay and debt service and, in some cases, those costs could be enormous. However, that was a separate issue and APA did not want to mix those costs into the figures for the study.

Senator Cegavske asked whether that was the choice of APA or was it based on the interim committee's recommendation. Mr. Augenblick stated that the interim committee and APA agreed that the study would not include those costs. The interim committee might have been charged to include construction and transportation costs in the study, but it soon discovered that none of the companies who bid on the study would include those costs, given the time and money available to complete the study.

Senator Raggio took a moment to recognize members of the leadership class from the Associated General Contractors (AGC) of Nevada, who were present at the hearing, and thanked them for their interest in the Nevada Legislature.

Returning to the business at hand, Senator Raggio asked about the General Fund appropriation of \$100 million that was approved by the 2005 Legislature for the School Remediation Trust Fund, a large portion of which was used for full-day kindergarten. He asked whether that appropriation was included in the study.

Mr. Augenblick replied that, to the best of his knowledge, the funding was not included in the study. The APA used the figures for school year 2003-04, and funding that was approved subsequent to that school year was not included in the study.

Senator Raggio wondered whether APA was aware that the Legislature had augmented the appropriation to the Remedial Trust Fund, which funded the all-day kindergarten program in at-risk schools. He noted that, at times, adjuncts were overlooked.

Mr. Augenblick explained that page 113 of [Exhibit D](#) depicted the cost of moving from the 2003-04 funding level to an adequate funding level to meet the standards by 2013-14; therefore, the remediation funds would not have been included in the study.

Senator Raggio noted that every state had differences, and there was a great deal of ongoing litigation involving court mandates as the result of studies such as that conducted by APA for Nevada. The *Nevada Constitution* did not use the terms "adequacy" or "equity," but the Legislature was charged with creating a uniform system of common schools. Senator Raggio indicated that the Legislature had been particularly proud over the years about the structure of the Nevada Plan for School Finances, which had survived for a very long time with very little criticism. Senator Raggio believed that Nevada was not too far off base in the area of "equity."

Senator Raggio commented that the list of successful schools included schools he felt were questionable as far as being successful. He asked whether the PJ approach could come close to being termed a "wish list," which tended to make it a rather expensive compilation of resources.

Mr. Augenblick pointed out that Mr. Silverstein had described the procedure used by APA in an effort to avoid making the list of resources into a "wish list." Senator Raggio stated that he simply wanted to put the list of resources into focus. Senator Raggio remarked that of the four approaches available, APA used the SS approach and the PJ approach, and he wanted to clearly define the confines of the study.

Senator Titus realized that APA studied the Nevada education system at a certain point in time, and she appreciated the end results of the APA study. She asked whether APA had reviewed the education budget presented to the 2007 Legislature, and whether the current budget proposals addressed what APA perceived as problem areas, or areas that should be addressed in education funding.

Mr. Augenblick stated that APA had not reviewed the current education proposal for 2007.

Senator Titus said that the current education budget: (1) did very little to address some of the key recommendations and basic issues; (2) did not include such things as class size reduction; (3) ignored additional days added to

the school year, either for teaching or professional development; (4) ignored the weighted formulas suggested by APA for special needs students; (5) did not address inflation across all schools; and (6) rolled back programs that were designed to attract and retain the best teachers. Senator Titus felt that, if the study was conducted after the 2007 budget was completed, it would find that the situation in Nevada regarding education had worsened rather than making progress toward attaining the 2013-14 standards.

Mr. Augenblick stated that he could not comment because he had not reviewed the 2007 budget proposal for education in Nevada.

Assemblywoman Buckley referenced the PJ approach and asked about the top recommendations from the panelist in terms of leaning toward increased student achievement.

Mr. Silverstein advised the Committee that it was important to remember that when the panelists were selecting resources, the key was that the resources would work together to reach the final outcome. Describing the top recommendations would be difficult because the premise was that the resources would work together. Mr. Silverstein referred to pages 29 and 30 of [Exhibit D](#), which highlighted the resources suggested by the panelists under the PJ approach. The panelists believed that resources such as smaller class sizes were necessary, either through lower teacher to pupil ratios or additional support staff. Mr. Silverstein said that also applied to music, art, and physical education. There was also a need for reading and math specialists in schools. He indicated that the panelists also discussed the computer hardware and software needs of the schools.

According to Mr. Silverstein, the panelists often discussed such things as full-day kindergarten and smaller class sizes as being very important. However, the presence of targeted specialists in schools to assist both the teachers and the students who might need additional help was also deemed very important. Mr. Silverstein noted that before and after school programs were also important resources; however, the big resource item was to increase professional development for teachers. In adequacy studies across the country, increases in professional development were often recommended. As the standards increased, teachers needed to improve their teaching to bring all students up to standard.

