

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON WAYS AND MEANS**

**Seventy-Eighth Session
May 29, 2015**

The Committee on Ways and Means was called to order by Chair Paul Anderson at 9:02 a.m. on Friday, May 29, 2015, in Room 3137 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4404B of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, 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/App/NELIS/REL/78th2015. In addition, copies of the audio or video of the meeting may be purchased, for personal use only, through the Legislative Counsel Bureau's Publications Office (email: publications@lcb.state.nv.us; telephone: 775-684-6835).

COMMITTEE MEMBERS PRESENT:

Assemblyman Paul Anderson, Chair
Assemblyman John Hambrick, Vice Chair
Assemblyman Derek Armstrong
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Irene Bustamante Adams
Assemblywoman Maggie Carlton
Assemblywoman Jill Dickman
Assemblyman Chris Edwards
Assemblyman Pat Hickey
Assemblywoman Marilyn K. Kirkpatrick
Assemblyman Randy Kirner
Assemblyman James Oscarson
Assemblyman Michael C. Sprinkle
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus

GUEST LEGISLATORS PRESENT:

Senator Moises (Mo) Denis, Senate District No. 2
Senator Michael Roberson, Senate District No. 20

Minutes ID: 1402



STAFF MEMBERS PRESENT:

Cindy Jones, Assembly Fiscal Analyst
Stephanie Day, Principal Deputy Fiscal Analyst
Janice Wright, Committee Secretary
Cynthia Wyett, Committee Assistant

The Committee Assistant called the roll, and all members were present.

Chair Anderson reminded the Committee, witnesses, and audience members of the Committee rules and protocol.

Chair Anderson opened public comment, and hearing no public comment, he closed public comment and opened the hearing on Senate Bill 230.

Senate Bill 230: Revises provisions governing the payment of compensation to certain victims of crime. (BDR 16-1038)

Assemblyman Pat Hickey, Assembly District No. 25, presented Senate Bill (S.B.) 230 on behalf of Senator Greg Brower, Senate District No. 15. Senate Bill 230 removed the limitation on the amount of compensation that might be awarded to certain victims of crime, the dependents of those victims, and certain members of the victim's household.

Assemblyman Hickey introduced Robert Jacot and his son Aiden, on whose behalf the bill was introduced.

Robert Jacot, private citizen, Sparks, Nevada, presented a short video ([Exhibit C](#)) about his son, Aiden. Aiden was born on June 29, 2009, and was ten months old when he was shaken and badly beaten by his babysitter. Aiden suffered a skull fracture and swelling to his brain because of a lack of oxygen to his brain. Mr. Jacot explained that the injuries left Aiden without the use of his arms, legs, and control of his head. According to the testimony, Aiden was unable to eat on his own and had to be fed through a tube in his stomach. Aiden was blind in both of his eyes and could suffer a seizure at any time. Aiden currently required 24-hour care. Over the last five years, the family had incurred significant costs because of the injuries and care. The Victims of Crime Program provided assistance to the family. Five years ago, the family was in the pediatric intensive care unit of Renown Health and was told that Aiden would never leave the hospital. Four weeks later Aiden was able to leave the hospital. Aiden's doctors and therapists told his parents not to stop caring for Aiden, because his recovery was amazing. Mr. Jacot urged approval of S.B. 230.

Bryan A. Nix, Senior Appeals Officer, Hearings Division, Department of Administration, testified that for the past 25 years, he had served as the coordinator of Nevada's Victims of Crime Program (VOCP). He explained that S.B. 230 lifted the cap of \$150,000 on awards for claims from victims of crime. The State Board of Examiners (BOE) oversaw the operation of the VOCP. The BOE adopted policies and reviewed and voted every quarter on the financial statements of the Fund for the Compensation of Victims of Crime. The BOE was the final authority on the VOCP because there was no judicial review of its decisions. Catastrophic claims were first approved by the 75th Session (2009) when the cap was raised to \$150,000.

Mr. Nix continued that since 2009, about 18 claims had been resolved, totaling about \$60,000 each. Aiden's case was unique because he was young and would require a lifetime of care, and the Fund had already spent over \$100,000 on Aiden's claim. The BOE just approved an additional \$50,000 for Aiden's claims. The \$150,000 would be exhausted in the next year. Mr. Nix asked for authority to continue helping the Jacot family care for Aiden. He anticipated the VOCP would receive other similar cases in the future. Aiden's was the first case that had cost \$150,000. The Fund would be limited in its ability to help Aiden and other victims with the \$150,000 cap in place.

Mr. Nix asked that the cap be lifted. The cap had no effect on the State General Fund, because the Fund for the Compensation of Victims of Crime was not a General Fund program. Less than 3 percent of the annual expenditures went for catastrophic claims. The Fund for the Compensation of Victims of Crime was fiscally sound and contained approximately \$14 million, with about \$7 million in reserves to pay future claims. The Fund paid about \$7 million annually for medical expenses totaling about \$60,000 per claim. Aiden's claim included large medical expenses and an ongoing need for 24-hour care, which would soon exceed the \$150,000 cap.

Assemblywoman Titus asked about the effect of the Affordable Care Act (ACA) and Medicaid expansion on catastrophic claims. She thought that medical expenses were best reimbursed through other medical insurance programs. She knew insurance rarely covered all social costs or therapies and questioned whether some of Aiden's medical costs were covered by other resources.

Mr. Jacot said Aiden was covered by Medicaid and by private insurance through Mr. Jacot's employer. Many of the costs were covered by those insurance programs. However, the chair Aiden used the most was not considered medically necessary by Medicaid and was not a covered expense. The VOCP paid for the cost of the chair.

Assemblywoman Titus stated that although many medical expenses were a covered expense, the reimbursement might frequently fall short of the physical needs or the durable medical equipment needed.

Mr. Nix said the VOCP was a payer of last resort, and other resources were applied before the VOCP funds. Approved expenses and emergencies were recovered through subrogation. The VOCP policy was to ensure all resources were gathered for the benefit of the victim.

Hearing no further testimony in support of, opposed to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 230 and opened the hearing on Senate Bill 467 (1st Reprint).

Senate Bill 467 (1st Reprint): Makes appropriations for the replacement of Nevada Highway Patrol fleet vehicles that have exceeded the mileage threshold. (BDR S-1218)

Natasha Koch, Captain, Executive Officer, Nevada Highway Patrol, Department of Public Safety, testified that Senate Bill (S.B.) 467 (1st Reprint) made an appropriation from the State Highway Fund for the replacement of Nevada Highway Patrol fleet vehicles that had exceeded the mileage threshold.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, explained that there were two different amounts within the bill, and the first sum of \$7,679,026 was to replace the following fleet vehicles:

- 82 Dodge Chargers
- 41 Ford police interceptor sport-utility vehicles (SUVs)
- 33 Ford F-150 pickup trucks
- Various retrofits to make those fleet vehicles law enforcement vehicles

The second sum of \$326,592 was to purchase seven motorcycles to replace other types of fleet vehicles.

Assemblyman Armstrong asked what happened to the old vehicles.

Captain Koch explained the old vehicles were sent to the Purchasing Division, Department of Administration, and were sold at auction.

Assemblywoman Titus asked about the policies related to replacement vehicles and the number of vehicles in the fleet. She questioned whether the agency was behind on replacing the vehicles because of the economic downturn or

whether the agency requested the same amount of money for replacement of fleet vehicles every biennium.

Brian Sanchez, Lieutenant Colonel, Assistant Chief, Nevada Highway Patrol, Department of Public Safety, explained that the request for replacement vehicles reflected the regular rotation of fleet vehicles. The agency had a mileage threshold, and when vehicles reached their maximum mileage, they were replaced on a regular rotation basis.

