

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON WAYS AND MEANS  
AND THE  
SENATE COMMITTEE ON FINANCE  
JOINT SUBCOMMITTEE ON K-12/HUMAN SERVICES**

**Seventy-Fourth Session  
February 27, 2007**

The Assembly Committee on Ways and Means and the Senate Committee on Finance, Joint Subcommittee on K-12/Human Services was called to order by Chair Debbie Smith at 8:15 a.m., on Tuesday, February 27, 2007, in Room 3137 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 website at [www.leg.state.nv.us/74th/committees/](http://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](mailto:publications@lcb.state.nv.us); telephone: 775-684-6835).

**ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:**

Assemblywoman Debbie Smith, Chair  
Assemblywoman Barbara E. Buckley  
Assemblyman Mo Denis  
Assemblywoman Sheila Leslie  
Assemblywoman Heidi S. Gansert

**SENATE SUBCOMMITTEE MEMBERS PRESENT:**

Senator Barbara K. Cegavske  
Senator William J. Raggio  
Senator Dina Titus  
Senator Bernice Mathews

**SUBCOMMITTEE MEMBERS EXCUSED:**

Assemblywoman Valerie E. Weber

**STAFF MEMBERS PRESENT:**

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



Chairwoman Smith indicated that the Subcommittee would hear testimony regarding the Distributive School Account (DSA), Budget Account (BA) 2610. She asked representatives from the Department of Education to come forward and commence with their budget presentation.

## **EDUCATION**

### **DISTRIBUTIVE SCHOOL ACCOUNT (101-2610)**

#### **BUDGET PAGE K-12 ED-1**

Keith Rheault, Ph.D., Superintendent of Public Instruction, Nevada Department of Education (NDE), introduced himself; Mr. James R. Wells, Deputy Superintendent, who would present the details of the DSA budget; and Ms. Gloria Dopf, Deputy Superintendent, to the Subcommittee. Dr. Rheault referenced the booklet entitled, "Nevada Education QuickSTATS," [Exhibit C](#), and informed the Subcommittee that the booklet included the latest data available for school size, current school year student count by district, capital expenditures, and other valuable information. Dr. Rheault said the booklet was a handy reference for the latest data available for the Iowa Tests of Basic Skills testing, enrollment, teacher/student ratios, and other information. Dr. Rheault advised the Subcommittee that Mr. Wells would present the details of the DSA budget as outlined in [Exhibit D](#), "The Distributive School Account (DSA) Budget 2007-09," which had been presented to the Subcommittee.

James Wells, Deputy Superintendent, Administrative and Fiscal Services, NDE, stated that NDE also submitted a document entitled "FY 2007 STATE of the SCHOOL DISTRICTS," [Exhibit E](#). Mr. Wells explained that the exhibit was divided into four sections:

#### **Part 1, School District Highlights:**

Included specifics on student enrollments, payments and funding, special education units that were assigned during the past year, licensed teachers, average salaries, number of schools, and average students per school.

#### **Part 2, School District Student Enrollment Trends and Forecasts:**

Provided enrollment data, charts for the State, and charts for the 17 school districts from FY 1996 and projected through FY 2012.

#### **Part 3, School District SWOT Analysis:**

Included district information regarding challenges foreseen for the next two years including strengths, weaknesses, opportunities, and threats.

#### **Part 4, Charter School Student Enrollment Trends and Forecasts:**

Included the enrollment projection figures for charter schools.

Commencing with the budget presentation, Mr. Wells referred to [Exhibit D](#), and explained that the DSA was used by the State to finance school districts and K-12 education in Nevada. He said he would discuss the various decision units, beginning with the base budget on page 3 of the exhibit.

Mr. Wells explained that the base budget supported ten ongoing programs. Those programs were:

**1. Basic Support for Public Schools.**

**2. Class-Size Reduction.**

Information for those two programs was based on the *Nevada Revised Statutes* (NRS) 387.303 report for FY 2006, as mandated by the Legislature.

**3. School Lunch State Match.**

The funding for the program was moved from basic support during the 2005 Session to show the required match in state budget accounts for federal government purposes. There were no changes in the amount from the previous biennium.

**4. Gifted and Talented Program.**

**5. Professional Development Centers.**

**6. Early Childhood Education.**

Those three programs included no changes from the previous biennium.

**7. Student Counseling.**

The program was continued at \$50,000 per district for a total of \$850,000 per year in the current biennium.

**8. Retired Employee Group Insurance Subsidy.**

Represented the payment required by A.B. No. 286 of the 72nd Legislative Session to the Public Employees' Benefits Program (PEBP).

**9. Adult High School Diploma.**

**10. Student Transportation.**

The final two ongoing programs that were supported by the base budget included no changes from the previous biennium.

Mr. Wells indicated that the base budget rolled salaries through fiscal year (FY) 2007, providing a 2 percent step on the scale increase and a 4 percent cost of living adjustment (COLA). Also included was a 2 percent salary roll-up in FY 2008 and FY 2009, which was designed to accommodate the cost of employees moving up the scale, while also accounting for those who reached the top of the scale, or veteran teachers who quit and were replaced by less expensive teachers.

The total base budget for the biennium was \$950,756,018 in FY 2008 and \$828,057,960 in FY 2009. Mr. Wells said that represented a decrease in expenditures, which related primarily to outside revenues and how those revenues were used in the calculation.

Mr. Wells stated that page 4 of [Exhibit D](#) showed the locally collected revenues, which were a large piece of the Nevada Plan, and included the local school support tax and the one-third public schools operating property tax. The figures in those categories were projected to increase significantly over the next biennium. In FY 2008, the local school support tax was projected to increase by 11.19 percent over FY 2006 figures, and in FY 2009 the increase was projected at 7 percent over FY 2008 figures. Mr. Wells indicated that the public schools operating property tax was projected to increase in FY 2008 by 28.6 percent over FY 2006 figures and an 11.5 percent increase in FY 2009 over FY 2008 figures.

According to Mr. Wells, other local government revenue sources were also projected to increase. The government services tax was projected to increase 11.56 percent in FY 2008 over the base amount and an additional 3.98 percent in FY 2009. Franchise fees were also projected to increase by 3 percent in each of the two fiscal years.

Mr. Wells reported that some issues had arisen regarding property tax. He explained that there was a two-thirds component in public schools operating property tax that dealt with the wealth adjustment of each school district. The first issue was the property tax relief passed by the 2005 Legislature that made changes in the language about how the component was calculated for the school districts. Mr. Wells said the figures were originally based on a strict computation of the tax rate times the assessed valuation. The language inserted into the DSA funding bill during the 2005 Legislative Session changed that computation to the amount actually collected rather than the assessed valuation, and further stated that the collections would be certified by the Department of Taxation. Mr. Wells stated there was a problem with the language in statute regarding the certification, which the Department of Education hoped to clarify, along with the intent of the 2005 Legislature, before the 2007 DSA bill was finalized.

The second issue that had come about very recently was the Nevada Supreme Court decision regarding the property tax for some Incline Village properties. Mr. Wells explained that the Board of Equalization in Washoe County was considering rolling back property taxes on approximately 9,000 parcels at Incline Village. Should that action be approved by the Board of Equalization, it would have a \$2 million to \$4.5 million impact on the revenues in Washoe County School District. Mr. Wells said part of that revenue could be addressed through the one-third public schools operating property tax, but there were questions about what action would be taken regarding the wealth adjustment factor.

Chairwoman Smith asked how soon the rollback would be resolved, since it would impact the DSA budget currently under consideration by the Legislature.

Mr. Wells replied that the NDE was awaiting a resolution from the Washoe County Board of Equalization. He stated that he was not aware of what action the Board was contemplating, but the rollback would commence with FY 2003-04 or FY 2002-03 through FY2007-08. If the rollback was retroactive, the amount would be approximately \$4.5 million, but the actual amount depended on the action take by the Board of Equalization. Mr. Wells said that NDE hoped to have information very soon as the Board was scheduled to meet on February 28, 2007.

Assemblywoman Leslie asked whether Mr. Wells could provide information about the amount of revenue involved. Mr. Wells said it depended upon action taken by the Board, but for the 17 taxpayers awarded the rollback, the amount would be approximately \$30,000. However, should all 9,000 parcels be included over the five or six-year period, it could mean as much as \$4.5 million to the Washoe County School District.

Ms. Leslie asked whether that would be per year or in total. Mr. Wells replied that would be the total amount.

Continuing his presentation, Mr. Wells referred to page 5 of [Exhibit D](#), which depicted other State revenues included in the DSA budget account. Mr. Wells explained that slot tax revenue was forecast to increase 3.6 percent in FY 2008 over FY 2006 figures, with an additional 7.1 percent increase in FY 2009. The interest on the Permanent School Fund was forecast to increase approximately 4 percent in FY 2008 over FY 2006 figures, and another 2 percent in FY 2009. The federal mineral lease revenue was projected to increase over FY 2006 figures by 6.1 percent in FY 2008 and 3 percent in FY 2009. The local school support tax from out-of-state sales was projected to increase over FY 2006 figures by 11.2 percent in FY 2008 and by 7 percent in FY 2009.

Mr. Wells reported that NDE had received preliminary numbers from the Department of Taxation regarding the local school support tax and the governmental services tax. It appeared that some revenue components were coming in lower while others were coming in higher. Mr. Wells pointed out that there might be changes in the General Fund allocation, depending upon those other revenue sources.

Continuing his presentation, Mr. Wells addressed page 6 of the exhibit. He explained that Maintenance Unit 101 (M101), Agency Specific Inflation, allowed for a 3 percent increase in FY 2008 over the FY 2006 expenditures, and an additional 3 percent increase in FY 2009 for student related operating costs. Those costs included textbooks, instructional and other supplies, instructional software, and library expenses. The recommended budget for Decision Unit M101 was \$3.2 million in FY 2008 and \$6.7 million in FY 2009.

Mr. Wells explained that a number of line items dealt with the fence-off funding requirement for textbooks, instructional supplies, and instructional hardware. The NDE had some concerns pertaining to the fence-off requirement, and one was that the requirement was growing faster than enrollment and inflation, particularly because 10 of the 17 school districts and 6 of the 18 charter schools experienced a decline in enrollment. Mr. Wells reported that it was often quite difficult for those entities to keep pace with the minimum textbook requirement, and allocating the funding at the district level had also become very difficult for the NDE. Many smaller districts solicited federal grant funds specifically for the purchase of textbooks, but the way the language was written in statute, NDE was not allowed to include federal grant funds to offset the school's General Fund textbook expenditure.