Ms. Buckley said that as Nevada approached education funding during the 2007 Session, she did not have a sense of whether the Legislature would have the ability to change the funding formula. That appeared to be such a large undertaking and Ms. Buckley was unsure whether that would entail an interim study or further evaluation. If the Legislature chose to list the categories that should be addressed to improve student achievement, and indicated that those categories represented top priority areas for both Houses, would that be a viable alternative to the outcome of the study, and had any states taken that path rather than changing funding formulas.

Ms. Buckley continued and stated that the Legislature wanted to see the achievement rate grow and wanted to fund the areas in education that would help students attain the standards, or at least make progress toward the standards, during the 2007 Session, as opposed to taking years to develop an alternate funding formula.

Mr. Augenblick indicated that the funding approach would depend on how specific the Legislature wanted to be about how the money should be spent. It was almost irresistible to want to dictate how the money should be spent because the Legislature allocated a great deal of money for education. The underlying premise of the standards-based reform was to allocate the funding to the districts and let the districts make the decision about how best to allocate the funds to the schools, since the districts were in the best position to make those decisions, and then hold the districts accountable.

Mr. Augenblick stated that for school year 2003-04, the average percentage of proficiency in Nevada was 50 percent, according to the plan submitted by Nevada to fulfill the requirements of NCLB. He emphasized that Nevada should be at 100 percent for that school year. It could be argued that the easy part was probably done because children who were already fulfilling the requirements would continue to improve. However, all children needed to attain the 2013-14 standards, and that included children in special education, ELL, and at-risk students. Mr. Augenblick noted that those children probably represented approximately 30 to 35 percent of the student population in Nevada. The question was whether all students were meeting the standards, and if any group experienced difficulties, it would probably be the special needs students. Nevada had to focus its resources on the special needs population.

Mr. Augenblick stated that the study did not encourage the State to become "Machiavellian" in its efforts to fund education, and rather the State should add resources to help the special needs students, because those students who were already achieving would continue to do so. There was no doubt that Nevada could identify the students who needed the most help, and the ones where the resources would be best spent. Mr. Augenblick emphasized that in approximately seven years all students in Nevada had to attain the NCLB standards.

Assemblyman Hardy stated that it appeared APA was promoting responsibility and accountability. The report indicated that the State should allocate funding to the districts and, in turn, the districts would allocate the money to the schools and hold them accountable for how that money was spent. Dr. Hardy asked whether there was a way to hold the districts accountable, along with the schools. Based on the study, it did not appear that the State would hold the districts accountable for the allocation of money.

Mr. Augenblick indicated that many states had asked whether the districts or the schools should be held accountable. Most states opted for holding the districts accountable because most districts were created through the legislative process, contained elected school boards, and had tax authority, whereas individual schools had none of those things. The State could give schools additional authority, but Mr. Augenblick doubted that there would ever be a situation where individual schools had tax authority. There was nothing that prevented the State from requiring districts to submit a plan that depicted how the money would be allocated to the schools consistent with the needs of those schools as perceived by the Legislature.

Chairman Arberry asked whether Mr. Augenblick or Mr. Silverstein had any last comments for the Committee.

Mr. Augenblick thanked LCB staff and interim committee members, who were very helpful with completion of the study.

Senator Mathews recognized the remaining members of the leadership class from AGC in attendance and thanked them for their interest in the Legislature.

Senator Rhoads announced that members of the Future Farmers of America (FFA) were also present at the meeting. He thanked members for attending the meeting and for their visit to the Legislature.

Chairman Arberry opened the meeting for public comment.

Joe Enge, Education Analyst, Nevada Policy Research Institute (NPRI) introduced himself to the Committee. Richard Phelps, Ph.D., introduced himself to the Committee and stated that he was hired by NPRI to study the APA proposal.

Mr. Enge said that he had testified before the interim committee regarding the study. By way of background, Mr. Enge explained that he was an experienced educator who had taught in Nevada from 1988 through 2006, was a Fulbright teacher in the former Soviet Union, was a James Madison fellow, and had written two history textbooks. Mr. Enge indicated that he had dealt with the reality of education as opposed to a theoretical or hypothetical situation. In reading the APA study, Mr. Enge said he noticed several things that reminded him of a 20-year-old movie entitled "Back to School." He referenced a scene from the movie which described a construction project being built in "fantasyland." Mr. Enge indicated that the APA report made some major assumptions that made him question the relevance of the figures.