Hearing no further testimony in support of, opposed to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 467 (R1) and opened the hearing on Senate Bill 497 (1st Reprint).

Senate Bill 497 (1st Reprint): Makes appropriations to restore the balances in the Stale Claims Account, Emergency Account, Reserve for Statutory Contingency Account and Contingency Account. (BDR S-1152)

Jim R. Wells, Interim Director, Department of Administration, presented Senate Bill (S.B.) 497 (1st Reprint). He explained that the bill proposed to replenish four accounts that were used during the interim to cover specific types of costs.

The State General Fund would replenish the accounts in the following amounts:

Account	\$ Amount
Stale Claims Account	\$2,000,000
Emergency Account	\$ 100,000
Reserve for Statutory Contingency Account	\$2,500,000
Contingency Account	\$9,000,000

Mr. Wells said the Stale Claims Account was used to pay for prior fiscal year claims that exceeded \$100 for accounts that reverted their ending fund balance to the General Fund. The five-year average expenditure for this account was just over \$2 million. The average expenditure for the last four fiscal years was approximately \$1.4 million. Mr. Wells was comfortable with the \$2 million appropriation plus the amount that would be carried forward into the 2015-2017 biennium.

Mr. Wells explained the Emergency Account could be accessed by a request to the State Board of Examiners (BOE) for an emergency claim for a disaster for expenses that were not appropriated during the previous legislative session. The five-year average expenditure in this account was about \$128,000.

Mr. Wells projected a carry-forward balance from fiscal year (FY) 2015 of approximately \$400,000, and that amount, together with the appropriation, should be sufficient to get through the 2015-2017 biennium.

Mr. Wells said the Reserve for Statutory Contingency Account was used to pay for terminal leave, employ special counsel, and pay certain insurance claims when the insurance premium claim funds were exhausted. The five-year average expenditure was just over \$2 million and was skewed by some large expenditures in FY 2013 and FY 2014. Mr. Wells thought that about \$750,000 would be unexpended in FY 2015, and the balance would be carried forward to FY 2016.

The Contingency Account was used to pay for shortfalls experienced by state agencies with General Fund appropriations during the 2015-2017 biennium. Mr. Wells said that the projected carry-forward balance of about \$4 million would provide the account with a total of about \$13 million to cover the expenses during the 2015-2017 biennium.

Chair Anderson asked whether the estimates of the amounts needed in those accounts were the same each year or whether the amounts were based on a percentage of the budget.

Mr. Wells replied that he looked at the historical use of those accounts and projected the amounts needed to replenish them to a reasonable balance at the beginning of the biennium. He worked with staff of the Fiscal Analysis Division, Legislative Counsel Bureau, to determine the amounts needed in each account and the projected ending fund balances.

Hearing no further testimony in support of, opposed to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 497 (R1) and opened the hearing on Senate Bill 506 (1st Reprint).

Senate Bill 506 (1st Reprint): Revises provisions relating to state financial administration. (BDR S-1207)

Jim R. Wells, Interim Director, Department of Administration, presented Senate Bill (S.B.) 506 (1st Reprint). He said S.B. 506 (R1) was the third and final bill needed to augment the fiscal year (FY) 2015 ending fund balance. He worked with the staff of the Fiscal Analysis Division and Legal Division, Legislative Counsel Bureau, and the result was S.B. 506 (R1). The bill removed several of the transfers that were deemed unacceptable, pursuant to the Nevada Supreme Court decision *Clean Water Coalition v. M Resort*, 127 Nev. Adv. Op. No. 24, May 26, 2011, that precluded a user fee for

a specific purpose from being converted to a tax by transferring the proceeds from that fee to the State General Fund. Senate Bill 506 (R1) would transfer a total of \$42,077,493 from various accounts to the State General Fund.

Mr. Wells explained that section 2 of the bill transferred \$19,680,774 from the Office of the Attorney General for fees and civil penalties collected for deceptive trade practices, specifically the National Mortgage Settlement funds, to the General Fund. Section 4 transferred \$300,000 from the Secretary of State's Operating General Fund budget account (BA) 1050 to the General Fund. Section 6 transferred \$7 million from the Catalyst Account created by *Nevada Revised Statutes* (NRS) 231.1573 to the General Fund. Section 7 transferred \$4 million from the Knowledge Account to the General Fund. Section 8 transferred \$2 million from the Disaster Relief Account to the General Fund. Section 9 transferred \$1,662,010 from the Fund for the Promotion of Tourism to the General Fund. Section 10 transferred \$573,449 from the Account for Programs for Innovation and the Prevention of Remediation to the General Fund. Section 11 transferred \$4,500,000 from the Grant Fund for Incentives for Licensed Educational Personnel to the General Fund. Section 12 transferred \$400,000 from the Account for Charter Schools to the General Fund. Section 13 transferred \$216,260 from the Revolving Account to Support Programs for the Prevention and Treatment of Problem Gambling to the General Fund. Section 16 transferred \$500,000 from the Fund for the Care of Sites for the Disposal of Radioactive Waste to the General Fund. Section 17 transferred \$45,000 from the Behavioral Health Prevention and Treatment budget account (BA 3170) to the General Fund. Section 19 transferred \$100,000 from the Health Facilities Administrative Penalties budget account (BA 3217) to the General Fund. Section 23 transferred \$1.1 million from the Account for the Management of Air Quality to the General Fund. Sections 26 through 34 made conforming changes, where necessary, to statutes to make those transfers allowable.

Assemblywoman Dickman asked what the total amount of transferred funds was in the bill.

Mr. Wells replied that the total amount of the transfers was \$42,077,493.

Chair Anderson asked whether those amounts represented the remainder of the sweeps to backfill funding for FY 2015, and Mr. Wells confirmed that was the case.

Cindy Jones, Assembly Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, asked for clarification of section 9 of the bill. She thought the

funds were transferred from the budget reserve for the Department of Tourism and Cultural Affairs to BA 9081.

Mr. Wells replied that section 9 transferred \$1,662,010 from the development fund of the Commission on Tourism, Department of Tourism and Cultural Affairs, to the budget reserve BA 9081.

Hearing no testimony in support of, opposed to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 506 (R1) and opened the hearing on Senate Bill 508 (1st Reprint).

Senate Bill 508 (1st Reprint): Revises provisions governing the Nevada Plan. (BDR 34-1184)

Dale A.R. Erquiaga, Superintendent of Public Instruction, Department of Education, presented Senate Bill (S.B.) 508 (1st Reprint). He had often testified about the status of the education funding formula and the manner in which the state funded K-12 public education.

Mr. Erquiaga provided a brief history of education funding. The Nevada Plan for school finance was created in 1967. During the 1960s, Nevada addressed its school funding requirements by creating the local school support tax (LSST), and that tax was adopted through the work of Senator Carl F. Dodge of Churchill County. In 1967, the Legislature began to grapple with the fact that the local revenues set aside for education, including the LSST and property tax, were volatile and tended to fluctuate. As a result, the state needed to transfer and add money to support public education. In the 1960s, the rural counties were wealthier and more stable and augmented the needs of southern Nevada until that population began to grow. Senator Dodge was a rural legislator, and he sought to stabilize the state's funding mechanism between school districts to create an equity that allowed each student equal access to education, regardless of whether the student lived in Eureka County or Clark County. The Nevada Plan was a complicated formula and had grown slightly more complicated with the addition of equity allocation over time. It was designed nearly 50 years ago to achieve equity for students regardless of where they were geographically located and to achieve equity between school districts.