Dr. Rheault referenced a letter he had received from the Lincoln County School District about the problems that district had encountered. The smaller districts were experiencing difficulties because they often secured federal grant funds to help purchase new textbooks. However, because the wording in NRS stipulated that funding had to be allocated from the DSA, the districts were not able to use the federal grant money as the required textbook funding. Dr. Rheault said he had also heard similar problems from charter schools. Nevada State High School in Henderson encountered the same problem and used federal charter school start-up funding to pay for some of the textbooks and supplies, yet that federal funding could not be applied toward the textbook allocations from the DSA.

Dr. Rheault advised the Subcommittee that he would leave a copy of the letter from Lincoln County School District with Legislative Counsel Bureau (LCB) staff. He believed that the language in statute should be addressed by the Legislature,

so that other funding sources available to districts or charter schools could be used in meeting the DSA textbook requirement.

Chairwoman Smith indicated that LCB staff would work with NDE to ascertain whether that issue could be resolved. Chairwoman Smith asked whether M101 was the only area that had an inflation component.

Mr. Wells replied that was correct. The only increase for inflation in operating expenditures for school districts was for student-specific costs.

Chairwoman Smith noted that many of the budgets would incur increased utility costs with no corresponding inflation provision, and Budget Division staff would need to address that issue.

Mr. Wells confirmed that there was no inflationary provision in the DSA budget to address the increase in utilities, such as electric and natural gas, or gasoline for school busses.

Senator Raggio remarked that during other budget hearings he had heard the explanation from the Budget Division about why that Division did not feel it was necessary to include inflation adjustments for utilities in the budgets. However, he would like to have a representative confirm that the Budget Division purposely did not include inflation factors for utilities in the budgets.

Senator Raggio referred to the fence-off requirement for textbook allocation. He explained that the Legislature had been constantly battered in the past about the fact that teachers were purchasing textbooks, and that school districts did not have sufficient funds to purchase textbooks. The reason the fence-off requirement was included in NRS was because the Legislature wanted to ensure that there would always be adequate funding available for the purpose of purchasing textbooks. Senator Raggio said that before the requirements of the fence-off were changed, he wanted to make sure that such action would not change the language inserted in NRS as a protective measure.

Chairwoman Smith stated that the Subcommittee shared Senator Raggio's concerns and wanted the funding protected.

Stephanie Day, Budget Analyst 5, Budget Division, informed the Subcommittee that the Budget Division did not include inflationary adjustments for utilities in any of the agency budgets. The changes to utilities that were included in the budgets addressed items such as additional square footage, but the budgets included no inflationary adjustments for utilities.

Senator Raggio noted that the Budget Division explanation was that there was an increase of square footage included in the budgets for state property, and he asked whether that also held true for the schools.

Ms. Day said the Budget Division had included utilities for additional square footage for school districts, based on caseloads included in Maintenance Unit 200 (M200), but there were no inflationary adjustments included for increased utility rates.

Senator Raggio understood that inflation was based on an increase per square footage, but he wondered whether the Budget Division anticipated that utility rates would not increase over the next biennium.

Ms. Day explained that the Budget Division worked with the Public Utilities Commission (PUC), and the recommendation from the PUC was that no inflationary increases for utilities be added to agency budgets.

Senator Cegavske referenced the fence-off funding for textbooks. She wanted reassurance that the funding for textbooks, instructional and other supplies, instructional hardware and software, and library expenses was being used as intended and was not being used for administration.

Dr. Rheault assured Senator Cegavske that NDE monitored that funding very closely, and he believed that 100 percent of the funding was being used by schools for textbooks, supplies, computer hardware and software, and library expenses. He stated that he was not aware of the funding being used for other than classroom supplies.

Senator Cegavske asked what assurance Dr. Rheault received from the school districts that the funding was being used properly. Dr. Rheault replied that staff monitored the funding very closely and schools were required to provide the details about how the funds were spent. Dr. Rheault offered to share the information received from the schools with the Subcommittee, and Senator Cegavske stated that would be very helpful.

Assemblywoman Buckley referenced the lack of inflationary provisions for utility rates in the budgets. She noted that utility rates were increasing, and she would like information from the Budget Division that confirmed the decision of the PUC not to include inflationary provisions in the budgets, along with a guarantee from the PUC that utility rates would not increase during the upcoming biennium. Ms. Buckley did not believe that was true, and in her opinion, utility rates would increase. The Legislature had to determine what action to take from the perspective of the State and the schools. Ms. Buckley asked that LCB staff work with the Budget Division and provide information that guaranteed the Legislature that utility rates would not increase.

Ms. Day said she would work with LCB staff and the PUC to gather the requested information for the Subcommittee.

Senator Titus remarked that during budget hearings over the past month, she had heard testimony over and over again from agencies about the low budget figures based on the lack of inflationary provisions for utility costs. Agencies often stated that the low figures were not accurate, and additional money might be needed, but the agencies would have to get back to the Legislature with the appropriate figures. Senator Titus said it appeared that Administration was intentionally "low-balling" utility figures so it would appear that money was being saved because agencies could approach the Interim Finance Committee (IFC) and request additional funding during the interim. The Legislature would not allow the "lights to be turned off in schools" and would not "throw patients out of a mental health facility" because there was not sufficient money to pay utility costs. Senator Titus asked whether that was the perception of what was occurring, based on the errors in the budgets and the promises to provide requested information to the Legislature at a later date.

Ms. Day commented that she would provide the requested information to the Subcommittee about the inflation provisions for utilities as soon as possible.

Chairwoman Smith asked Dr. Rheault and Mr. Wells to continue their budget presentation.



Dr. Rheault referred to the fence-off funding provision, and assured the Subcommittee that NDE was not attempting to make significant changes in the language of statute pertaining to that provision, other than changes in the wording that would make the funds more accessible to smaller school districts and charter schools. Dr. Rheault explained that those schools were experiencing difficulty with the minimum expenditure portion of the statute.

Continuing his budget presentation, Mr. Wells called the Subcommittee's attention to page 7 of [Exhibit D](#), which depicted Maintenance Unit 200 (M200), Enrollment Growth. In FY 2006 the number of budgeted students was 405,606 and in FY 2007 the number of budgeted students was 422,453. The actual student number was significantly lower than projected for FY 2006 at 400,103.2 funded students, a 3.2 percent increase compared to the projected 4.7 percent increase. The actual student number for FY 2007 was 412,297, a 3.1 percent increase compared to the 4.2 percent projected increase. Based on the lower than projected growth, Mr. Wells explained that the projected enrollment growth for the upcoming biennium was somewhat lower. The projected number of students for FY 2008 was 425,270.2, a 3.2 percent increase from FY 2007 figures. The projected number of students for FY 2009 was 436,675.2, a 2.7 percent increase from FY 2008 figures.

Mr. Wells said Decision Unit M200 also included caseload increases for operating and student-driven expenditures, based on increased enrollment. The budget continued to use the two-year, hold-harmless provision that dealt with school districts or charter schools with declining enrollment. Currently, there were ten school districts and six charter schools using the provision, and those schools were paid at the higher enrollment of either the current year or either of the two immediately preceding years. Mr. Wells stated that in FY 2006, the hold-harmless provision added 699.4 students at a cost of approximately \$3.8 million, and in FY 2007, the hold-harmless provision added 1,218.2 students at a projected cost of \$6.7 million.

Chairwoman Smith asked Dr. Rheault to provide a brief history of the hold-harmless provision.

Dr. Rheault replied that the two-year hold-harmless provision had been in place for several years. He explained that the numbers depicted on page 7 of [Exhibit D](#) were weighted enrollment numbers in which NDE used a 0.6 weighted factor for kindergarten students. The actual enrollment in FY 2007 was approximately 426,000, whereas the weighted number was 422,453.

Mr. Wells referred to page 8 of the exhibit and continued his presentation regarding Decision Unit M200. He stated that class-size reduction was based on the number of students in grades one through three and the number of teachers needed to reduce the student/teacher ratio.

Senator Raggio asked what amount was budgeted for the two-year hold-harmless provision for FY 2007-09. Mr. Wells said that he did not have the numbers for the hold-harmless provision. Several school districts were entering the second year of the hold-harmless provision, and there would be decreases in some school district revenues. It was difficult for NDE to project those figures.

Senator Raggio asked whether Mr. Atkinson could provide any additional information regarding the hold-harmless provision.



Bob Atkinson, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau (LCB), believed that Mr. Wells was referring to the need projected by the districts. Historically, the hold-harmless enrollment was not budgeted in the DSA. Depending upon the outcome of actual enrollments at the end of the biennium, either additional money would be required in the DSA to cover the hold-harmless provision, or the amount expended for hold-harmless would reduce the reversion.

Senator Raggio asked about the anticipated cost should the Legislature continue the two-year hold-harmless provision. Mr. Atkinson said that based on figures for the past two biennia, the figure would be approximately \$10 million, but that amount was not budgeted in the current DSA, which was the same as past sessions.

Assemblywoman Leslie wondered about the difference between a one-year hold-harmless provision and a two-year provision. The provision had been discussed during previous sessions, and two years appeared to be excessive. Ms. Leslie stated that she could understand a hold-harmless provision for one year because schools had to plan ahead, but she believed that two years was too generous, particularly when enrollment at charter schools could be manipulated. Ms. Leslie hoped that the Subcommittee would review the hold-harmless provision very carefully.

Continuing his presentation, Mr. Wells referred to page 8 of [Exhibit D](#), and indicated that class-size reduction enrollment growth projections were:

- First Grade: 3.17 percent increase in FY 2008 and 2.69 percent increase in FY 2009.
- Second Grade: 3.17 percent increase for FY 2008 and 2.69 percent increase in FY 2009.
- Third Grade: 3.18 percent increase in FY 2008 and 2.69 percent increase in FY 2009.

Because of the increase in enrollment growth, Mr. Wells reported that the number of teachers required to continue class-size reduction would increase from 2,107 in FY 2006 to 2,134 in FY 2007. For FY 2008, the number of teachers would increase to 2,201, and in FY 2009 the number would increase to 2,260. Mr. Wells indicated that the FY 2008 increase was based on 3.1 percent over the actual positions calculated for FY 2007.

Senator Cegavske asked about substitute kindergarten teachers, and noted that in White Pine County alone there were 128 permanent substitute teachers. Senator Cegavske also asked about the number of substitute teachers in other districts, based on class-size reduction.

Dr. Rheault said that NDE was working on the number of long-term substitute teachers, and he was not sure that the figure for White Pine County was accurate because that District had asked him for approval of emergency substitute teachers.

Chairwoman Smith referenced high-risk kindergarten class-size reduction, and asked how NDE defined at-risk schools for the assignment of teachers. It appeared that the money in that budget category had not been completely expended.