Mr. Enge indicated that he was the only person from the general public who was allowed to attend the panel meetings and observe the professional judgment panels. The members of the panels were professional educators and the wish list analogy appeared to be appropriate. Indeed, said Mr. Enge, panelists were not given any costs or concerns regarding resources, and he wondered where in the real world a list of resources could be assembled without concern about cost. Panelists were paid because subsidies were provided by their school districts. Panelists were chosen by the school districts, which obviously would benefit from additional resources. Once the panelists had produced a list of resources APA then compiled the costs associated with the list.

For example, said Mr. Enge, there had to be administrators, such as a principals, vice principals, and deans, and after the panels determined how many positions were needed APA attached the figures. During the process, APA indicated that deans would be paid higher than principals. Mr. Enge said that anyone familiar with education was aware that a dean was the entry-level position for entering the administrative field, and to suggest that deans would earn more than a principal was rather incorrect.

Mr. Enge stated that after he pointed out the salary discrepancies, APA adjusted the figures in the report. However, magnify that salary discrepancy across the State and everyone could see how much that small mistake would add to the cost. Mr. Enge wondered how many other mistakes were included in the report. Mr. Enge referenced Senator Raggio's comments about the choices made under the successful schools category, and he pointed out that Sparks High School was listed as a successful school. Many of the schools chosen as "successful schools" did not meet adequate yearly progress and, in fact, were listed as "in need of improvement." The choice of Sparks High School as a model of a successful school was a poor choice because that

school had some of the highest remediation rates in the State for students continuing on to college.

Mr. Enge said when all elements were added together, the major assumptions, and the hypothetical nature of both the professional judgment approach and the successful schools approach, the end result was a report filled with impressive numbers and equations that meant absolutely nothing. Mr. Enge used the example of his high school calculus class, where students completed an equation using derivatives and the trajectory of a rocket, which was very impressive mathematically, but one key variable was missing. That variable was the starting and ending elevation of the rocket and, without that variable, the whole equation was meaningless. Mr. Enge said that all it took to ruin the equation was one missing variable, and the APA report contained so many missing variables that the figures were irrelevant.

Dr. Phelps referenced [Exhibit F](#) entitled, "analysis – Thoroughly Inadequate: 'The School Funding Adequacy Evasion,'" which had been presented to each member of the Committee.

Senator Raggio asked Dr. Phelps to provide some background information to the Committee.

Dr. Phelps stated that he received his Ph.D. in public finance from the Wharton School for Commerce and Finance at the University of Pennsylvania, and had worked in the field of education for many years, mostly for contracting companies who undertook studies, such as APA. Dr. Phelps stated that he did not conduct such studies because he did not believe they were valid. He was involved a few years ago in analyzing the adequacy proposals by APA and another group for Maryland. He was surprised to hear Mr. Augenblick state that all recommendations were implemented, and the APA study adopted. Dr. Phelps said his recollection was that Maryland took no action, and the report ended up in the archives with none of the recommendations from the two companies to fund adequacy being adopted.

Dr. Phelps indicated that Mr. Augenblick was an advocate for the studies and believed in the outcome of the studies. Dr. Phelps wondered whether the interim committee had compared the APA proposal to the other proposals because, in his opinion, the other proposals included the dark side of such studies, which was not included in the APA proposal. The APA proposal did not misrepresent issues, but simply omitted the caveats, such as those included in the proposal from R.C. Wood and Associates.

Dr. Phelps indicated that the historical background of studies such as the one conducted by APA was contained in court cases that went back many years. The court cases started with equity suits, but there were problems because there were few, if any, state constitutions that used the word "equity" in regard to school financing. Some state constitutions used the word "adequacy" so groups began addressing that area with some success. Dr. Phelps noted that not all adequacy proposals were adopted, and such studies produced a wide variety of outcomes. Since the *Nevada Constitution* included no stipulation for adequacy or equity in education funding, Dr. Phelps said it stood to reason that the process would go through the Legislature rather than the courts.

Assemblywoman Buckley indicated that the Nevada Legislature approved the adequacy study in 2005, and whether or not that was a good choice, the decision had been made. She asked Dr. Phelps whether he had any specific comments that would reach the heart of the matter because everyone wanted

to improve educational outcomes. She asked Dr. Phelps about his position regarding the formula presented by APA, and whether that was something the State should address. Ms. Buckley said that simply "bashing" the consultant was not particularly useful and everyone involved in the process simply wanted to improve education outcomes. Ms. Buckley asked Dr. Phelps what he thought of the product and whether it included information that the State should utilize.