Mr. Erquiaga testified that the Nevada Plan worked well. The formula and the notion of equity based on district geography was still sound today. However, the Nevada of today was different from the Nevada of his childhood. The school districts faced an equity problem among different types of students within their own districts. Children with disabilities, English language learners (ELL), children who lived in poverty, and the gifted and talented

students required more time, different programs, or other interventions that cost more money. The Nevada Plan failed to address different types of students. Nevada had focused on some of those problems through the addition of special education funding in 1973. The Nevada Plan used a unit formula, but was moving closer to the use of a multiplier. School districts began to use categorical spending to address the needs of ELL students with the Zoom schools initiative approved in Senate Bill No. 504 of the 77th Session (2013).

Mr. Erquiaga noted that S.B. 508 (R1) would begin an adjustment to the formula for public education through the addition of student multipliers or weight factors. The multipliers would provide additional money to the basic student guarantee. The additional money would be determined by the students' individual needs. The bill would update the Nevada Plan formula by providing additional resources over time. Senate Bill 508 (R1) did not provide any additional funds, but The Executive Budget would begin to include funding for some of those additional steps.

Mr. Erquiaga related that one of his concerns was the Nevada Plan was not transparent. He said if a person understood the string theory [an attempt by physicists to explain the fundamental structure of the universe], he could understand the Nevada Plan and the equity-allocation model. The Nevada Plan was a workbook built in Excel, and the equity-allocation model was dubbed the "12-step program."

Mr. Erquiaga reported that S.B. 508 (R1) introduced a modicum of transparency to the Nevada Plan. The bill changed the method used by schools to count students. Currently, schools used a single count day that occurred in the fall, and the school districts used that enrollment number all year long. Mr. Erquiaga often heard that Nevada was a transient state and families moved around, and S.B. 508 (R1) sought to address that long-standing challenge. The bill also included a hold-harmless provision that added about \$17 million in supplemental appropriations related to school choice. Parents lived in an era of school choice, the state allowed and encouraged families to move around, and sometimes the state paid twice for the same child.

Mr. Erquiaga said that the state was moving to a time when kindergarten would be provided optionally, but at a full-day rate. Senate Bill 508 (R1) changed the formula to a weight factor of 1.0 for kindergarten students rather than the current weight of 0.6, because most kindergarten students had attended school only part of the day.

Mr. Erquiaga explained that S.B. 508 (R1) was a critical step forward in the modernization of the education system and reflected what the Legislature had

accomplished in closing the Department of Education's budgets with the categorical programs. Senate Bill 508 (R1) built on the work of the 2013-2014 Interim Task Force on K-12 Public Education Funding (Task Force) that resulted from Senate Bill No. 500 of the 77th Session (2013) [Chapter 500, 2013 *Statutes of Nevada*, at page 3182]. That Task Force reviewed the Nevada Plan at its base level, but concentrated on the correct calculation of the student weight factors. The Task Force recommended a funding weight of 2.0, or twice the amount, for special education students and 1.5 for ELL and students who lived in poverty. The Task Force submitted its report, and many of the recommendations from that report were included in S.B. 508 (R1).

Mr. Erquiaga stated that he would begin his review of the bill section by section for the Committee. Many of the sections were repeated for transition purposes for the effective date or to accomplish the shift for special education. Sections 1, 3, 6, 8, 10, and 12 of the bill were part of the transition to special education weights. Governor Sandoval chose to move the special education student population to funding weights first. On July 1, 2016, those monies allocated for special education could be calculated using a weight factor per pupil. About 11 percent of the children in the schools qualified for special education, and the 1.5 weight would gradually increase to a weight of 2.0.

Mr. Erquiaga described sections 2, 5, and 9 that dealt with count day. Currently, school districts counted every student in the room one time, and that total was used to set the enrollment and funding for public and charter schools. The bill changed the count method to a count model similar to one used by 16 other states to calculate average daily enrollment four times per school year. The quarterly number for the month before the distribution would be used by the Department. The Department knew that number would fluctuate, and there was some concern about what would happen if the number decreased at the end of the year. The Department included some language in those sections to allow it to develop a method to smooth the allocation. Melinda (Mindy) Martini, Deputy Superintendent for Business and Support Services, Department of Education, worked with different education commissions to research how other states accomplished the enrollment count. The Department did not want to suddenly decrease the number of students in a school district, but wanted to average the count over the course of the year or use prior-year data. The Department would perform an averaging calculation. Currently, the Department corrected the number one time at the end of the year, and the change would allow the Department to true-up the enrollment numbers regularly. The change was a more accurate way to deliver funds based on the actual student population in the charter schools and in the county school districts.

Mr. Erquiaga remarked that section 4 was the most important part of S.B. 508 (R1), because it expressed the legislative intent to add additional resources to the Nevada Plan for school finance over time. Section 4 delineated that students with disabilities, ELL, at-risk, and gifted and talented students would be eligible for additional funding through multipliers. The eligibility for a status of at-risk was decided by the Task Force to be a participant in the free and reduced-price lunch program. Other indicators of poverty existed, and the Victory schools program started to use a categorical expenditure that would ultimately convert to a multiplier for pupils who were at-risk and students in poverty. The Department decided to use census-based zip codes for the poorest schools in the state; Oregon used small area income indices. The Department proposed that the State Board of Education continue to examine indicators for poverty as the Department moved to add weighted funding.

Mr. Erquiaga explained that section 7 expressed how the Department currently calculated the basic support guarantee and the equity allocation. This language was not new; however, it was the first time it appeared in statute because in the past, the language appeared only in the back language of the complicated workbooks. In the interest of transparency, the Department included the language in the bill to allow persons to understand how the basic support guarantee calculation was created. Section 7 also required the Superintendent of Public Instruction to update the equity allocation formula that calculated how much money went to each school district. The basic support guarantee was estimated at \$5,710; the \$5,710 was then processed through the 12-step program of the Nevada Plan, and the result was how much each individual school district received for the school year. The Department met with the Legislative Committee on Education during the interim to receive feedback on what weights to use for local wealth, transportation, and personnel. The Department proposed the weights in the formula and asked the Legislative Committee on Education for input to revise the weights. In the past, weights were revised during a meeting that included school district personnel and Department staff. The proposed process would be more transparent.

Section 9 related to the count day and revised the hold-harmless provisions. The section retained relief for district and charter schools if enrollment fell below 95 percent of the prior year enrollment, but the provision used data from the previous year and not the highest count of two years. Mr. Erquiaga explained that the bill eliminated the hold-harmless provision if the changes were within 5 percent of the previous enrollment. The Department believed the variation was more common as the state entered an era of school choice and families moved around.

Mr. Erquiaga advised that section 11 changed the funding allocation for full-day kindergarten students from 0.6 to 1.0 beginning in the 2017-2019 biennium. In the 2015-2017 biennium, the Department still provided the additional categorical spending. Sections 13, 14, 15, 16, 17, 19, 20, 21, 22, and 23 were conforming changes for special education and count day.

Mr. Erquiaga explained that section 18 removed old language from the statute about the State Board of Education setting an inflation rate that was now set by the Budget Division, Department of Administration. The Department still had to catch up with the legislative changes made in 2011 that moved the Department's budget authority from being fully invested in the State Board of Education to the Executive Branch.