Dr. Rheault indicated that NDE was allocated 23.5 positions for kindergarten teachers under the class-size reduction program. It was a very simple program in the beginning when NDE allocated the positions to the districts and, in turn, the districts hired the teachers. Dr. Rheault acknowledged that he had heard concerns that some of the 23.5 kindergarten teaching units were not being provided to the most at-risk schools. No actual definition had been used in the past, but it was the intent of the Legislature that the teacher positions be placed in schools with a higher proportion of students who received free or reduced-price lunches. A base year was established in statute in 1989, when the teacher/student ratios were calculated for all classrooms. That was the method used by NDE to determine where teacher positions should be allocated.

Dr. Rheault pointed out that a problem encountered during the past year was separating the class-size-reduction kindergarten teachers from the full-day kindergarten teachers in at-risk schools for which NDE had authorized teachers to fill either category. The school districts had difficulty tracking the placement of kindergarten teachers within those two at-risk categories: the class-size reduction kindergarten teachers and those placed under the provisions of S.B. No. 404 of the 73rd Legislative Session, the innovation and prevention of remediation program.

Dr. Rheault remarked that one requirement from the audit conducted by LCB during the past year was that NDE become more efficient in monitoring and verifying the placement of class-size reduction teachers. Part of the corrective action plan from the audit was that NDE match the numbers provided by the districts against the audited results to make sure that the numbers contained in the class-size reports were accurate. Dr. Rheault said there might appear to be a discrepancy in the funding for that category, but it was probably created by the district's attempt to track teachers, rather than the districts not expending the funds.

Chairwoman Smith asked that Dr. Rheault work with LCB staff to resolve the discrepancy, and to also work with staff about the method used to define at-risk schools for the placement of those teachers. Dr. Rheault said that he would comply with the Chairwoman's request, but it might be difficult to provide information about at-risk schools because the teaching positions might not be at a school that retained the at-risk classification. Originally, there were indications that the teachers would be placed in the most at-risk schools. He stated that he would also provide the Subcommittee with the latest definition used by NDE to determine at-risk status.

Chairwoman Smith asked what would occur if the at-risk designation for a school changed after NDE had assigned a kindergarten teacher to that at-risk school. Dr. Rheault said it would affect the list because NDE funded the at-risk schools with full-day kindergarten teachers. The most at-risk schools received a large number of full-day teachers, and Dr. Rheault commented that it was not known whether that was the reason some of the teachers appeared to have been moved to less at-risk schools.

Continuing his presentation, Mr. Wells referenced page 9 of [Exhibit D](#) and stated that special education unit growth was the same rate as enrollment inflation. There was an increase in the number of units from 2,953 in FY 2007 to 3,046 in FY 2008 to 3,128 in FY 2009. Mr. Wells explained that the cost per unit also included inflation for personnel costs.

Senator Cegavske asked about the shortage of special education teachers throughout the 17 school districts, and how many teachers were ranked as "highly qualified" or "qualified."

Dr. Rheault said that NDE kept statistics on teachers based on the requirements of the No Child Left Behind Act (NCLBA), but it did not keep statistics of long-term substitute teachers who were filling positions that should be filled by special education teachers.

Senator Cegavske stated that she could not understand why that information was not available. She thought that the information would be available because IFC had requested information about the exact number of special education teachers, the exact number of vacancies, and the exact number of long-term substitute teachers. Senator Cegavske indicated that she was perplexed that the 17 districts could not provide that information.

Dr. Rheault reported that the 17 districts probably had that information, but it was not available at the state level. The NDE had information about long-term substitute teachers and the number of teachers certified as "highly qualified," but it did not have the position vacancies. Dr. Rheault said it could be assumed that if a long-term substitute teacher was filling a position that would represent a position vacancy.

Senator Cegavske indicated that the Subcommittee should have access to that information, and she asked that the information be provided prior to the end of session. Dr. Rheault explained that most numbers compiled by NDE regarding teachers were based on a specific date, such as October 1, particularly if the number of vacancies was built into the budget request as of a certain date. Dr. Rheault believed that NDE could collect information based on the number of vacancies as of October 1, 2006.

Senator Cegavske referenced [Exhibit F](#), "Number of Long-Term Substitute Teachers in Nevada—School year 2005-2006," which listed the statewide total of long-term substitute teachers as:

- 477 in elementary schools
- 83 in mathematics
- 69 in science
- 31 in social studies
- 130 in English

Senator Cegavske noted that the number of long-term substitute elementary school teachers in White Pine County was listed as 128. She said that if the 17 school districts had the information, then NDE should have access to that information as well, and it should be made available to the Legislature.

Chairwoman Smith asked Dr. Rheault to look into the number of substitute teachers in White Pine County because it seemed that, with the small number of elementary schools in that county, the number of substitute teachers had to be incorrect. Dr. Rheault agreed and stated that the White Pine County School District only had five elementary schools, and there appeared to be an error in the White Pine data.

Chairwoman Smith reported that the 2005 Legislature passed a bill that required tracking of substitute teachers, and the Subcommittee would like to correlate the information to actual vacancies. She asked whether the Legislature would

soon begin receiving information about short-term substitute teachers. Dr. Rheault stated that was correct.

Chairwoman Smith asked Mr. Wells to continue his presentation.

Mr. Wells referenced the Adult High School Diploma Program as depicted on page 9 of [Exhibit D](#). As in previous sessions, the program included adjustments for enrollment and for cost of living increases at the same rate as those included in the basic support. Mr. Wells stated that the 2006 actual enrollment was 19,120 in the regular program, which was estimated to continue increasing at approximately 6 percent per year, and 4,887 in the Corrections program, which was estimated to increase at approximately 3 percent per year. Mr. Wells indicated that the existing corrections program count included the Jean Prison, which added 750 students per year to the program.

Chairwoman Smith remarked that growth was projected in the total prison population, and she asked why the numbers for the Adult High School Diploma Program were not projected to grow as fast. She wanted to make sure that there was sufficient funding for the corrections program.

Dr. Rheault said that he could not answer that question, but generally the number of available courses was capped. He asked Mr. Rasmussen to come forward and address Chairwoman Smith's question.

Richard Rasmussen, Adult Education Consultant, NDE, explained that the growth rates reflected in the budget were based on growth over the past four years within the program. The correctional portion of the program had grown at 2.90 percent per year, and NDE did not project a larger growth rate in corrections for the upcoming biennium.

Chairwoman Smith stated that the numbers from NDE did not project the same growth that was predicted in the prison population. Because the programs were capped, Chairwoman Smith wondered what action could be taken in the event NDE's projections were not sufficient.

Mr. Rasmussen said that NDE was exploring various options with regard to the Corrections Education Program, such as how many inmates could be served and whether or not that would include full- or part-time students. The total Corrections Education Program only served approximately 38 percent of the prison population at the present time.

Chairwoman Smith asked Mr. Rasmussen to work with LCB staff to ensure that there was sufficient funding for the Corrections Education Program. Mr. Rasmussen said he would comply with that request.

Continuing his presentation, Mr. Wells referenced page 10 of [Exhibit D](#) and stated that the Gifted and Talented Program and the Early Childhood Education (ECE) programs also increased at the same rate as the regular student population at 3.15 percent in FY 2008 and 2.68 percent in FY 2009.

Mr. Wells explained that M200, Retired Employee Group Insurance, represented the subsidy payments made to the state's Public Employees' Benefits Program (PEBP) for retired teachers and staff per A.B. No. 286 of the 72nd Legislative Session.

Chairwoman Smith referred to the ECE budget and asked for information about the programs and outcomes. It appeared that the accountability measure for the ECE programs used terms such as, "a little better," "slightly better," and "better prepared," and Chairwoman Smith asked how those terms equated to accountability.

Gloria Dopf, Deputy Superintendent, NDE, pointed out that legislators were provided with two specific reports regarding the ECE programs. The first was entitled, "Nevada Early Childhood Education (ECE) Program 2005-06 Evaluation Report," [Exhibit G](#), and the second was entitled, "Nevada Early Childhood Education (ECE) Program—2005-06 Longitudinal Evaluation Report," [Exhibit H](#), which she would reference during her presentation. Those two reports depicted the available information about the ECE programs.

Regarding Chairwoman Smith's inquiry, Ms. Dopf explained that the indicators were established based on NDE's history with the federal Even Start Program, and the indicators selected at the beginning of the state-funded ECE program were those that NDE used for the Even Start Program. Ms. Dopf said that a task force of stakeholders, such as parents and members of the ECE community, worked with NDE to help structure the evaluation process and to develop the indicators that were selected to evaluate the ECE Program.

Ms. Dopf commented that the first indicator used to evaluate the ECE Program was testing of the child's readiness skills in the developmental areas. That was done through pre-imposed formal testing conducted on-site by the service provider, both at the beginning and end of the program. Ms. Dopf stated that the outcome of the first indicator was that ECE results were positive, because children enrolled in the program performed better in expressive skills, language skills, and pre-readiness for kindergarten skills.

According to Ms. Dopf, there were three other indicators against which the program was evaluated, and all addressed the parental component. By definition, ECE programs must include on-site work with children in pre-kindergarten and pre-school programs, but the programs also must include a parental component. As part of the contract, one of the remaining indicators included the requirement that parents select one improved parenting skill goal, such as discipline, parental involvement, or teaching and learning. The evaluation of the parents' accomplishment of the goal was part of the project.

Ms. Dopf stated the second indicator was "parent and child together time," which addressed issues that were known to impact a child's performance and success in school.

The third indicator was parents and children reading together, and Ms. Dopf noted that there had been an initial query about why that indicator was set at a 30 percent improvement rate. In the data used for the federal Even Start Program, the model for ECE programs, that was a realistic goal for parents to attain. Ms. Dopf stated that NDE reviewed the history of the Even Start Program and selected that percentage. However, the percentage was increased for FY 2005-06 through task force involvement to 50 percent improvement. Based on further recommendations from the task force, NDE would increase that to 60 percent with a possible increase to 100 percent over the upcoming biennium.

Ms. Dopf indicated that the formal evaluation was completed through an external evaluator, with the data and information derived by site visits as well as formal information datasheets that were sent back to the evaluator.

Senator Cegavske said that her concern was with the terminology, such as "a little better," "slightly better," and "better prepared," which did not represent standard outcomes of performance indicators. Senator Cegavske asked that performance indicators be depicted in numbers rather than percentages, such as listing the number of students participating in the program rather than the percentage. Her other concern was that the number of students being served appeared to remain the same rather than increasing.

Senator Raggio said his concern was that the ECE programs sounded good, but he questioned the effectiveness. It appeared that 1,125 pre-kindergarten children were served through state-funded ECE programs, at a cost of \$3,116 per child and \$6.6 million over the biennium. Senator Raggio commented that there were approximately 30,000 pre-kindergarten children eligible for the program, yet the ECE programs only served 1,125 children. He asked whether the program was truly effective because it only served 1,125 out of approximately 30,000 eligible children.

Secondly, Senator Raggio said the program did not appear to be very successful. He expressed great interest in the parental component and stated that most of the indicators were based on input from parents. When a parent stated that he was spending more time reading to his child, Senator Raggio wondered how NDE measured the accuracy of that statement.