Dr. Phelps asked whether Ms. Buckley was speaking about the APA report. Ms. Buckley indicated that was correct, the APA report included suggestions regarding different ways to use the formula. Dr. Phelps indicated that he agreed with Mr. Enge in that he would not give the study any credence.

Ms. Buckley asked whether Dr. Phelps believed that the State should examine the formula and address the needs of those students who might not achieve the 2013-14 NCLBA standards, and possibly look at different funding distribution methods. Dr. Phelps agreed that those issues should be addressed, but he did not believe that the APA study informed the Legislature about how to address the needs.

Mr. Enge stated that it was a question of accuracy. The APA study results for different states completely varied. For example, for a 500 pupil elementary school in Oregon, the APA report indicated that 23.5 teachers were needed, and for a 500 pupil elementary school in Wyoming, the APA report indicated that 33 teachers were needed. Mr. Enge indicated that represented a major difference considering personnel costs, which was one of the driving costs in education.

Ms. Buckley said she was not particularly interested in studies conducted for other states, and was asking whether the recommendations from APA for Nevada should be considered by the Legislature. She stated that she would like to focus on solutions.

Mr. Enge indicated that the Legislature should look in the right direction, and studies from other states were relevant because they showed the inaccuracy of the figures that APA presented to Nevada.

Senator Raggio commented that Mr. Enge and Dr. Phelps were invited to the Committee on the same premise as representatives from APA, and should be allowed to make their presentation without questions until their presentation was complete.

Ms. Buckley apologized and stated that she was not informed that Mr. Enge and Dr. Phelps were invited to testify, and believed that they were providing testimony under the Public Comment portion of the Agenda. She said she would be happy to hold further questions until the end of their presentation.

Chairman Arberry asked Mr. Enge and Dr. Phelps to continue their presentation.

Dr. Phelps stated that if the Legislature wanted to increase student achievement, it should target programs and funding toward achievement. Dr. Phelps concurred with Mr. Enge that the basic assumptions for the entire methodology in the APA report were untenable. Dr. Phelps believed those assumptions were:

- That there was no need to control or compensate for the PJ panelists' obvious conflicts of interest.

Dr. Phelps commented that proposals from other bidders for the adequacy study included additional structure that would have compensated for conflicts of interest.

- That the Nevada Legislature and the Nevada school system would, and should, allocate resources as prescribed by the PJ panels.

Dr. Phelps opined that the Legislature should not take action based on the outcome of 39 persons involved in secret meetings based on secret documents provided by two education professionals, one from Oregon and one from Pennsylvania.

- That there was a one-to-one correspondence between spending and achievement.

According to Dr. Phelps, the most optimistic evidence showed a 10 percent correlation. If spending was increased by 100 percent, it would produce a 10 percent increase in achievement. If spending was targeted toward achievement, the correlation should be higher. There have been several hundred effective school studies, and those studies found that how schools were managed and how programs were executed had more influence on improved achievement than simply spending more money. That might sound obvious, but the studies conducted by entities such as APA were premised on the assumption that money would make a difference.

- That research supported the methods used by APA.

Dr. Phelps said that some research did support the type of work conducted by APA, but it was research conducted within the field of education finance, which was a field that was peopled by the entities who conducted the studies. The economic journals did not support the methodology used by APA. Adequacy studies had a track record and some states adopted the proposals, either because the courts forced adoption or for other reasons. Those states were no better off now than they were before adopting the proposals, and some were worse off. Part of the problem was that funding increases induced by adequacy studies were usually untargeted, or were targeted incorrectly. At times, it was very difficult for districts and schools to absorb large windfalls of resources.

Dr. Phelps indicated that Mr. Enge had already discussed the problem about the reliability of adequacy study estimates. Persons who studied the results of adequacy studies across the states over the past 15 years found a 25 percent variation across studies that used the same estimation methods, other factors being equal; a 25 percent variation across estimation methods used by the same contractor; and a 50 percent variation across estimation methods used in all studies.

Dr. Phelps noted that Mr. Enge had discussed examples of the variety of estimates from APA studies. The *Education Week* newspaper published a yearly edition entitled *Quality Counts* and for the past few years, the newspaper had listed an index for adequacy across the states. Dr. Phelps indicated that the numbers jumped around and approximately two years ago Utah, which often ranked near the top in student achievement, was considered the least adequate state in the country in its funding. Many persons simply did not know the meaning of adequacy, and Dr. Phelps commented that the APA methodology went through various convoluted exercises to reach the end result.