Mr. Erquiaga testified that sections 24, 25, and 26 created and established the Contingency Account for Special Education Services for the extraordinary expenses that districts incurred for a child who, for example, required an attendant during the entire school day. Currently, the school districts reallocated those monies from the general education student population, but in the past, there had been an old complicated process that S.B. 508 (R1) would repeal. The old process was so complicated that no one used it, and it was a disincentive for the school districts and families to use. The Department put some money aside in the second year of the 2015-2017 biennium to develop regulations and to fund the Contingency Account for Special Education Services.

Mr. Erquiaga advised that section 27 was cleanup language from the Legal Division, Legislative Counsel Bureau, to reflect some changes in the law related to school districts, and section 27 was not related to the Nevada Plan.

Mr. Erquiaga said section 28 was significantly amended during a previous Senate hearing because of concerns expressed that the bill did not embed the recommended weights of 1.5, 1.5, and 2.0 in the law. The statute was amended to clearly set a deadline of FY 2022 by which the Department had to have a plan to gradually move closer to full implementation of the recommended weights each year. Mr. Erquiaga thought that by planning for those additional weights over time, rather than embedding the weights in the law, the Department could complete the cost analysis that the Task Force also recommended.

Continuing, Mr. Erquiaga said the Task Force proposed some weights only until a cost analysis could be completed to reflect weights that were more appropriate. Governor Sandoval required a cost analysis be conducted and an evaluation of each of the programs including ELL, gifted and talented, and

at-risk because the Department needed to know the proper weights. Section 28 reflected the spirit of the Task Force recommendations, honored its work, and bound the Superintendent of Public Instruction and the Department to bring to the Legislative Committee on Education the actual plan to achieve the recommended weights over time. The Department would update the Governor and the Legislative Counsel Bureau before each legislative session about the weights and the methods of phasing in the weights and expenses.

Mr. Erquiaga noted that sections 29 and 30 dealt with the special education calculation and the repeal of the prior contingency process. He stressed how important S.B. 508 (R1) was for education funding in Nevada. As the Superintendent of Public Instruction, he served as the steward over 450,000 students' lives and believed the bill was critical for the future of education in Nevada. Mr. Erquiaga looked forward to the bill's full enactment by the deadline of FY 2022.

Assemblywoman Bustamante Adams asked about a May 25, 2015, proposal from Senator Denis that locked the multipliers into the State Distributive School Account (DSA) and questioned why that was not proposed.

Mr. Erquiaga said two amendments were proposed during a Senate Committee on Finance hearing, and one amendment was reflected in S.B. 508 (R1). The second amendment was not discussed by the Senate Committee on Finance, and that amendment was included in Senate Bill 397, which was not heard by the Senate Committee on Finance.

Assemblywoman Bustamante Adams asked why the Department did not adopt the recommendations of the Task Force on K-12 Public Education Funding.

Mr. Erquiaga believed S.B. 508 (R1) reflected the recommendations of the Task Force, which did not propose the multipliers be written into the *Nevada Revised Statutes* (NRS). Senate Bill 508 (R1) contained recommendations to gradually transition to multipliers and add categorical spending over the years. The Task Force did not recommend a deadline, but recommended the use of weights, a plan for categorical spending, and a plan to implement the multipliers. Senate Bill 508 (R1) included all those recommendations of the Task Force, except the weights were not placed in NRS because they would have to be revised. The Department would learn about the funding needs and revise the weights to address any fiscal problems. The Department had not dedicated any state funding to at-risk students before the Victory schools program and had just begun to spend money on ELL. The Department used a multiplier of 1.35 per student, and not the 1.5 per student recommended by the Task Force. The Department would need to

analyze the amount of money spent and the results to decide the proper weight per ELL student. The analysis was important, and that was why the weights were not written into the NRS, but would be analyzed and recommended as necessary to carry out the plan.

Assemblywoman Bustamante Adams expressed concern about the multipliers not being locked into the statute and questioned the period of adding multipliers and who had the authority to determine the weights.

Mr. Erquiaga replied that section 28 of S.B. 508 (R1) included the requirement for the Department of Education to develop a plan to provide additional resources to the Nevada Plan expressed as a multiplier, and to review and consider the recommendations by the Task Force. The revisions to the Nevada Plan would be completed by FY 2022. The report would be submitted to the Legislative Committee on Education during the 2015-2016 Interim. The addition of multipliers first as categorical spending and ultimately as a number was the responsibility of the Legislature. Each Governor who prepared a budget over the ensuing three biennia would build a budget with recommendations on the plan, and the Legislature would fund the budget.

[Chair Anderson left the meeting briefly and Vice Chair Hambrick assumed the duties of the Chair.]

Assemblywoman Titus commented that Senator Dodge was from rural Nevada, and he proposed the original Nevada Plan in which rural Nevada supported the school districts of urban Nevada. She often heard that southern Nevada supported rural Nevada, and she thought it was important to recognize that historically that had not been the case. She suggested that Nevada had to support Nevada without regard to designated areas. Assemblywoman Titus asked what the total cost would be if all those weights and multipliers were instituted now based on the Department's numbers.

Mr. Erquiaga replied if the free and reduced-price lunch multiplier was adopted as the at-risk weight based on current enrollment, the cost would be about \$750 million per year; and if the multiplier of 1.5 was adopted as the ELL weight, the cost would be about \$200 million per year. The Task Force recommended that if a student qualified for both weights, the student should be funded only for one weight. The Department knew that a large percentage of ELL students also lived in poverty, and some costs might be reduced slightly because of duplication in the student numbers. If the multiplier of 2.0 was adopted as the special education weight, the cost would be about \$285 million per year. If the multiplier of 1.25 was adopted as the gifted and talented weight, the cost would be about \$16 million per year. The gifted and talented

students were not considered by the Task Force, but the weight was requested by the Governor, and about 2.5 percent of the students in schools were gifted and talented. The total cost of all weights would be in excess of \$1 billion.

Assemblywoman Titus said she believed the Department was "double-dipping" based on the formulas and the weights proposed. The schools already received additional funding for ELL, specials-needs students, poverty, and other categories. More money was allocated to schools for other programs such as Victory and Zoom schools. She believed that resulted in a duplication of funding.

Mr. Erquiaga said the strategy on which the Legislature embarked was to begin with categorical spending, and the Zoom and Victory school programs could be considered the "training wheels." Those programs were the initial steps needed to enact the ultimate transition. The categorical spending would later change to student weights, and no duplication would occur. Mr. Erquiaga cited an example of a Zoom school. If The Executive Budget was approved, the Department would provide \$100 million for ELL directed to Zoom schools in the state. If the final target for ELL was \$200 million, the spending was halfway to the goal. The Department was working toward those ultimate multipliers based on a cost analysis of the categorical programs. When the Department reached the ultimate multipliers, it would not provide both types of funding, but would eliminate the categorical spending and switch over to using the weights.

Mr. Erquiaga suggested that special education was also a good example. The Department had funded units since 1973 and shifted the prior allocation for units that cost about \$130 million to add about \$25 million in the second year of the biennium and calculate the formula in a different way. Instead of distributing the funding in \$45,000 amounts based on the classroom teacher, the Department distributed the funding based on an extra 0.5 allotment per student. No double dipping occurred, but this was a way to phase in the new funding approach.

Assemblyman Edwards asked for clarification of the process and mechanism for removing students from the categorical programs and weights, because he believed that at some time, those students would no longer need special instruction. He thought, as an example, ELL students would become proficient in English and no longer need the special instruction.

Mr. Erquiaga replied that a child was assessed into an ELL program and the student received additional interventions and time, and later the student could be assessed out of that program. The time required for each student varied depending on the individual needs. Some states limited the amount of time that

an ELL could receive the multiplier. The Task Force considered the amount of time needed and found the national average was about six years. A 5-year old student might progress faster than a 14-year-old student, but some students would never have spoken English, while other students would have some English spoken at home. The time depended on the students' needs. Students might exit out of a special program, and other students might enter a special program. The average was that about 15 percent of the students required some additional interventions.