With regard to the number of children being served, Ms. Dopf explained that the project was currently operating in ten district- or community-based programs. The focus of the ECE programs was primarily at-risk children and, while not excluding other children, the demographic enrollment figures for the children participating in the program indicated that they were either Hispanic or were receiving free or reduced-price lunches.

Senator Raggio asked how the children who participated in the study were selected and whether those children were identified in some manner by NDE.

Ms. Dopf said the programs offered open enrollment through advertisement in the areas that served at-risk children, and there was no pre-identification or search for eligible children. The program was a "no cost to the parent" program and the perspective from the majority of parents indicated that they would have no access to ECE programs if the programs were not free. One of the survey factors asked of parents was whether their child had been enrolled in other pre-school programs, and if ECE programs were not available, what other options would the parents consider. Ms. Dopf said that the majority of parents responded that pre-school children would remain at home and receive no services without the free ECE programs.

With regard to the numbers, Ms. Dopf explained that the caseloads were relatively high for the existing programs. The fact that the programs were serving a small number of the large population of eligible pre-school children was an indication of a need for greater services. According to Ms. Dopf, it was not an indication of the lack of effectiveness of the programs because the existing programs were providing services to the maximum number of children, given the facilities and the number of children that individual providers of ECE programs could serve.



Senator Raggio asked whether the ten existing programs were turning children away because the programs were full. Mr. Dopf indicated that she would survey the programs and provide further information in regard to waiting lists for the programs.

The bottom line was that the ECE programs served children who would not have exposure through any other nursery or pre-kindergarten program. Ms. Dopf explained that the children were from high-need, high-poverty backgrounds, primarily with non-English-speaking parents, which impacted the parental indicator for reading. Parenting education and assistance for parents with their literacy skills were also part of the ECE process. Ms. Dopf agreed that there was a need for additional programs, but she did not believe that overcrowding the existing ten programs would yield better results for the children currently enrolled in those programs.

Chairwoman Smith noted that there were pre- and post-tests for the ECE programs, and she asked whether NDE also correlated the students' kindergarten screening to determine the success of the ECE program.

Ms. Dopf said that long-term and longitudinal analysis were currently being conducted, the results of which could be found in [Exhibit G](#). She was not sure whether testing was correlated to kindergarten progress, but NDE was currently tracking the children's scores in the formal Criterion Referenced Tests (CRT) assessment. Prior to utilizing that assessment, a child's progress was based upon the assessment by individual school districts. Ms. Dopf pointed out that NDE did not utilize standardized state tests prior to the third year of schooling.

Assemblywoman Leslie asked whether more states were leaning toward universal pre-school programs, similar to Nevada's ECE program. Ms. Dopf replied that several states had reviewed expansion of the Early Childhood Program into a uniform early childhood program to improve children's performance as they entered school.

Ms. Leslie asked whether Nevada's program was modeled after programs that existed in other states. Ms. Dopf said that most programs were modeled after the federal Even Start Program, which had provided funding to states prior to the availability of the state-funded ECE. The similarity was that the programs provided a formal curriculum by licensed teachers for the population of at-risk children. The curriculum was based upon developmental expansion and milestones, as well as a strong emphasis on literacy and language skills, both receptive and expressive, which translated into pre-reading literacy and the ability to speak English. Ms. Dopf said the other component of the Even Start Program was a parenting component, which was also mandated in Nevada's ECE program.

Ms. Leslie asked Ms. Dopf to provide information about the most successful programs in other states, so that the Legislature could compare Nevada's program to those in other states.

Dr. Rheault referenced information heard by the Assembly Committee on Education recently from an *Education Week* article, which listed 13 indicators that might indicate success for students. Nevada ranked last among the 50 states and the District of Columbia in regard to the percentage of pre-school children that were provided access to ECE programs.



Senator Titus asked whether the ECE programs were available on a first-come, first-served basis, and what method NDE used to determine which schools received funding. She also asked whether federal matching money was available for ECE programs.

Ms. Dopf said that she would review the intake policies of the existing ECE programs and provide information to the Committee about how children were selected for the programs, and she would also include information about waiting lists. Regarding the competition for funding, Ms. Dopf explained that NDE established a grant application process in which school districts and community-based organizations competed for the funds, and the existing projects were established based on that competition. Ms. Dopf said that the original ECE programs were in a maintenance mode.

Senator Titus asked whether the State received any federal matching dollars to support the ECE programs. Ms. Dopf replied that the State did not receive matching funds for ECE per se, but Nevada received federal funding through the Even Start Program, which supported programs similar to the ECE. The funds were used to increase federal program offerings because NDE could not replace federally funded projects; therefore, those programs would exist only as long as the funding was available. Ms. Dopf said that NDE anticipated a reduction in federal funds, and the future of federally funded projects was uncertain.

Senator Titus asked whether it was likely that the existing federal programs were similar or the same as the existing ECE programs. Ms. Dopf said she would have to compare the information from both programs to answer that question, but she believed that was the case.

Senator Titus said that would be beneficial and would allow NDE to track the progress of the children who participated in the programs. Ms. Dopf said there were ten ECE programs being administered at various sites, eight of which were administered by the school districts, and two of which were administered by community-based organizations.

Senator Titus asked whether NDE anticipated the empowerment school program working the same as the ECE programs with a pool of money for which schools competed.

Chairwoman Smith asked that questions regarding the empowerment school program be saved until later in the budget discussion.

Senator Cegavske asked for information about the teacher/student ratio in the ECE programs, and information regarding how students were categorized as at-risk. She stated that she was referencing [Exhibit G](#) in which the figure for English-proficient students was 57 percent, while the percentage for students with limited English proficiency was 43 percent.

Senator Cegavske also asked for information about teachers in the ECE programs, and whether those teachers were required to have special degrees. If teachers were required to have special degrees, Senator Cegavske wondered how many were participating in the program, and how many of those were substitute teachers.

In response to an inquiry by Senator Raggio, Ms. Dopf explained that the ECE project funded an external evaluator who conducted formal evaluations and on-site visits, and compiled data across the programs. That evaluator was the

primary respondent in the development of [Exhibit G](#) and [Exhibit H](#), which were compiled on behalf of all the ECE programs.

Senator Raggio asked whether testing was conducted when a student entered the program, and whether further testing was conducted when the student entered kindergarten.

Ms. Dopf replied that testing of children in the ECE program was undertaken at the beginning of the program year through the Peabody Picture Vocabulary Test III and the Expressive One-Word Picture Vocabulary Test, which were tests of expressive and oral language. At the point a child exited the program, and prior to that child entering kindergarten, NDE again tested the child's skills. In addition, Ms. Dopf referenced [Exhibit H](#), which was a study that identified and tracked the progress of children, who had participated in the program, from the time they entered kindergarten.

Continuing his presentation, Mr. Wells referred to page 10 of [Exhibit D](#), M200, Enrollment Growth, and called the Committee's attention to retired employees' group insurance. The item showed the subsidy payments made by school districts to PEBP for retired teachers and staff per A.B. No. 286 of the 72nd Legislative Session to match the subsidy paid by the State for its retirees. The figures were derived based on increases in the State subsidy and the number of retired teachers and staff enrolled in PEBP.

Mr. Wells commented that more and more teachers entered PEBP every year because they received a subsidy that was not available if they joined the retiree health insurance program of the school district. The amount was also adjusted for the years of service for each retiree. According to Mr. Wells, the recommended budget was \$18,402,091 in FY 2008, an increase of 119 percent over FY 2006 figures, and \$21,484,996 in FY 2009, an additional increase of 16.75 percent.

Mr. Wells pointed out that the subsidy for retired employee group insurance would continue to grow, and it was important to note that the unfunded liability that was being discussed at the state level would also impact the school districts. School districts would be impacted in FY 2008 and would be required to pre-fund subsidy expenditures for retiree health programs or face the same consequences as the State. Mr. Wells stated that if the districts began pre-funding the subsidies through the DSA, the category would grow exponentially over the upcoming biennium.

Mr. Wells advised the Subcommittee that the Governmental Accounting Standards Board had issued Statement 45 (GASB 45), which included a paragraph about "special funding circumstances." Mr. Wells said the statement indicated that one government could be legally responsible for the payments of another entity, such as a state being responsible for school district employees. In those cases, GASB 45 required that the responsible entity comply with the provisions of the statement. Mr. Wells stated that, in his opinion, the State currently had a special funding circumstance with the school districts, and subsidy liabilities belonged at the state level.

According to Mr. Wells, the total for M200, Enrollment Growth, was \$92,226,235 in FY 2008 and \$158,080,967 in FY 2009.

Page 11 of [Exhibit D](#) depicted M300, Benefits Adjustments, and Mr. Wells pointed out that there were two benefit adjustments included in that maintenance unit.

Senator Raggio commented that LCB staff had concerns regarding the special funding nature of the subsidy expenditure and suggested that it would be more appropriately placed in the operating expenditures of the school districts. Senator Raggio asked Mr. Atkinson to explain the reasons for the suggested move of that category.

Mr. Atkinson stated that A.B. No. 286 of the 72nd Legislative Session required that school districts subsidize their retirees who participated in PEBP to the same extent that the State subsidized its retired employees. The legislation was passed late in the 2003 Session, and funding was not included in the DSA budget. Therefore, for the 2003-05 biennium the subsidy was funded through an allocation from the IFC for the first year and through a supplemental appropriation for the second year of the biennium.

Mr. Atkinson explained that for the 2005-07 biennium the subsidy was built into the DSA budget as a special funding line item, which was recommended for continuation in The Executive Budget. After review of the subsidy in relation to the GASB liabilities, Mr. Atkinson stated that he agreed with the comments made by Mr. Wells that the State would continue to incur a liability if it continued to fund the subsidy through a separate line item in the DSA. After review, LCB staff determined that the expense could be more appropriately placed as an ongoing operating expenditure of the school districts.

Mr. Atkinson advised the Subcommittee that development of the process was in the preliminary stages, but the thinking was that the funding belonged in the operating expenditures of the school districts, where it would be funded through guaranteed basic support. That would make it a liability of the school districts rather than the State.

Senator Raggio commented that moving the funding to the operating expenditures of the school districts would not change the dollar amounts, and Mr. Atkinson stated that was correct. Senator Raggio indicated that the subsidy exacerbated the unfunded liability issue facing the State, and he believed that the recommendation by staff to move the funding to operating expenditures for the school districts was a very good recommendation.

Mr. Atkinson clarified that if the amounts included in the DSA budget were in excess of the amounts to be paid to PEBP, that would be beneficial to the districts, and if the amount was under-budgeted, then the districts would suffer, which was the same as any other issue under operating expenditures. Mr. Atkinson assured the Subcommittee that staff would continue to work on the issue and would submit a recommendation at budget closing.