Dr. Phelps addressed the PJ panel meetings, which were secret and included secret information that was not available to the Legislature or its constituents, the conflicts of interest among panelists, and the persons that were involved in the panel process. Not all educators had a background in logistics, operations research, or finance, and often educators were not aware of the different methods that could be used to reach the final outcome, even though Dr. Phelps believed they were dedicated in their exercise.

Mr. Enge said that the predominant presumption in the education profession was that all-day kindergarten was the answer. He stated that he had testified about all-day kindergarten and discussed the numerous studies that actually proved it did not work. That presumption was rolled into the APA study, along with teacher in-service programs for five days per year at an unknown cost. Mr. Enge stated those costs would add up based on teacher salaries for five days across the state. The question also arose about the type of in-service programs needed. Mr. Enge indicated that he had been involved with in-service programs and believed that most were worthless. Most teachers agreed that in-services programs were a waste of time, but there was a gross assumption that in-service programs would lead to better student achievement.

Mr. Enge stated that he would like to see data that correlated Nevada teacher in-service programs to student achievement. He said he had never seen such that type of correlation, and in-service programs were an expensive assumption that should be reviewed. That made two major assumptions provided to the professional panel, all-day kindergarten and teacher in-service programs, with an unknown cost.

Senator Raggio explained that time was of the essence for the Committee and there were other persons who wished to present testimony. He asked Mr. Enge and Dr. Phelps to present their conclusions to the Committee.

Dr. Phelps pointed out that it was sometimes difficult for him to criticize adequacy studies because persons then assumed that he was against schools, or against increased spending for schools, and that simply was not the case. Dr. Phelps stated that he was unaware whether schools in Nevada needed additional funding, but he did not think that an adequacy study in general provided reliable information for answering the questions.

Chairman Arberry asked whether there were questions from the Committee and recognized Senator Cegavske.

Senator Cegavske questioned Mr. Enge's comments about in-service programs for teachers, and she asked whether teachers were tested or whether there was an evaluation regarding the knowledge gained from the programs when the teachers received credit for attending the programs.

Mr. Enge explained that there were different types of in-service programs. The more recent in-service programs offered by schools and districts were not for credit, and involved a process that lasted at least five days. The Carson City School District offered a 15-day in-service program.

Senator Cegavske asked about teacher assessment after completing in-service programs, in order to ascertain whether they had garnered anything from the program.

Mr. Enge stated there was usually an end of session opinion asking whether the in-service program was worthwhile, similar to a survey.

Senator Cegavske said it appeared that no assessment was completed, and Mr. Enge stated that was correct. He explained that often there was nothing to assess because there was really no way to assess the programs.

Assemblywoman Smith said that one of the things that puzzled her was the assumption that the professional educators who sat as members of the panels for the APA study had a conflict of interest and should not be relied upon. Mrs. Smith said those educators were relied upon in the same manner as Mr. Enge, who identified himself as an educational analyst and professional. She asked why it was assumed that the educators selected as panelists did not know what they were talking about or did not know what resources were needed in Nevada classrooms. Mrs. Smith said she had even heard the term "intellectual dishonesty," which she failed to understand. Those educators were persons who came highly recommended, many were award-winning and nationally certified, and had longevity in the classrooms. Mrs. Smith asked who the Legislature could rely upon, if not those professional educators.

Mr. Enge stated that he considered his children to be honest, but he would not allow them to make their own Christmas list, and he determined what would be their adequate Christmas. As a professional educator, he respected the panelists, but there was an inherent bias one brought to such studies when making resource lists. Mr. Enge said that he used the term "intellectually dishonest" when he referred to the iNVEST 2007 plan, which listed the benefits of all-day kindergarten without addressing any of the nationally recognized studies that stated all-day kindergarten would not produce long-term benefits. Mr. Enge believed that presenting such information to the Legislature was "intellectually dishonest," when the other side of the issue was not presented when making such an expensive, important decision.

Mrs. Smith said that the panelists were not children and were not making a Christmas wish list, but rather were professionals to whom the State entrusted the education of its children. She remarked that she could not think of anyone upon whom the Legislature could rely if it could not rely upon professional educators. Mrs. Smith stated that, as Mr. Enge had opinions about what action should be taken by the Legislature, other professional educators also had opinions.

Mrs. Smith referenced previous questions about what action the State should take and whether Nevada needed additional resources. The idea with empowerment was to allocate more money to allow schools additional time in the classrooms, more minutes in a day, and more money for schools. In the APA proposal, the Legislature heard specific recommendations, such as full-day kindergarten, class-size reduction, and the need for additional personnel for ELL students, at-risk students, and special education students.