The assessment for a special education student was more difficult, Mr. Erquiaga explained. A student would be assessed and given an individual education plan (IEP), and that student might be on an IEP throughout his or her school years because of the severity of the disability. Other students might make enough progress that their IEP would be adjusted or removed and they could continue as a general student. Many states provided different categorical weights for special education. The Task Force recommended not to provide different categorical weights for special education or to break apart the 11 percent of the special education student population into the many diverse types of disabilities at different weights. The Task Force recommended using a national average multiplier of 2.0 for special education students with disabilities. Gifted and talented students were similar, in that they might or might not progress out of the special program. Students were assessed into the gifted and talented program. Poverty students were also assessed into the program, but the school district could not adjust that because it was based on a family circumstance.

Assemblyman Edwards asked whether a student could be assessed for both ELL and poverty and whether later the student could progress out of ELL but not out of poverty.

Mr. Erquiaga replied that the Task Force recommended students should not receive two weights. An ELL student living in poverty would only be counted once in the system and receive one weight or multiplier. The student might progress out of ELL, but not out of poverty.

Assemblyman Edwards asked if the school determined that a student no longer needed ELL services, whether the student could still receive the poverty weight. He questioned whether the student might never transition out of the poverty weight, but could transition to a different type of service other than the ELL weight. He questioned whether the state could expect that the \$1 billion cost would remain consistent across the biennia.

Mr. Erquiaga responded that the student population determined the types of services needed.

Assemblywoman Carlton wanted to understand S.B. 508 (R1) section 7, subsection 2, paragraph (a), "Factors relating to wealth in the school district."

Mr. Erquiaga replied that the equity-allocation model had always taken into account local wealth, because it related to local tax performance. Equity allocation was the factor that equalized school districts. Historically, a county that received a large amount of net proceeds of minerals tax was deemed wealthier than a county that received no net proceeds of minerals tax. The equity-allocation model reduced the state guarantee to the county with the large wealth from the net proceeds of minerals tax and increased the state guarantee to the county with no net proceeds of minerals tax. That was a basic longstanding factor in the Nevada Plan. Local wealth was considered using local property taxes, sales taxes, and net proceeds of minerals taxes, among other factors.

Assemblywoman Carlton said Clark County was diverse. She asked for details of the zip code portion of the calculation. Her district included a zip code of 89110 that was shared by herself and Assemblyman James Ohrenschall, Assembly District No. 12. That zip code included a very diverse group of persons, and the schools did not fit in the zip codes. The schools were located on the edge of the zip codes. The zip codes included a range of properties from mobile home parks to a golf course on which she could not afford to play. She did not want children left behind because there was an expensive residence at the top of the hill and the students lived in poverty at the bottom of the hill.

Mr. Erquiaga replied that the Department chose to use zip codes for the determination of the Victory school pilot program for the 2013-2015 biennium. The 20 poorest zip codes in the state were chosen, and that provided the Department a footprint of about 35 schools statewide. Zip codes were not always used for the at-risk measure, and the use of zip codes was an issue that should be studied in the future. If a countywide and statewide poverty index was used, about 20 to 25 percent of the students would be at the poverty level versus about 60 percent of the students who were at the free and reduced-price lunch level. He said zip codes were not the final answer for the at-risk calculation. The Department used the zip codes in the 2013-2015 biennium to target Victory schools as closely as possible. Other states used different measures.

Continuing, Mr. Erquiaga said that one of the challenges with the free and reduced-price lunch program was that it was changing. The state had

community eligibility programs that included an entire school. The Department lacked good numbers for the free and reduced-price lunch program because the students in need were not provided free and reduced-price lunch in high schools. The Department had concerns about the free and reduced-price lunch indicator, and Nevada was not the only state studying the indicators. Oregon adopted a small area income poverty indicator that was not based on zip codes, but was based on census data. Zip codes were used for the current biennium, but the Department needed to examine the issue in the future.

Assemblywoman Carlton expressed concern about the zip codes. One biennium represented two years of a student's life. Whatever the Legislature did would affect those children. She did not want to see students in her district suffer because of the diversity of income in her district.

Assemblywoman Swank asked about the weights not being included in the statutes. She thought having the weights in the statutes allowed for long-term planning that was needed, because stability in education was needed. She wanted to know the long-term plans.

Mr. Erquiaga said section 28 of S.B. 508 (R1) included the long-term plan. It was his job as Superintendent of Public Instruction to provide the Legislative Committee on Education and the Governor with the plan to FY 2022. Many children would move through the state's schools during that time. He said the Nevada Plan had existed for 50 years, and the Department took a big step by locking itself to the plan to change the formula by FY 2022. He said the plan had to be thoughtful and continue the work of the Task Force on K-12 Public Education Funding as the agency learned more from the categorical programs. He believed the ultimate goal was the Legislature and the Governor should agree on the weights, and the weights would then become a multiplier expressed in the law.

Assemblywoman Swank said she was a social scientist and did not support the use of a single count day for enrollment numbers. She was pleased to see the Department shift away from a single count day to a quarterly calculation.

Assemblywoman Benitez-Thompson asked about the allocation of some of the weights. She believed that double dipping should be examined. She cited an example of the health-care programs of Medicare and Medicaid and the perceived double benefits. She thought the state might be allocating dollars in different ways for education, but the total funding was below the level the state ought to be for education. The consequence of that would be a massive teacher shortage and poor educational outcomes. She wanted a broader consideration of the effects on the communities and students.

The state was at the bottom of the list in education spending, and she knew that had actual implications for the work product of the schools. The proposed weights were a step in the right direction, but the state needed a better allocation of funds to support the goals and achievements. Nevada might inch above Guam in rankings, but Nevada would still be low in the national rankings. The state was working toward a competitive education system, but this bill was just a first step.

Mr. Erquiaga agreed. The Department might plan to spend the same amount of money for two students, but one student had special needs; the money for the second student should augment the money to the student with special needs. The state might create a funding shortage among some students to help other students through no ill-intended design. Nevada was a diverse state, and the diversity must be addressed in the funding formula. Senate Bill 508 (R1) was a way to modernize the funding model to treat children equitably and add the additional resources to help children get across the finish line successfully.

Senator Moises (Mo) Denis, Senate District No. 2, testified that he chaired the Interim Task Force on K-12 Public Education Funding, and many of the recommendations of the Department reflected the recommendations of the Task Force. The report from the Task Force represented thousands of hours of work completed during the interim. He listed the members of the Task Force and indicated that the diversity of members strengthened the composition. The Task Force also created a Technical Advisory Committee chaired by Senator Joyce Woodhouse, Senate District No. 5, to work on the technical aspects of the funding formula. He listed all the members of the Task Force as well as the Technical Advisory Committee. Those members understood the Nevada Plan and participated in the meetings. There were five all-day meetings of the Task Force and numerous meetings of the Technical Advisory Committee.

Senator Denis said the group was tasked not with how to increase the funding for education, but with how to look at the formula and allocate the funds. The Task Force lacked the time to consider the gifted and talented program. The recommendations included how to allocate the funding for education. The cost analysis was studied. He listed all the sponsors who contributed over \$100,000 in funds to update the cost analysis to determine whether the weights were in line with the recommendations. The Task Force developed specific weights that were phased-in over a six-year period. The first two years of the recommendations would not be applied until after the first year of the next biennium. The multiplier in the first year increased from 1.1 to 1.3 and later to 1.5. The actual recommendations were aligned with the cost-allocation studies.