Mr. Wells commented that should the funding be included in the operating expenditures of the school districts, which was paid through guaranteed basic support and not included as a special funding line item, that without changes to the program created by A.B. No. 286 of the 73rd Legislative Session, the cost could increase at a much greater rate and could eat into General Fund revenues allocated for other uses by the school districts.

Continuing his presentation on page 11 of [Exhibit D](#), Mr. Wells said that M300, Benefits Adjustments, included two distinct benefit changes over the upcoming biennium. One change related to retirement and that was the increase in the Public Employees' Retirement System (PERS) rate from 19.75 to 20.5 percent. Because the vast majority of employees in the school districts were under employer-paid benefits, the amounts included a corresponding salary reduction of one-half of the amount of the difference. That was consistent with changes in prior biennia. Mr. Wells said that salary reduction also resulted in some small decreases to other fringe benefits that were driven by salaries.

Mr. Wells indicated that the health insurance expenditures for the upcoming biennium included a change to use dollar amounts per employee as opposed to a percentage of payroll, which reflected that salary was not a factor in determining the cost to insure an employee. There was also a 12 percent increase over the FY 2007 budgeted amount for both FY 2008 and FY 2009. Mr. Wells stated that all other fringe benefits remained at the same rate as the FY 2006 expenditures. The recommended budget for M300 was \$30,912,734 in FY 2008 and \$61,741,262 in FY 2009.

Continuing on page 12 of the exhibit, Mr. Wells stated that M304, Cost of Living Adjustments (COLA), were included at 2 percent in FY 2008 and 4 percent in FY 2009, which was in line with the raises proposed in The Executive Budget for state employees.

Senator Raggio stated that the budget recommended approximately \$30.9 million in FY 2008 for health insurance and increased to approximately \$61.7 million in FY 2009, and he wondered why that increase was so large. Mr. Wells said the difference between the two fiscal years represented the 12 percent increase in health insurance premiums for the second year of the biennium.

Senator Raggio asked for further clarification. If health insurance expenditures were \$30.9 million in FY 2008, why did the amount increase to \$61.7 million in FY 2009. Mr. Wells explained that the \$30.9 million represented only the increase for M300 in FY 2008, and did not cover health insurance costs.

Senator Raggio asked why there was an additional \$61.7 million in the second year of the biennium. Mr. Wells indicated that M300 for the second year included the increase for the first year, as well as the insurance increase of an additional 12 percent for the second year of the biennium. Mr. Wells stated that the amount represented a 24 percent increase over the biennium.

Chairwoman Smith indicated that Mr. Atkinson would like to respond to Senator Raggio's inquiry.

Mr. Atkinson explained that the M300 adjustment was the increase in the amount for group insurance. The cost to fund a 12 percent increase in the first year of the biennium was \$30.9 million, and that amount had to be carried into the second year. The additional 12 percent increase projected for the second year of the biennium added an additional \$30 million to the first-year amount.

Continuing his presentation on page 12 of the exhibit, Mr. Wells stated that the recommended budget for M304, COLA, was \$44,307,533 in FY 2008 and \$139,230,252 in FY 2009.

Mr. Wells referred to page 13 of [Exhibit D](#), which depicted Enhancement Unit 225 (E225), Eliminate Duplicate Effort, and explained that E225 would eliminate operating expenses for the Adult High School Consultant position because salary funds for that position had been appropriated directly to Budget Account (BA) 2680 in the last biennium. The recommended budget decrease was \$9,167 in FY 2008 and \$9,148 in FY 2009.

Page 14 of the exhibit addressed E300, Improve Pupil Achievement. Mr. Wells stated that E300 funded the Regional Professional Development Program (RPDP), as approved for inclusion in the budget request by the interim Legislative Committee on Education. The recommended increase was \$3,140,412 in FY 2008, and \$3,566,523 in FY 2009.

Chairwoman Smith indicated that the Subcommittee would like to hear from representatives of the various RPDP regions. Chairwoman Smith believed that NDE had no responsibility in the area of budgeting for the RPDPs and she asked Dr. Rheault whether that was correct.

Dr. Rheault explained that NDE received the funding for the programs and passed the funding through to the school districts that operated the RPDPs. At times, staff from NDE were invited to attend regional council meetings but not in an official capacity.

Chairwoman Smith asked whether NDE had a relationship with the Statewide Coordinating Council. Dr. Rheault indicated that one NDE staff member attended those meetings but not in an official capacity.

Chairwoman Smith asked Mr. Wells to continue his presentation until representatives from the RPDPs were available to answer questions.

Mr. Wells stated that [Exhibit D](#), page 15, showed that E710, Replacement Equipment, funded replacement equipment in school districts and charter schools based on the FY 2006 expenditure levels. The recommended budget for each year of the biennium was \$54,722,474.

Senator Cegavske asked what type of equipment was being replaced under E710. Mr. Wells explained that E710 included any equipment purchased by the school districts, everything from desks to buses.

Senator Cegavske asked for information regarding how the funds were spent in FY 2006. Mr. Wells said that he would provide the Subcommittee with a breakdown of expenditures for FY 2006.

Chairwoman Smith stated that Mr. Hanlon was present at the hearing. She asked him to come forward and discuss the Southern Nevada Regional Professional Development Program (SNRPDP) and the sizeable budget increase requested. She asked for specifics about how the budget increase would be used.

Bill Hanlon, Director, SNRPDP, introduced himself to the Subcommittee, and explained that the largest expenditure would be for personnel.

Senator Raggio stated that he would like to make a preliminary statement prior to the Subcommittee hearing testimony from representatives of the RPDPs. He explained that the interim Legislative Committee on Education, which he had the privilege of Chairing with Assemblywoman Bonnie Parnell serving as



Vice Chairwoman, had discussed the RPDPs at length. The budget request, including the increase contained on page 14 of [Exhibit D](#), was the result of recommendations from the interim committee to develop additional classroom follow-up and teacher training.

Chairwoman Smith thanked Senator Raggio for his statement and said that she hoped to receive more detail from representatives of the various RPDPs about how the additional funds would be spent.

Mr. Hanlon commented that the SNRPDP had a very high teacher to trainer ratio. He referred to [Exhibit I](#), a packet of information regarding the SNRPDP, and explained that in the area of elementary mathematics, the program currently had one trainer for every 93 schools. Mr. Hanlon stated that there were two elementary trainers to serve Clark, Nye, Esmeralda, and Lincoln Counties. The budget asked for a 50 percent increase in the number of trainers for the elementary mathematics level, or an increase from two trainers to three trainers, which would change the ratio to one trainer for every 60 schools.

Mr. Hanlon explained that he was also asking for additional trainers in the science category. Currently, the program had one middle school science trainer and one high school science trainer to serve all middle schools and high schools in Clark, Nye, Esmeralda, and Lincoln Counties. The problem, Mr. Hanlon said, was that in order to provide professional development, the program had to have credibility, and the person who currently provided the training was a physics teacher. Because the high school proficiency test would include science in FY 2008, it was Mr. Hanlon's belief that the program also needed a trainer who specialized in biology, chemistry, and earth science for the high school level.

The SNRPDP budget requested an increase of 150 percent, from two science trainers at the secondary level to a total of five. Mr. Hanlon stated that would reduce the ratios and offer significant improvement in what the program offered teachers. The budget increases were mainly for personnel to serve the four southern Nevada counties.

Mr. Hanlon pointed out that the number of teachers in Las Vegas increased by 2,000 to 3,000 per year with 10 to 12 new schools opening each year. The SNRPDP also covered a very large geographic region and travel time was a factor. Mr. Hanlon indicated that the SNRPDP wanted to ensure that there were sufficient trainers to serve the schools when asked to provide training, which had been problematic in the past. The program received more and more calls from schools to provide training, and the program simply did not have sufficient personnel to accommodate all requests.

Mr. Hanlon explained that in his attempt to hire additional part-time staff, he had hired trainers who were from out-of-state, who had retired, or who did not live within the district, to help the SNRPDP address the needs of the schools.

According to Mr. Hanlon, in lieu of asking for additional funds, the southern RPDP had added value for the school districts. Prior to 2006, when schools wanted Advanced Placement (AP) training for classroom teachers, the requests generally had to be fulfilled by out-of-state entities. That made the costs for registration fees, air fare, and accommodations approximately \$1,200 to send teachers to AP training. The SNRPDP enjoyed a partnership with the Clark County School District that allowed it to offer the Silver State Advanced Placement Summer Institute, which was sanctioned by the College Board

Advance Placement Program. Mr. Hanlon stated that the registration fee for Nevada teachers attending the Summer Institute was zero. Because many of the teachers were from southern Nevada, there was a savings in air fare and hotel costs, except for those persons who attended from other parts of Nevada. Mr. Hanlon indicated that the Summer Institute saved money for the school districts.

According to Mr. Hanlon, the SNRPDP offered a certificate program that gave teachers the opportunity to become highly qualified in their field. The state of Nevada ranked very low in that regard; therefore, SNRPDP offered certificate programs in high school mathematics and science, middle school mathematics and science, secondary literacy, and elementary literacy. Mr. Hanlon explained that SNRPDP had an arrangement with the Board of Regents of the Nevada System of Higher Education and charged only \$45 per credit for the certificate program.

Chairwoman Smith asked Mr. Hanlon to work with LCB staff and provide specifics and additional detail about the increases in the budget recommendations. Mr. Hanlon indicated that he would comply with that request. She asked Mr. Hanlon to explain how the SNRPDP courses correlated success to student achievement and whether that area could be improved.

Mr. Hanlon stated that with the technological limitations of the SNRPDP, it could only look at school results based on the number of teachers being trained at individual schools. He referenced the middle school mathematics certificate program, and stated that 28 middle schools each had three or more teachers trained in the program. The student achievement rate for those schools increased 13.5 percent compared to the 1.8 percent decrease for the 21 schools that did not participate. For the elementary schools that had one of the nine teachers enrolled in the middle school mathematics certificate program, there was a 27 percent increase in student performance rates. Mr. Hanlon said that the SNRPDP could not track the teachers, but it was able to track the performance in schools where a number of teachers had been trained. According to Mr. Hanlon, the same situation developed in the reading program: when more teachers from the schools participated in training, the result was higher proficiency levels attained by the students at those schools.

Chairwoman Smith asked whether the SNRPDP would reach the point where the success of the program could be measured. Mr. Hanlon said that the SNRPDP needed a tracking system that could follow individual teachers and measure student achievement.

Senator Cegavske referenced performance indicators and asked how the SNRPDP evaluated the success of their programs. She wondered whether SNRPDP representatives sat in classrooms with teachers who had completed the classes, or whether teachers were tested to make sure they were knowledgeable about the information taught in the SNRPDP training classes.