Mrs. Smith asked what action Mr. Enge and Dr. Phelps believed the Legislature should take, since they did not concur with the recommendations from the APA study. The courts were not involved in funding education in Nevada. Mrs. Smith pointed out that legislators were responsible for that job, and wanted it to continue being the job of the Legislature rather than the courts. The Legislature was charged with funding education in Nevada, and Mrs. Smith asked Mr. Enge and Dr. Phelps to tell the Legislature what action it should take to improve the State's educational system, if resources were not required.

Mr. Enge emphasized that improving education did require resources, but the question was whether the State necessarily needed additional resources, as opposed to how the State allocated current resources. Mr. Enge stated that the theoretical model in education reviewed the input with the assumption that the input would produce the desired output, such as student achievement. Nevada needed to focus on student achievement rather than the input.

Mr. Enge suggested that the empowerment program would represent a systemic change. He explained that the empowerment program would allow the schools to make the decisions. The State had attempted off-site management in the past, but did not give the schools the power to make budgetary decisions. Under the empowerment program, said Mr. Enge, if a school wanted to initiate all-day kindergarten, it would impact only one school rather than schools across the state. The schools could then try some of the many programs available to see whether they worked for Nevada students. Mr. Enge believed it was not so much a question of increased funding, but how the funding was allocated and how the centralized nature of control of power among the State, the districts, and the schools was addressed.

Mrs. Smith pointed out that the Legislature was considering additional resources in the area of empowerment schools. She simply wanted the record to reflect whether or not Mr. Enge and Dr. Phelps believed that additional resources were needed. Allocation was fine, but the resources had to come from somewhere, and Mrs. Smith asked whether funding should be taken from one school and given to another. Her question was what action should be taken by the Legislature. Mrs. Smith emphasized that she wanted an answer to the question of whether additional resources were needed.

Mr. Enge used the example of his car, which was badly in need of a paint job, but that did not mean it would run better if it had a better paint job. While teaching in Nevada, that was what he observed year in and year out, session after session, because quite often the debate about education did not address the real and salient problems that faced educators in Nevada.

Chairman Arberry asked whether Mr. Enge or Dr. Phelps could answer Mrs. Smith's question with a "yes" or "no" answer. Mr. Enge stated that was very difficult, and the answer would depend on how the resources were utilized. Dr. Phelps indicated that he did not reside in Nevada, and he was unable to advise whether additional resources were or were not needed, but he felt one answer was that it depended on how the resources were used.

Senator Titus referred to Mr. Enge's example of his car needing a paint job, which would not make the engine run better, and she believed that Mr. Enge was implying that there were problem areas within education in Nevada that could be addressed without additional resources. Senator Titus asked Mr. Enge to identify the three areas that he perceived as problematic, and how those areas could be addressed without additional resources.

Mr. Enge explained that Nevada was moving toward more centralized decision-making in education. He indicated that he taught school in the former Soviet Union as a Fulbright teacher and he saw how that system did not work in terms of economics. Nevada was moving in that direction in education, and was even dictating to teachers how to mark their roll books. Centralizing the system was moving in the wrong direction. Mr. Enge noted that the Gallup Organization conducted a 20-year study of thousands of businesses regarding the best business practices. That study reached the same conclusion that Nevada should apply in education, which was that Nevada needed

to empower the people on the ground level in the trenches and local decision-makers. Mr. Enge stated that would not cost the State additional money, but would simply represent a systemic change.

Senator Titus stated that if Mr. Enge believed Nevada should decentralize the decision-making, did that also mean that he was opposed to NCLBA, which included some dictates from the State. Mr. Enge concurred that he did not approve of the federal government "sticking its nose" in state or local matters.

Senator Titus asked about the other two problem areas. Mr. Enge stated that teachers were professionals, and Nevada needed to empower them. He cited the evaluations currently being done in Nevada, which were all input based and failed to consider achievement. He referenced the Charlotte Danielson system of evaluation in which student engagement was measured, but in which the system did not specify whether or not students learned anything from their teachers. Mr. Enge said that students could completely fail their exams, but the teacher would receive high marks based on input of superficial elements. He believed Nevada should base teacher evaluations on student achievement or on measurable, quantifiable, value assessments, as advocated by the noted statistician, Dr. William L. Sanders.

Senator Titus asked about teacher testing. Mr. Enge replied that teachers were currently tested, but it should be done in such a way that took into account the growth of students over the course of an academic year.