Senator Denis said the Nevada Plan needed to be updated, and S.B. 508 (R1) included special education, changed the count day, added gifted and talented, defined at-risk, added equity allocation, and provided a deadline. The Task Force recommended weights of 1.15 in FY 2019, 1.3 in FY 2020, and 1.5 in FY 2021. The recommendations included a provision to allow the Superintendent of Public Instruction to adjust the true weights. Senator Denis disagreed that the weights added into statute locked in the weights, but there was a provision in the amendment to address that. It cost more than Nevada spent to educate students and get good results. If Nevada did not increase the funding for special education, the state might be sued because it failed to address the needs of the students. Senator Denis supported S.B. 508 (R1).

Assemblywoman Titus expressed concerns about double dipping and weighted measures. She said health care providers that billed for services were subject to oversight by the Centers for Medicare and Medicaid Services (CMS) and had to repay any improper charges. She expressed concerns about the large dollar amount of the education budget and the lack of accountability. She questioned who reimbursed the state if education funds were not spent correctly.

Senator Denis replied that the funds for the Zoom schools included accountability, and those programs would be evaluated to ensure the programs were properly managed. The Victory schools had to comply with plans or they would fail to receive the second half of the funds. Those accountability pieces were included in the bill. Senate Bill 508 (R1) required the Superintendent of Public Instruction to look at the weighted funding for special programs and the results of the weights. Senator Denis agreed that changes to the Nevada Plan should be monitored to ensure successful results were produced.

Assemblywoman Kirkpatrick said legislators had wanted changes to the Nevada Plan to ensure that the money was spent on the intended purposes for education. It was important that all students had the necessary resources to be successful. Some rural areas experienced declines in student populations, and providing special programs was more expensive in rural Nevada than in southern Nevada. The bill presented a balance to allocate the dollars statewide in an equitable manner.

Senator Denis said his wife was a teacher and taught for the last five years. Originally, she had 34 students in her kindergarten class, but later had 22 students in her first-grade class. Zoom schools provided extra help to students in need, and the results were good. Every county school district submitted a resolution supporting the changes to the Nevada Plan suggested by the Task Force. Certain school districts had higher ELL populations, and the money would be reallocated based on the needs of the students.

The hold-harmless provision would protect the districts for the first two years, because the weights would be applied on a progressive basis and not all at once to allow the districts time to adjust their budgets. Senate Bill 508 (R1) provided the opportunity to increase education funds without disproportionately affecting some areas that might receive less funding.

[Chair Anderson returned to the meeting and resumed the duties of the Chair.]

Assemblywoman Carlton said the concept of double dipping should be discussed to clarify how the bill addressed that problem. She wanted to know how the Task Force decided what components should be provided to each category of students. The Technical Advisory Committee studied the details of the allocations. She wanted clarification concerning what was provided to the students.

Senator Denis replied that the Technical Advisory Committee included finance experts. Some states used weighted funding for two categories, including ELL and poverty. The Task Force considered using two categories, but decided not to allow two categories for one individual student. The Task Force concentrated on how to divide the funding and not how to increase the total funding. The Task Force decided to only allow one weight per student. Senator Denis stated that when one need was corrected, other needs might continue to exist.

Assemblyman Edwards asked what the additional weight that equaled \$2,900 would buy for a student who was in poverty.

Senator Denis replied that there were programs for ELL that addressed different needs of students. Some students might speak English, but not very well. Other students might never have spoken English at home and were unfamiliar with English. Learning to read was hard. There were a variety of programs.

Assemblyman Edwards asked what benefits persons in poverty received for the additional money spent.

Senator Denis replied poverty students received programs that had been tested and showed results, including after-school tutoring, additional reading help, additional help in language, and other benefits.

Assemblyman Edwards questioned whether there might be a time in the future after all those weights had taken effect, that the Department would no longer need the additional programs that cost over \$1 billion.

Senator Denis believed there would always be students with ELL needs. Because the state had underfunded education for many years, it would take some time for the results to improve. He believed that at some point, the needs might lessen, and he foresaw the needs decreasing in the future.

Assemblyman Oscarson said an increase in funds and services needed more oversight of how the funds were spent in the local school districts and how the problems were addressed. He had personal knowledge about funds not being spent and administered properly in local school districts.

Senator Denis agreed and said those accountability measures were included in the Task Force recommendations to ensure the funds were spent properly.

Assemblyman Oscarson said that in some instances, the special needs students were locked in classrooms at the end of hallways without recesses. He said that was impractical and atrocious for students that could be mainstreamed. He believed some staff were not well trained and lacked the knowledge to provide necessary services. The administrators had to pay attention to how services were provided.

Senator Denis agreed and said it was important to fix those problems.

Assemblywoman Bustamante Adams agreed with the need for accountability and appreciated the work of the Task Force. She asked whether Senator Denis knew that the Department would not accept the recommendations of the Task Force during any previous hearing.

Senator Denis said S.B. 508 (R1) was introduced late, and he had hoped to be able to present both education bills at the same time. One amendment had been completed, and there were some additional changes that could be made. Senator Denis did not work on the second amendment. The legislative session was nearing its end and that caused some problems. He wanted the Committee to appreciate all the work that had been done. The education bill contained the proposals of the Task Force, even though there were some small differences. Senate Bill 508 (R1) was important work that needed to move forward.

Assemblywoman Benitez-Thompson said the education budgets were closed, and additional money was authorized for independent auditors to audit new programs. She said the Legislature had not been neglectful about accountability. The independent review made sense, and she wanted someone from the outside doing an evaluation. The state would perform its due diligence. If the audits showed education was not moving toward improved outcomes, the Legislature would know that the investment failed to produce

the desired results. The state needed a smarter Nevada produced from the education system to contribute in a meaningful way. She looked forward to those audits, because they would reflect the return on investment.

There being no further questions, Chair Anderson asked for testimony from those in support of the bill.

Sylvia R. Lazos, Justice Myron Leavitt Professor of Law, William S. Boyd School of Law, University of Nevada, Las Vegas, testified in support of Senate Bill 508 (1st Reprint), a revision to the Nevada Plan for school finance. She served as the Vice Chair of the Latino Leadership Council. She suggested that the bill include the student multipliers or weight factors and the structure that was included in Senate Bill 397 and recommended by the 2013-2014 Interim Task Force on K-12 Public Education Funding (Task Force) created by Senate Bill No. 500 of the 77th Session (2013). The Task Force worked for over six months in 2014 developing its recommendations for the weight factors that were supported by other studies.

Ms. Lazos suggested that including the weight factors in the bill would bind the state to do the right thing for all children in the short-term rather than in the indefinite future. Senate Bill 508 (1st Reprint) was a general statement of the intent of the Legislature to provide additional resources to Nevada children under the Nevada Plan at some future time.

Ms. Lazos said S.B. 397 promised Nevada children that adequate funds would be provided in the 79th Session (2017), and the changes would be in full effect by the year 2020. Senate Bill 397 was a more concrete promise to Nevada children. She suggested some specific language that better committed the Legislature. Section 4, subsection 2 of S.B. 508(R1), on page 8, lines 14 and 15 stated, "It is the intent of the Legislature, commencing with Fiscal Year 2016-2017, to provide additional resources to the Nevada Plan." She suggested adding the following statement to that language: "to adequately fund education for all Nevada children," to allow funding in the Nevada Plan to be expressed as a multiplier.