Mr. Hanlon indicated that the SNRPDP administered pre- and post-testing, but not in all programs: the testing was typically used for classes that equated to at least three credits.

Senator Cegavske asked whether there were "pass" and "fail" grades. Mr. Hanlon explained that to receive the certificate, teachers had to maintain at least a "B" grade in each class. Teachers below that level could drop out and retake the class at a later date.



Mr. Hanlon explained that when teachers first entered the algebra class, the average grade was in the low 30s, and after taking the class, the average grade was in the low 90s. The SNRPDP could measure the success of the class through the pre- and post-testing, which included instructional and assessment strategies. Mr. Hanlon stated that the SNRPDP also conducted classroom follow-up, which was one of the reasons that additional trainers were requested. One issue facing the SNRPDP was that from pre- and post-testing the program could determine whether teachers had gained knowledge, but that result was meaningless unless the knowledge was utilized and resulted in increased student achievement. On a very limited basis, the SNRPDP went to schools to determine whether teachers were implementing what they learned from SNRPDP's programs.

Senator Cegavske asked whether that was done only for the programs administered by the SNRPDP, or did the other RPDP's also measure success.

Mr. Hanlon indicated that the SNRPDP maintained a chart that followed the courses being taught to teachers, and also charted teacher expectancies. The SNRPDP maintained those charts and, with permission, also filmed the teachers. The CDs were then presented to the teacher so that the teacher could determine the areas in his teaching style where changes might be needed.

Senator Cegavske asked how many teachers had accessed the various programs, and how many were successful. Mr. Hanlon stated that he did not have that information available at the current hearing. Senator Cegavske asked that Mr. Hanlon provide that information to the Subcommittee.

Senator Cegavske referenced training for school administrators and asked whether the SNRPDP provided such training. Mr. Hanlon replied that the SNRPDP provided training for administrators.

Senator Cegavske stated that one of her concerns was that most principals believed it was better to remain on campus during school hours, and she asked whether evening or summer classes could be scheduled.

Mr. Hanlon indicated that the SNRPDP was currently offering evening or summer classes for administrators. He pointed out that participation in all RPDP programs was voluntary. The SNRPDP was involved in the Clark County School District Leadership Program and worked with administrators. Those classes were scheduled in the evenings and were not held during the school day.

Senator Cegavske asked whether administrators were also subject to a pass or fail grade. Mr. Hanlon said he could not answer that question because the SNRPDP only provided part of the program.

Chairwoman Smith asked Mr. Hanlon to provide the information requested by the Subcommittee. She also asked that he provide documentation pertaining to the success of the programs through test score improvements at schools. Mr. Hanlon said that he would provide that information.

Assemblywoman Buckley commented that with the current funding, it appeared that the SNRPDP was able to accomplish its core function. She asked for additional information in the form of a chart that depicted how many teachers SNRPDP had served in the past, how many had received their certificates, and how those numbers correlated with improved student achievement in the

teacher's classroom. Ms. Buckley pointed out that the budget represented a very large increase in spending for the RPDPs, and while she supported some increases, she needed to be convinced to support the larger amount. She asked whether SNRPDP would be able to effectively hire trainers who would make a difference to teachers. It appeared that SNRPDP was competing with personnel from other entities, and Ms. Buckley asked about the plans to recruit staff.

Mr. Hanlon stated that recruitment continued to be a problem. There were six or seven current staff members who were hired outside the region covered by the SNRPDP, such as people who had retired, people who had left the school districts, and persons from out-of-state. The issues that arose as the SNRPDP searched for teachers to provide training for other teachers, was that there were other programs, such as mentoring programs, which were looking for personnel from the same labor pool. Mr. Hanlon stated that from the beginning of August, it was his policy to not fill vacancies until the following year. He did not want to hire people away from the school districts during the course of the year because it was very difficult for the districts to replace personnel.

Mr. Hanlon stated that last year he attempted to hire a person from out-of-state, but that person could not locate affordable housing and, therefore, turned down the position. Mr. Hanlon said that another person that he tried to hire accepted an administrative position with another entity, and the SNRPDP was in the process of losing an existing employee to an administrative position. Mr. Hanlon stated that he hired very good people who had a tendency to "move up the ladder," and he continued to hire to the best of his ability.

One issue facing the SNRPDP was that a number of retiring teachers allowed their licenses to lapse, but because the SNRPDP was in such dire need of trainers, he had hired retired teachers whose licenses had lapsed through Manpower, Inc. Mr. Hanlon believed that the SNRPDP was doing everything possible with a limited number of employees. The SNRPDP reached teachers through a newsletter that was sent to teachers. He noted that the SNRPDP website also included valuable information.

Mr. Hanlon indicated that SNRPDP also utilized the Guide for Aligning Mathematics Programs, and had reviewed the three major programs in southern Nevada being used for K-5 mathematics, knowing that they were not meeting the standard of rigor set forth by the Council to Establish Academic Standards. The SNRPDP identified the state standards that were not being met at the appropriate level in each program and made information available on SNRPDP website about content, resources, and strategies needed to reach the Nevada standards. The SNRPDP also targeted instruction in science, and Mr. Hanlon explained that when there were deficiencies that could not be addressed by existing staff, the instruction was delivered by some other method, such as the SNRPDP website, distance learning, and the use of publications. Mr. Hanlon assured the Subcommittee that the SNRPDP was doing everything it could to reach various teachers.

Chairwoman Smith believed that Mr. Hanlon understood what information was needed by the Subcommittee. The Chairwoman also noted that representatives from the other RPDPs were present, and she invited them to come forward to address their budget requests.

Pati Falk, Co-Director, Northwest Regional Professional Development Program (NWRPDP), stated that the budget request for the NWRPDP was similar to that of the SNRPDP. The majority of the request was for personnel services. Ms. Falk advised the Subcommittee that she had submitted a prioritization of the positions, including a description of each, to Mindy Martini, Program Analyst, Fiscal Analysis Division, LCB.

Ms. Falk stated that the NWRPDP asked for an additional allocation for a half-time trainer in Storey County. There was currently a half-time regional trainer in that county, but the demand from Storey County for on-site professional development had increased.

Following recommendations from WestEd's annual evaluation, the NWRPDP asked for an allocation for on-site program evaluation in lieu of the contractor currently used. Ms. Falk explained that additional enhancements were in the area of regional trainers, similar to the request from the SNRPDP. Ms. Falk indicated that the NWRPDP currently had one secondary mathematics regional trainer for 115 schools, and requested one additional position for that area. The NWRPDP also requested to add one trainer position to the elementary mathematics category currently staffed by only one trainer for the entire region.

Ms. Falk remarked that the NWRPDP currently had three full-time trainers in the Nevada Early Literacy Intervention Program (NELIP) for pre K-6 literacy and one regional trainer for secondary literacy. The NWRPDP requested to increase the number of regional trainers for grades 7-12 literacy by two positions. Ms. Falk explained that there had been added emphasis on secondary adolescent literacy and struggling learners at the middle and high school levels, and the NWRPDP anticipated an increased demand for professional development in that area.

According to Ms. Falk, the requested increases were supported by a projected increase in the number of schools that will fall into the "needs improvement" category, because of the increase in the adequate yearly progress (AYP) targets.

Chairwoman Smith asked whether the NWRPDP was similar to the SNRPDP regarding the evaluations and the methods used to correlate the success of the training programs to student achievement.

Ms. Falk indicated that the NWRPDP contracted with the National Staff Development Council (NSDC), which was the national organization for professional development. The NWRPDP was working with a consultant from NSDC to consider how to measure the success of its programs. Ms. Falk commented that how to measure success was being studied by professional development programs throughout the country.

Ms. Falk explained that NSDC offered a program to teach all NWRPDP staff to monitor the success of the training programs. The evaluation framework targeted student achievement, including gains in knowledge and abilities, and how teacher's used their training in the classroom. Ms. Falk reported that assessment of student achievement would be done for each of NWRPDP's training programs.

According to Ms. Falk, the NSDC training of all NWRPDP staff would occur in the spring of 2007. It was hoped that over the next biennium, all NWRPDP training initiatives would be planned based on an assessment of effectiveness relative to student achievement to assist the NWRPDP in determining what action was needed in terms of program follow-up. Ms. Falk stated that the

NWRPDP currently used walk-through observations and implementation observations as a follow-up for teachers who had attended a professional development program.

Chairwoman Smith asked for information regarding the administrator training programs provided by NWRPDP.

Ms. Falk stated that Washoe County offered training programs through the Principals' Academy. The NWRPDP continued to work with The Nevada Association of School Administrators (NASA) and contributed funding for administrator training. The NWRPDP also collaborated with the Washoe County School District's Principals' Academy. Ms. Falk stated that the NWRPDP also offered a summer retreat and evening training schedules for administrators. The NWRPDP hoped to launch a menu of courses over the upcoming year that would allow for greater individualization of professional growth for administrators.

Chairwoman Smith thanked Ms. Falk for her presentation and recognized Mr. Casey.

Roy Casey, Program Director, Western Regional Professional Development Program (WRPDP), stated that his region included Carson City and Churchill, Douglas, Lyon, and Mineral counties. The WRPDP had submitted a basic budget without enhancement for the upcoming biennium. Mr. Casey explained that the WRPDP had submitted an enhanced budget to the 2005 Legislature and had received funding at that time for additional staff.

Mr. Casey referred to the correlation between staff development and student achievement. He explained that there were pilot schools in which the WRPDP was studying that correlation utilizing the MAP assessment, which was the Measures of Academic Progress from the Northwest Evaluation Association (NWEA). Mr. Casey said all 53 WRPDP schools had the MAP assessment in place for reading, mathematics, language usage, and science. The schools within the WRPDP were able to utilize the data in conjunction with an observation of teacher effectiveness and strategies in the classroom.

Mr. Casey referenced the Cottonwood Elementary School located in Fernley, which was in the Lyon County School District. He stated that for the past three years, the WRPDP had observed the school's teachers regarding the development of effective teaching strategies and content strategies, and had been able to align those strategies with student progress, utilizing the NWEA MAP assessment. Mr. Casey stated that the WRPDP quickly realized through discussion and collaboration within the professional community at Cottonwood Elementary School that when more programs were offered, when more observation was provided by the WRPDP, and when more coaching of teachers was conducted by WRPDP, the better the teachers became, which equated to improved student achievement. According to Mr. Casey, the WRPDP had considered implementation of the model used at the Cottonwood Elementary School throughout the 53 schools in the region.

Mr. Casey explained that one trainer from WRPDP was completing his doctoral studies at the University of Nevada, Reno, and he had documented the growth of student achievement, as well as professional development, through use of the NWEA assessment. WestEd, a non-profit educational agency, was considering that trainer's study as a way to provide additional assistance, not only within Nevada, but also throughout the western United States.