Senator Titus asked whether the State could change the method of teacher testing without additional resources. Mr. Enge said that the test was currently available, and it was a matter of modifying the test to fit the guidelines outlined by Dr. Sanders.

Senator Titus asked whether there was a third problem area. Dr. Phelps replied that he only reviewed the APA study, and he recommended accessing NPRI's website.

Senator Beers stated that he shared Ms. Buckley's frustration about the lack of proposed solutions and action that should be taken by the Legislature. That was the reason that two of the six members of the interim committee were prepared to vote against acceptance of the APA study because it also failed to make any specific recommendations about how to improve education in Nevada. Senator Beers commented that the Committee heard more specific recommendations from Mr. Enge and Dr. Phelps than it had from Mr. Augenblick and Mr. Silverstein. The Legislature needed specific ideas about how to improve the results from the public education system in Nevada.

Chairman Arberry asked whether there were persons in the audience who would like to address the Committee.

David Schumann stated that he would like to give a few suggestions. When producing goods, such as automobiles, more dollars usually resulted in better quality. The same simply was not true in education. Mr. Schumann said that Milton Friedman had studied education for 50 years and knew more about education than almost everyone else. Mr. Friedman stated that there was an inverse relationship between the amount of money that states spent on education and the academic results achieved.

Mr. Schumann referenced [Exhibit G](#) from the Organisation for Economic Co-operation and Development (OECD) entitled, "OECD Economic Surveys, 1993-1994," which included a chart entitled "Current Public Expenditure per Student on Preprimary Through Secondary Education, 1988." That chart indicated that Japan spent less than half as much as states such as Massachusetts. Mr. Schumann stated that American schools were substandard, and that included Nevada schools. That statement was from the OECD, and he stated that OECD professionals came to the United States and declared that American schools were substandard.

Mr. Schumann advised the Subcommittee that he had worked and lived in Singapore, and children in Singapore had a much better grasp of math, science, and English than children in America.

Mr. Schumann commented about fads in education, discontinuing the use of phonics, and the changes in how math was taught. He said that children in America scored lower than those from the other industrialized nations in math and science.

Mr. Schumann referenced the SAT tests and the fact that students in America scored so poorly on those tests. He believed that the Legislature should consider mandating higher minimum requirements of competence in English, math, and science for teachers in grades kindergarten through high school. Mr. Schumann did not believe that would cost the State as much money as the mandatory all-day kindergarten, and would produce much better results.

Mr. Schumann stated that Nevada needed greater competence in teachers and needed to change the method of teaching ELL students. The answer was English emersion, and Mr. Schumann opined that ELL was a very expensive waste of time. Mr. Schumann commented that it was not a new concept to hold schools responsible for the performance levels of students.

Testifying next before the Committee was Janine Hansen, President of Nevada Eagle Forum. Ms. Hansen stated that she had been a citizen lobbyist at the Legislature since 1971, and had heard hundreds of discussions about education. Through the years, the Legislature continued to see the education level of students decline.

Ms. Hansen suggested that schools that did not teach systematic, intensive phonics were inadequate. That concept was rejected by the education establishment, and there were only a few Nevada schools that taught phonics. Ms. Hansen stated that National Eagle Forum had a phonics program which was designed so that every mother or grandmother could teach their children to read.

Ms. Hansen said, if Nevada really cared about educating its children, then children must be taught to read. Ms. Hansen said her son was home-schooled and was taught phonics. She explained that her son spent much of his time during home schooling reading hundreds of books. Ms. Hansen said that her nephew ridiculed her son for being home-schooled. Her nephew went on to graduate from college and become a successful lawyer. Ms. Hansen said her nephew was now very envious of the very inexpensive education received by her son because her son knew a great deal more about history and the world, and other important subjects than her nephew, who had spent many years in school.

Ms. Hansen believed that Nevada was putting its children at risk by not teaching them to read through systematic intensive phonics. The program was one of the most inexpensive, yet critical things that could be added to Nevada's education system to rescue its children from the educational abyss in which they found themselves.

Terry Hickman, Executive Director of the Nevada State Education Association (NSEA), complimented the Committee and the Legislature for funding the interim adequacy study. He stated that the results of the study had been given to the Legislature, and asked a very important question regarding what solutions were best for children in Nevada. Mr. Hickman stated that NSEA believed the study included some very important results, such as preschool for at-risk students, smaller class sizes for kindergarten to fifth grade, a longer school year, full-day kindergarten, alternative class settings for disruptive students, and increased funding for special education, ELL, CTE, and at-risk students.