Ms. Lazos said it was important to add the language regarding adequacy, because when the state bound itself to adequacy, it acknowledged that there was a dollar amount that provided an adequate education to all Nevada children.

Ms. Lazos said she recently visited the White Pine County School District. She knew there were many rural districts that could not afford capital expenditures because their bonding capacity was not high enough to build a new school. She walked through a high school with windows that had to be locked, that

lacked air conditioning, that still had asbestos tiles, and that had an unsound basketball court. White Pine County students would not see a future where they would have a new high school or new equipment. Ms. Lazos said capital expenditures should be provided by the state, even though that was an unpopular idea. The state needed to acknowledge that many of the rural areas were unable to build new schools. The state should provide an adequate education to all Nevada children, including children in the rural areas.

Andrew Diss, State Director, StudentsFirst Nevada, testified in support of S.B. 508 (R1). He said it was great to hear all the questions from the Legislators. The bill would be the most effective piece of legislation this session and would affect millions of students over the coming years. In 1967, Nevada was a small rural state with a predominately white population. There were only about 450,000 persons living in the state. Today, Nevada had nearly 3 million persons living in the state. Nevada ranked third as the most urban state behind California and New Jersey. Nevada was diverse. The state would see a return on its investment through S.B. 508 (R1). There was a recent study by the National Bureau of Economic Research that showed that in districts that invested more in at-risk students, those students earned 25 percent more when they entered the workforce. Those students gained nearly one-year's worth of learning over their counterparts and had a 20 percent decrease in the adult poverty rate. Nevada led the nation in adult poverty, and this bill would do a lot to address that problem.

Seth Rau, Policy Director, Nevada Succeeds, testified that ELL students who lived in poverty were succeeding and going to college for the first time. There were successes occurring in Nevada. Senate Bill 508 (R1) would improve the outcomes. Creating a funding formula that was well-structured and investing in the students with the most needs would result in a system to build what the Governor called the "New Nevada." The Zoom and Victory schools were the initial building blocks of the new formula. The audits would show that those programs were successful, and those programs could be the way for the state to build a new future.

Joyce Haldeman, Associate Superintendent, Community and Government Relations, Clark County School District (CCSD), testified that the bill was a long-term priority of CCSD. The CCSD began discussing the education funding formula in 2000, and by 2005, it had become a critical situation for the district. In 2007 and 2009, CCSD considered proposing a bill draft request, but the state was in the middle of budget cuts. In 2011, CCSD proposed Senate Bill No. 11 of the 76th Session (2011), which called for a study of the funding formula. The outcome was Senate Bill No. 500 of the 77th Session (2013) that formulated the Task Force. There was no funding available for the

Task Force, and CCSD raised \$130,000 to fund the work of the Task Force. Senate Bill 397 was the outcome of the Task Force. The CCSD supported S.B. 508 (R1) and believed it achieved the same results. The work of the Task Force should be taken into consideration because of the many hours spent in that work.

Ms. Haldeman said that every student could learn, which was why CCSD believed strongly in the bill. It was just a matter of some students having obstacles in their paths that required more time and more resources to achieve success. Removing the obstacles required more money.

Ms. Haldeman considered the Zoom school program a good experiment. Money was allocated to the ELL population. The CCSD would double the funding because of the excellent results produced. The multiplier would be about a 1.35 weight for the ELL students. The Zoom schools reached 11 percent of the ELL population in CCSD. Double funding would reach about 22 to 23 percent of the ELL population in CCSD. The Zoom school program was still in the pilot stage. The CCSD could continue to allocate categorical funding targeted for specific populations and then do a backward calculation to develop the weight. The CCSD could also move to a weighted funding to provide a specific amount of money for the education of an ELL student. The Zoom schools operated in the schools that had the highest percentage of ELL students. Currently, it was easy to administer the program, because the Zoom schools operated in neighborhoods where there were large concentrations of students who needed ELL services. The ELLs might represent 5 to 10 percent of the student population in a CCSD school, and those students needed access to the services. The weighted per-pupil funding would provide the needed services. She said the ELL students did not need Zoom schools in addition to a multiplier of 1.5 weight. That would be the equivalent of double dipping, and that was not the intent of the bill. The education funding should use categorical funding or the multipliers, but not both. Senate Bill 508 (R1) was the next logical sequence in all those steps to provide the funding for the resources for those students who needed them the most.

Ms. Haldeman said the services for those students who lived in poverty were the allowable services provided by the Victory schools, which was another good experiment. Many of the services provided by Victory schools were also provided by the Zoom schools, but the services were expanded because the students had social needs that were not being met. The services might be social wraparound services that were needed. Some students might need glasses or dental work to overcome other barriers that kept them from being able to learn.

Ms. Haldeman stressed that CCSD never did anything to harm the other county school districts. The CCSD was the largest school district in the state, but cared about all the students in the other school districts. She thought this was the ideal time to look at weighted funding, because all districts needed additional funding and no district's budget should be cut. Discussion centered on reallocating the funding and not increasing the funding. Ms. Haldeman said the truth was, the state needed to increase the funding for education as it reallocated funds. Students in one county should not learn at the expense of students in another county. Now was the opportunity to rectify the funding problems and increase funding for all students in a slightly different way. The money would follow the students.

Ms. Haldeman said no piece of significant legislation happened in one legislative session. She said this was the third legislative session to consider a material change to the Nevada Plan and mirrored what happened in 1967. The discussions for the original Nevada Plan started in 1961, and the first action was taken in 1963. The conversations that were held then mirror the conversations being held now. In 1963, the Legislature began to form a committee that convened in 1965 and enacted the Nevada Plan in 1967. The year 2017 would be the 50th anniversary of the Nevada Plan. She wanted the new plan to be enacted to meet the needs of the children.

Lindsay Anderson, Government Affairs Director, Washoe County School District, testified in support of S.B. 508 (R1). She agreed with Ms. Haldeman's testimony. Ms. Anderson added that shifting from categorical funding to a weighted funding formula prevented having the awkward conversation of decreasing money to Zoom schools. The Washoe County School District invested in Zoom schools and saw positive results. It would be a difficult decision to reduce the funding to Zoom schools. As the state shifted to the weighted funding formula, the money would follow those students with needs.

Ms. Anderson said the Washoe County School District participated in the Task Force and supported the recommendations. It was important to not punish other school districts, and the Task Force was a collaborative effort. She was comfortable with the hold-harmless provision. She was happy to hear the Superintendent of Public Instruction talk about the Department's willingness to smooth the enrollment numbers as the school districts shifted from one count day to the average daily enrollment. The school districts would work with the Department of Education on a smoothing process, because the population frequently increased and decreased. Often, as the population grew, the school districts might see fewer students at the end of the year. The use of the last quarter enrollment to fund the first quarter enrollment would result in

discrepancies. Ms. Anderson looked forward to working with the Department to ensure that the student counts were smoothed out.

Assemblyman Edwards understood that Ms. Anderson did not want the funding cut when the special programs succeeded. He said that if the programs were successful, the funding should be reduced, because the need would no longer exist. He asked whether Ms. Anderson believed the funding needs would ever decrease, not necessarily to zero but to a lower amount. He questioned whether she believed a time would come when the programs would work, the school districts would not need as many of them, and the costs would decrease.

Ms. Anderson replied that she could follow that train of thought if the school district had the same children in the school all the time. However, as those children came and went from the schools, new students entered who needed services. The school district provided the services to existing students, and when those children exited out of that school, the school received a completely new group of children who needed those services.