Mr. Casey advised the Subcommittee that the WRPDP determined that it was essential for principals to participate in training to achieve greater understanding of the standards, not only by content, but by performance. The WRPDP initiated a strong administrative support program that included principals, vice principals, and district office staff in its five school districts.

By way of example, Mr. Casey referenced the WRPDP's smallest school district, Mineral County School District, where the WRPDP helped the school district write its district improvement plan. The district improvement plan included the professional plan for development for administrators and teachers, which involved only 63 people, including the superintendent.

The WRPDP continued to support administrators, and Mr. Casey explained that he spent one day during the past week with the principal of the Mineral Elementary School. He and the principal walked the campus and visited three of the school's new teachers. As Ms. Casey and the principal were visiting one of the classrooms, they conducted a 20-minute observation utilizing a standard protocol for observation, based on past WRPDP training, that was familiar to the teacher.

After the observation, the principal and Mr. Casey reviewed the objectives and contents of the lesson and calculated the teacher's performance. Mr. Casey and the principal determined that there were one or two points where the teacher needed further coaching. The principal then coached the teacher on her weak points using the skills learned by the principal through the WRPDP's training program. The teacher had what WRPDP term a "cognizant shift," in which the teacher realized there was a teaching area where she could do better and, as a result, the teacher was able to learn something to work on with her class.

After the teacher left the session, Mr. Casey continued the coaching model with the principal and worked on the principal's ability to coach a teacher and reach the point where the teacher experienced a "cognizant shift." Mr. Casey stated that WRPDP commenced training the principal in the coaching model over one year ago and had continued to follow-up with on-the-job training.

Mr. Casey advised the Subcommittee that staff from the WRPDP visited Mineral County School District every six weeks to provide an in-service day for all administrative staff, and staff also followed-up every week with an in-class coaching session for every teacher. The WRPDP had gathered data pertaining to student assessments in Mineral County, which were categorized by individual teacher. The WRPDP was in the process of gathering the data produced over the past few months to correlate growth between the change in teacher behavior to progress in student achievement.

Ms. Falk further commented that the NWRPDP believed that one of the most powerful tools to measure student achievement was the implementation of formative assessments. Like the WRPDP, the NWRPDP utilized NWEA assessments in two school districts and utilized the Measures of Academic Progress (MAP) in Pershing County. The ability to progress-monitor student achievement prior to the administration of the Criterion-Referenced Tests (CRTs) at a school where the NWRPDP had been heavily involved was extremely valuable. As a tool, that added confidence to the NWRPDP to determine a program's impact on student achievement.

Chairwoman Smith asked Ms. Falk and Mr. Casey to continue to work with LCB staff regarding budget matters. The Chairwoman asked Mr. Wells to continue his budget presentation, particularly on the proposed empowerment school program and the teacher's one-fifth retirement credit issue.

Mr. Wells referred to page 16, [Exhibit D](#), which depicted Enhancement Unit 900 (E900), Transfer. Mr. Wells explained that E900 transferred remediation funds for low performing schools from the DSA (BA 2610) to the Innovation and Remediation Trust Fund (BA 2615). The decrease was offset by an increase in the appropriation to the Innovation and Remediation Trust Fund. The recommended budget decrease was \$6,818,788 in each year of the biennium.

Page 18 of [Exhibit D](#) depicted the request for a supplemental appropriation for the current biennium for retired employee group insurance. Mr. Wells explained that in FY 2006 the payments required by A.B. No. 286 of the 72nd Legislative Session were short by \$2,218,777. The projected shortfall for FY 2007 was \$6 million, based on the actual billings through January 2007 and the estimated billings for the balance of FY 2007, for a total supplemental request of \$8,218,777.

Chairwoman Smith noted that the request for additional funding was recently considered by the Interim Finance Committee (IFC).

Mr. Wells indicated that page 19 of the exhibit showed the basic support levels, and was included for the Subcommittee's information. The chart depicted the basic support from the DSA for the Nevada Plan, and did not include other funding sources. The actual basic support for FY 2006 was \$4,482 per student, and it was estimated that the basic support for FY 2008 would be \$5,122, which represented an increase of 14.3 percent over FY 2006 figures. Mr. Wells stated that the projection for FY 2009 was \$5,329, which represented a 4 percent increase over FY 2008 figures.

Regarding empowerment schools, Dr. Rheault explained that a member of the Governor's staff was slated to attend the meeting and provide information about the program, but that person was unable to attend. Dr. Rheault and his staff had worked with the Governor's Office to provide technical assistance with some components of the program, which included ensuring that the program utilized realistic timelines. During the course of the discussions between NDE and the Governor's Office, Senator Washington submitted a BDR for a similar initiative. Dr. Rheault believed that the proposal from the Governor's Office and Senator Washington's request were combined into one BDR that would be presented to the Legislature very soon.

Dr. Rheault indicated that NDE had provided all available information to the Governor's Office, and he was not aware of the changes or compromises that had been made. The NDE provided information to the Governor's Office regarding how the funding of approximately \$45 million could be expended to fund the proposed 100 empowerment schools. Dr. Rheault said that NDE proposed a concept that could be used to support the program on an equivalent basis for all schools or school districts that were interested in the program. However, he was not aware of whether or not those recommendations were accepted. Dr. Rheault informed the Governor's Office that when the empowerment program was initiated, NDE would be prepared to explain the assumptions and how the funding recommendations were determined.

Chairwoman Smith said she understood that a BDR would be required to repeal the one-fifth retirement credit for teachers, which would be replaced by the empowerment school program.

Dr. Rheault commented that because the one-fifth retirement credit for teachers was included in NRS, districts would be responsible for paying that benefit based on the criteria in statute, unless the language was changed.

Stephanie Day, Budget Analyst 5, Budget Division, advised the Subcommittee that she and Budget Director Andrew Clinger would meet with staff of the Governor's Office about the empowerment school program, and information would be provided to the Subcommittee in the near future.

Chairwoman Smith asked who had submitted the BDR for the empowerment school program. Ms. Day replied that the empowerment school program was submitted in conjunction with the BDR requested by Senator Washington.

Chairwoman Smith asked Ms. Day to provide the information to the Subcommittee as soon as possible, along with information pertaining to the one-fifth retirement credit for teachers.

Senator Raggio said it was his understanding that the BDR regarding the empowerment school program was being requested by the Governor's Office, and included some input from Senator Washington and the NDE. Senator Raggio commented that the bill was ready to be presented to the Legislature, but the Governor wanted to be present when it was formally presented, and he was currently not available.

Senator Raggio said he would like to discuss the issue of the one-fifth retirement credit for teachers. He said he was somewhat disappointed in what had transpired with the program, and he would like clarification.

Senator Raggio explained that the retirement credit came about as a result of a proposal to add an incentive program for teachers who were teaching in at-risk schools and in the categories of math and science. At that time the proposal, which was supported by all parties, was that teachers would receive retirement credit rather than incentive pay. Senator Raggio said that he had heard from different superintendents over the interim that they did not feel the one-fifth retirement credit was effective. He still found it hard to believe that the teachers did not find the retirement credit to be an incentive. Apparently, it was not the incentive that legislators believed it would be, and The Executive Budget proposed to eliminate the funding for the one-fifth retirement credit program. Senator Raggio also noted that the program had been well received initially, since it was a compromise of all interested parties during the process of funding education.

Dr. Rheault explained that the one-fifth retirement credit program commenced in 2004, at which time it was funded on a limited basis, based on the small number of at-risk schools, or schools in need of improvement. Initially, receiving one-fifth retirement credit was well-received by teachers, but over the years it became apparent that certain aspects of the program were not incentives for all teachers in at-risk schools. Dr. Rheault said that one disincentive was that a teacher had to have sufficient years invested in the Public Employees' Retirement System (PERS) to qualify for the benefit. The iNVEST 2007 plan requested flexibility in the use of the funding for the one-fifth requirement credit program.



Dr. Rheault said the iNVEST 2007 plan requested that the funding now used for the one-fifth retirement credit program be placed in a teacher incentive fund that could be used to pay cash stipends, one-fifth retirement credit, or other incentives based on the needs of the school district. Dr. Rheault indicated that he had supported the one-fifth retirement credit program, which had been discussed thoroughly during the 2005 Legislative Session.

Chairwoman Smith noted that she chaired a subcommittee during the 2005 Legislative Session that spent a great deal of time discussing the issue of teacher incentive programs. The subcommittee discussed the fact that the one-fifth retirement credit program would be an incentive for some teachers, but not for others, and that perhaps a menu of incentives would be of greater help to the districts.

Senator Raggio asked whether there was a specific proposal included in the iNVEST 2007 plan. Dr. Rheault replied that the iNVEST 2007 plan did not contain information regarding the specifics of the benefit program.

According to Dr. Rheault, the 2005 Legislature also funded a grant program of approximately \$10 million through A.B. No. 580 of the 73rd Legislative Session that could be used for performance pay, recruitment, and retention of teachers. He pointed out that most of the \$10 million grant funding was used for incentive programs. In order to receive the grant monies, each school district had to provide a detailed description of why it was requesting mentoring or other incentive programs to retain or attract teachers.

Dr. Rheault envisioned that the money allocated to the one-fifth retirement credit program could be used in the same manner, and could be based on the very specific needs of each school district through an application process. He pointed out that the needs in Eureka County were very different from the needs in Clark County, and the money could be targeted toward teacher retention and recruitment in at-risk schools.

Chairwoman Smith asked Senator Titus whether she would like to comment about the empowerment school program.

Senator Titus said the problem was that the Legislature had not received any specifics regarding the empowerment program. Because there was no information available at the present time, Senator Titus stated that she would wait until the BDR was presented to the Legislature.

Chairwoman Smith asked whether information about the empowerment school program would come in the form of a bill before it was discussed at a budget hearing. Ms. Day stated that was correct.

Assemblywoman Buckley advised that the Assembly Committee on Ways and Means was requesting a BDR to consider restructuring teacher incentive funding to allow a one-fifth retirement credit, but also flexibility for those teachers who would not benefit from the retirement credit. Should the Legislature decide to retain the incentive funding, believing it was important for at-risk schools to retain math and science teachers, the question would be how to fund the empowerment model.

Dr. Rheault believed that the next NDE budget hearing was scheduled for March 8, 2007, and if the bill regarding empowerment schools had been presented to the Legislature, the funding issues could be discussed at that time.

Senator Cegavske asked how the mandate for class-size reduction was working and whether schools had met the terms of class-size reduction. She also wondered whether there were any schools on waiver status, and when NDE anticipated that the requirements might be fulfilled. Senator Cegavske asked about the team-teaching component, and she requested a definition of high-risk kindergarten class-size reduction teachers.

Senator Cegavske voiced support for the flexibility requested in the iNVEST 2007 plan. She felt that the Legislature should closely review the flexibility issue and pointed out that there had been positive results from the pilot programs.