Mr. Hickman indicated that education needed resources, and NSEA believed it was important for the Legislature to review the study because it could be used as a road map. Mr. Hickman stated that the question about which solution was best for Nevada's students was answered by the adequacy study. According to Mr. Hickman, teachers and support professionals were constantly asked to be accountable, which they were. A road map was the way for a person to reach his intended destination, and the adequacy study was a legislative road map for the State to reach its intended destination in education, that destination being a quality education for every child, which would lead to a well-skilled workforce in Nevada. Mr. Hickman urged the Legislature to consider the adequacy study as the road map to funding education in Nevada.

Joyce Haldeman, Clark County School District, stated that it did not matter which list the Legislature reviewed, or which recognized source had prepared the list, because Nevada fell at the bottom of all lists in terms of education funding. Nevada's ranking could be disputed, but even when school construction dollars were taken into account, Nevada still ranked only forty-second in the nation. Ms. Haldeman said that was something the Legislature simply could not ignore when looking at the adequacy study, whether or not the Legislature liked the methodology used or the company that conducted the study.

Ms. Haldeman reported that some Nevada schools taught phonics and used immersion for ELL programs to assist students. She recognized that the concept of empowerment schools worked, but the reason those schools worked was because they received additional dollars. The issue in the study that caught the attention of Clark County was the weighted per pupil formula for special education and ELL students. Ms. Haldeman hoped that the Legislature would take the study into consideration.

Mary Pierczynski, Superintendent of Schools for the Carson City School District and President of the Nevada Association of School Superintendents, referenced the iNVEST program, which had been discussed with the Legislature for many years. Ms. Pierczynski indicated that the figures depicted by iNVEST about what was needed to improve student achievement in Nevada were almost exactly the same as the numbers reported by APA in the study.

Anne Loring, representing Washoe County School District, stated that the District was cognizant that the halfway mark was fast approaching for the 2013-14 NCLBA deadline to bring all children in Nevada up to proficiency

in English, math, and science. Ms. Loring said that the District appreciated the efforts by the Legislature to quantify the costs, and also appreciated the efforts of its superintendents and school boards to provide the details regarding how to reach the proficiency level.

Dr. Dotty Merrill, Nevada Association of School Boards (NASB), indicated that NASB believed that specific ideas about improving the outcome of public education in Nevada could be found in the iNVest 2007 plan, which provided many ideas for the Legislature's consideration. Dr. Merrill called the Committee's attention to the weighted resource formula within the APA report, which NASB believed would impact a number of students in Nevada, regardless of their special needs.

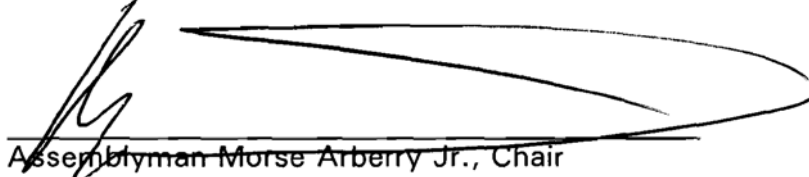
With no further business to come before the Committee, Chairman Arberry adjourned the hearing at 11:00 p.m.

[Submitted to the Committee for review was a letter dated February 13, 2007, from the Nevada Manufacturers Association, [Exhibit H](#). Also submitted to the Committee for consideration via email was a letter dated February 14, 2007, from Nevadans for Quality Education, [Exhibit I](#)]

RESPECTFULLY SUBMITTED:

Carol Thomsen
Committee Secretary

APPROVED BY:



Assemblyman Morse Arberry Jr., Chair

DATE: _____

<u>EXHIBITS</u>			
Committee Name: <u>Assembly Committee on Ways and Means/Senate Committee on Finance</u>			
Date: <u>February 14, 2007</u>		Time of Meeting: <u>8:09 a.m.</u>	
Bill	Exhibit	Witness / Agency	Description
***	A	Agenda	
***	B	Sign-In Sheet	
***	C	Assemblywoman Smith	Bulletin No. 7-07, School Funding Adequacy
***	D	John Augenblick & Justin Silverstein	Estimating the Cost of an Adequate Education in NV
***	E	John Augenblick & Justin Silverstein	Summary of the Study for the Legislative Committee on School Funding Adequacy
***	F	Dr. Richard Phelps	Analysis
***	G	David Schumann	OECD Economic Surveys – 1993-1994
***	H	N.Q.E.	Letter dated February 14, 2007
***	I	Nevadans for Quality Education	Letter dated February 14, 2007