Dr. Rheault said that NDE was required to provide a report that summarized the past two years of the class-size reduction program. There were some school districts still receiving variances, and that information would be included in the report. Dr. Rheault explained how variances were approved, and stated that variances were recently approved by the NDE for 2007. Dr. Rheault noted that the number of "team taught" classrooms had dropped dramatically compared to past years. He also pointed out that Douglas, Churchill, and Elko school districts were using the alternative class size program, which was a ratio of 22:1 in grades one, two, and three, and a ratio of 25:1 in grades four, five, and six. Dr. Rheault said he would make completion of the class size evaluation report a priority and would provide a copy to Subcommittee members.

Dr. Rheault indicated that he would provide information pertaining to Senator Cegavske's other inquiries as soon as possible.

Chairwoman Smith pointed out that 15 of the 17 school districts were eligible to use the alternative class size program model, but only three actually chose to use that model.

Dr. Rheault said that was correct. The alternative model was available to all districts, other than the Washoe and Clark County school districts. There were four districts that had used the model, but White Pine County School District discontinued use of that model for the current school year.

Chairwoman Smith asked Dr. Rheault to be prepared at the upcoming NDE budget hearing to discuss positions requested by the Board of Education that were not recommended in The Executive Budget, such as the parent involvement coordinator.

Chairwoman Smith asked whether there was public comment to come before the Subcommittee.

Terry Hickman, Executive Director, Nevada State Education Association (NSEA) introduced himself to the Subcommittee. Mr. Hickman stated that the fundamental question of the DSA budget was whether it met the needs of Nevada's students because it was not a matter of what the State could afford, but what the students needed.

Mr. Hickman estimated that approximately \$7,700 per pupil was the amount that would be spent for the FY 2007-08 budget, excluding the Remediation Trust Fund and teacher's signing bonuses. Mr. Hickman stated that in FY 2008-09, the amount per pupil would be approximately \$8,050. The latest statistics indicated that the average per pupil spending in the United States was \$9,000, which included capital expenditures. When including capital expenditures, Nevada spent approximately \$8,380 per pupil in FY 2006, which ranked Nevada as 42<sup>nd</sup> in the overall average of state per pupil spending. Mr. Hickman stated that Nevada ranked fifth highest in the United States for its current student/teacher ratio.

On the positive side, Mr. Hickman pointed out that The Executive Budget recommended a 12 percent health insurance increase in each year of the biennium, and NSEA commended the Governor for that increase. The NSEA discovered that the 2006 Segal Health Plan Cost Trend Survey showed a rate increase of approximately 11 to 12 percent, and the Washoe and Clark County school districts cited studies that estimated the insurance increase would be approximately 12 percent.

Mr. Hickman said The Executive Budget also added inflation for text books and instructional supplies, and NSEA commended the Governor for taking such action. However, as pointed out by the Subcommittee this morning, inflation costs for utilities were not included in the operating categories of agency budgets. The NSEA strongly believed that the recommendations from the interim committee created by Assembly Concurrent Resolution No. 10 of the 73rd Legislative Session should be used as a guidepost for inflation and for other budget categories.

Mr. Hickman stated that the cost of living adjustment (COLA) of 2 percent proposed for FY 2007-08 fell short of the Consumer Price Index (CPI) of 2.5 percent. Also, he noted that PERS was seeking a 0.75 percent increase in the contribution rate, which would reduce the COLA increase for education employees to 1.625 percent for the upcoming fiscal year.

Mr. Hickman, on behalf of the NSEA, urged the Subcommittee to add an estimated \$13.5 million over the biennium to the DSA to reimburse school employees for salary lost because of the PERS contribution increase. The NSEA also requested that the COLA for the first year of the biennium be increased to 2.5 percent. Mr. Hickman said the first-year COLA should be funded at 2.875 percent to maintain parity with inflation. He noted that the 2003 Legislature approved a salary increase, which included the increase for PERS.

According to Mr. Hickman, nearly 500 teaching positions remained vacant within the Clark County School District. The NSEA believed that good salaries attracted and retained teachers, and the loss of teachers was extremely costly. The Clark County School District reported an attrition rate of approximately 9 percent. Mr. Hickman indicated that the National Commission on Teaching and America's Future estimated that it cost approximately \$7,000 per candidate for recruitment and induction into the first year of teaching. Assuming that 1,000 teachers per year left Nevada schools, that would amount to a \$7 million annual loss because Nevada failed to retain teachers.

Mr. Hickman said one of the methods that NSEA believed would make a tremendous difference in teacher retention had already been tried and found to be successful. The NSEA reviewed evaluations of the use of funding provided

by A.B. No. 580 of the 73rd Legislative Session, and found that the mentoring teacher program in Clark County lowered the attrition rate. Nevada's new teachers needed support and professional development. The evaluations reviewed by NSEA proved that the Clark County School District was able to cut its attrition rate by nearly 50 percent because of the mentoring program it chose to put into place.

Mr. Hickman stated that NSEA also believed that restoration of the funding for the alternative placement of disruptive students would be beneficial. That program was slated to be cut from the budget, but according to Mr. Hickman, the evaluations reviewed by NSEA concerning the use of funding provided by A.B. No. 580 of the 73rd Legislative Session showed a retention increase in middle school and high school students because of that program. Mr. Hickman indicated that NSEA also believed that the incentive for speech pathologists should be restored.

Regarding the one-fifth retirement credit for teachers, Mr. Hickman said that NSEA felt the program had made a difference because 6,400 teachers earned that incentive by teaching in hard-to-fill positions, in at-risk schools, or schools that were on the "need to improve" list, as specified by the No Child Left Behind Act (NCLBA). The NSEA felt that incentive should stay in place, but NSEA would also support flexibility in the incentive program so that all teachers, including new hires, would benefit from the incentive program. Mr. Hickman explained that the original purpose of the one-fifth retirement credit was to hire veteran teachers for the hard-to-fill positions in at-risk schools. The NSEA believed that the one-fifth retirement credit was fulfilling that purpose, but flexibility would help with retention of teachers who had not yet vested in PERS.

Mr. Hickman indicated that NSEA had carefully looked at the proposed empowerment school program that was based on the Edmonton, Canada model. The Canadian program was a site-based, decision-making program. The NSEA had spoken with representatives from Edmonton public schools, who stated that the program was still in place and was called "site-based decision-making schools" rather than empowerment schools. The program did not require much additional funding, and there were no incentives attached to the Edmonton program. Mr. Hickman emphasized that there were no incentives attached to the Edmonton model. Mr. Hickman said the difference in the Edmonton model was that teachers and other staff were included in budget decisions, which empowered teachers to assist in improving their schools.

Mr. Hickman stated that the Nevada Plan was enacted in 1967, and since that time there had been only two legislative studies about school financing. The interim committee created by A.C.R. No. 10 of the 73rd Legislative Session had conducted the second study. As determined by the report submitted by Augenblick, Palaich, and Associates, Inc. (APA), the Nevada Plan provided equity. However, Mr. Hickman said that the Nevada Plan was not geared to the needs of Nevada's students to meet the standards of NCLBA by school year 2013-14. To meet those standards, NSEA believed that the schools needed additional resources and would request the necessary tools to provide Nevada's students with the best learning conditions. The APA study called for lower class sizes in grades K-5 and a longer school year. The NSEA believed that there should be additional instruction time and less time spent testing.

According to Mr. Hickman, NSEA supported full-day kindergarten, weighted enrollment for special needs students and at-risk students, and additional funding for career and technical education. He emphasized that those were some of the most successful programs, which currently did not have sufficient funding levels. Mr. Hickman said that NSEA also supported additional funding for pre-school students in at-risk schools.

The NSEA believed that the current DSA proposal did not meet the needs of Nevada's students, and it was important for the Legislature to prioritize and review the APA study. Mr. Hickman indicated that it was essential to keep the fundamental question in the forefront, "How will the State meet the needs of its students?"

Mr. Hickman indicated that NSEA looked forward to the opportunity of working with the Legislature to meet the needs of Nevada's students.

Senator Cegavske said in review of the DSA budget, the actual per pupil amount for FY 2006 was \$7,131. In FY 2008-09, the per pupil support in the State would be at \$8,557 or 78.1 percent of the funding identified in the APA study. She believed that the State was headed in the right direction and had been headed in that direction for several years. Senator Cegavske believed that the APA study brought out some interesting facts and information.

Senator Cegavske thanked NSEA and other entities that had been working with the Clark County School District. She stated she had heard rave reviews about the cooperation and support offered by NSEA in helping to ensure that the district was on the right track. From her visits to the schools, she had heard very positive comments from teachers, administrators, the school district, and parents.

It was very frustrating to Nevada's citizens that the funding for education was constantly changing, and Senator Cegavske said the bottom line was that Nevada needed to educate its children. The question was what action was being taken by the State and how were the students succeeding. School funding was not simply about the dollars, and the Legislature needed to assure the parents and other interested persons that there would be an assessment conducted about education.

Senator Cegavske said Mr. Hickman indicated that NSEA would support additional flexibility in the teacher incentive program, which the Legislature had been attempting to do for years. She explained that the Legislature tried to provide incentives to special education teachers. Senator Cegavske believed that the 2007 Legislature would produce better outcomes for students, teachers, parents, and all persons involved in education.

Senator Cegavske opined that Nevada was not far behind the national average in per pupil costs, and believed that bond money should be included in school financing. That was the honest way to assess the per-pupil funding in Nevada.

Chairwoman Smith asked whether there was further public testimony to come before the Subcommittee and, there being none, she declared the meeting adjourned at 10:48 a.m.

RESPECTFULLY SUBMITTED:

\_\_\_\_\_  
Carol Thomsen  
Committee Secretary

APPROVED BY:

\_\_\_\_\_  
Assemblywoman Debbie Smith, Chair

DATE: \_\_\_\_\_

<b><u>EXHIBITS</u></b>			
<b>Committee Name: Assembly Committee on Ways and Means and Senate Committee on Finance Joint Subcommittee on K-12/Human Services</b>			
<b>Date: February 27, 2007</b>		<b>Time of Meeting: 8:00 a.m.</b>	
<b>Bill</b>	<b>Exhibit</b>	<b>Witness / Agency</b>	<b>Description</b>
***	A		Agenda
***	B		Sign in sheet
***	C	Mr. Wells/NDE	QuickSTATS
***	D	Mr. Wells/NDE	DSA Budget 2007-09
***	E	Mr. Wells/NDE	State of the School Districts
***	F	Senator Cegavske	Long-Term Substitute Teacher list
***	G	Ms. Dopf/NDE	ECE Evaluation Report
***	H	Ms. Dopf/NDE	ECE Longitudinal Evaluation Report
***	I	Mr. Hanlon/RPDP	Packet of information regarding the southern Nevada RPDP.