Ms. Anderson cited an example of ELL children. Kindergarteners started school and needed ELL services just as much as sixth-grade students did when they started. New ELL students would need the services provided in Zoom schools, including reading centers. If the school district had fewer students enrolled who needed ELL services, she could see that the need to pay for the ELL program might decrease. However, as the student population continued to enter school with language challenges, she did not see the ELL need decreasing.

Assemblyman Edwards asked whether Ms. Anderson expected that at any point in the future, students would be better prepared to enter school. Each grade would be built upon the success of the previous grade, and the cost would decrease because Zoom schools would not be needed in high school or middle school, because the "Read By Three" legislation [Senate Bill 391 (3rd Reprint)] would have solved the problem. He asked whether that was a possibility.

Ms. Anderson agreed it was a possibility, but said she was not a social scientist and could not predict what the population would look like in the future. She hoped that increased funding for education would help young children earlier, and they would not need services later in school. However, education continued to raise the bar for the students to not just promote proficiency, but also to encourage students to increase college attendance rates and college career readiness. Ms. Anderson believed that education would increase expectations, and schools would probably need to provide additional services throughout the students' school careers.

Assemblywoman Kirkpatrick said autistic children were not a topic of discussion when she attended school. The IEP became a popular discussion, and in between all that, schools changed the rules. The state would do everything to ensure that the future generations of children had all the needed tools. Assemblywoman Kirkpatrick thought that in the future, there would be something different that would be needed. She said the state would see some changes, but no one knew what to expect in the future.

Ms. Anderson agreed and said the school district's goal was to get every child by name and face to graduation. Depending on the needs of the children who entered schools in the district, the district would provide those services, but it was unable to predict what those needs would be for the future.

Assemblywoman Benitez-Thompson said she understood that new cohorts of students entered the school districts all the time. School district funding was not just about a one-shot appropriation, but needed to reflect an acknowledgement of how schools worked. Schools had a new group of students coming in every year. Over the interim, conversations about program fidelity had occurred. Nevada's graduating seniors had started out their educational tenure under one type of educational philosophy, and then requirements of the No Child Left Behind Act of 2001 were imposed, and finally common core became the focus. She cautioned that persons should be mindful that the state had not had a chance to adopt a specific educational philosophy and follow the results with a clean cohort of students from kindergarten through graduation. No tests could be conducted to prove that a specific set of factors and influences produced specific results. Schools kept changing the educational philosophies and methods. Assemblywoman Benitez-Thompson said it would be nice to have one method in place and see it all the way through. She hoped for the next generation of students that the public philosophy would result in social savings and a reduced number of persons eligible for Temporary Assistance for Needy Families (TANF), as more persons graduated from college and earned higher wages. There was a correlation between reading in second grade and a reduced number of persons who filled the jails. An educated population would result in fewer persons in the correctional systems and less spending in the Medicaid program. The state spent a lot of money on the entire social safety net. A reduction in social services funding would result from a more educated population that earned and produced more. Adequate funding for education would reduce some of the safety net expenses.

Ruben R. Murillo, Jr., President, Nevada State Education Association, testified that he was a special education teacher. He appreciated the provisions of S.B. 508 (R1) that increased the weighted formula for special education students first. It was challenging to teach diverse children in the classrooms

with the lack of resources and materials. He looked forward to increasing the weighted formula for ELL, poverty, and other categories of students. He supported the change in the method used for count days. Currently, there was increased pressure to get all the children to school on one specific day. It was difficult to get sick or absent children back to school. The change to the count-day method would provide a better way to assess the necessary funding and the allocation of that funding.

Mr. Murillo said Nevada had a transient population. In an ideal world, the weighted formula investment would be successful and reduce future costs, but the state's population was transient and the demographics changed often. It was a challenge to provide and predict which program would work for all children and be complete at a certain time. No Child Left Behind resulted in many changes. If that program had been successful, every child today would be able to read. That did not happen. He cautioned the Legislature to ensure that a continuity of programs existed as formulas changed. Programs needed time to be proven successful.

Mary Pierczynski, representing the Nevada Association of School Superintendents, testified that the superintendents agreed that the Nevada Plan needed to be revised. A revised funding formula was one of the tenets outlined in a report produced by the Superintendents of Nevada's school districts called "iNVEST in Education: Road to the Future 2015." The Task Force was created to represent many different interests, and input from the school superintendents was received. The superintendents maintained that the weighted formula had to be based on adequate funding of the base. Weights could not be added to a base that was not adequate. She echoed the prior testimony that there should not be winners at the expense of losers.

Jessica Ferrato, representing the Nevada Association of School Boards, said the Association supported the bill and iNVEST. It was not possible to move to a weighted funding formula unless the base was funded adequately. This process could not be about pitting one school district against another. The focus should be on the children in the state and building a stable education system statewide. She appreciated the hold-harmless provision in the bill.

Victoria Carreón, Director of Research and Policy, Kenny C. Guinn Center for Policy Priorities, testified in a neutral position on S.B. 508 (R1) and presented [Exhibit D](#), "Revisions to the Nevada Plan." She had studied various reports on K-12 funding. She thought the bill contained many positive aspects, but there were changes that could be made to strengthen the bill. The bill expressed the intent of the Legislature to provide additional resources to the Nevada Plan. It was important to look at the history of the state and local funding in recent

years. The chart on page 1 of [Exhibit D](#) showed the effect of the most recent economic recession. Funding for education in FY 2014 in Nevada was 11 percent below the peak funding in FY 2008, considering both state and local funding for the school districts.

Ms. Carreón said the current model of funding was based on historic costs and not on the cost to adequately fund education. Big disparities existed among school districts, and the chart on page 2 of [Exhibit D](#) showed those disparities. The new funding model should take into consideration the cost of adequately funding education. The cost study done by Augenblick and Associates in 2015 determined the recommended base funding of \$8,251 per pupil, which included all state and federal funding. She thought the bill could be strengthened by inserting some language stating that the Legislature intended to adequately fund education in the future, whatever that amount might be.

Ms. Carreón said the transition to a weighted formula for the differential population was a positive step. The work of the Task Force should be taken into consideration, and the weights should be added to NRS now. Including those weights in the statutes would help ensure accountability and show the good faith effort of the Legislature.

Ms. Carreón said it was good to move to a weighted formula for special education. She supported the cap on special education students of 13 percent of the student population. She said other states had moved away from funding every special education student and had moved to a census model in which the special education funding was based on the total number of students. Funding based on each special education student provided an incentive to over-identify special education students. The Read By Three Act [[S.B. 391 \(R3\)](#)] contained an exemption for special education students, and she worried that there might be a tendency to over-identify special education students.

Ms. Carreón said a lot of other revenue existed outside the funding formula, and omitting that revenue in the formula decreased the transparency. The funding formula should be fully articulated in the statutes.

Ms. Carreón said it was important to explain what the weights were based on when the weights were created. Now the funding was based on the basic support guarantee, and that amount was different for every school district. She suggested the state consider an approach that multiplied the weights by a standard amount statewide.

Ms. Carreón said moving to a weighted formula would affect some smaller school districts that would lose money unless they were held harmless.

She suggested adding language to ensure small school districts were held harmless. California recently adopted a weighted funding formula and a local control accountability plan. Each school district was required to develop an accountability plan to show that the funds were spent wisely.

Mr. Erquiaga addressed several of the problems raised. He understood that the Committee wanted him to focus on the accountability. He said that the Governor proposed new spending that was matched with accountability and independent evaluations. Governor Sandoval had presented not just additional resources and additional investments for education, but required outside evaluations of education for the first time. Mr. Erquiaga believed the other bills approved by the Legislature applied the pulleys and levers to the public education system in the right way. Senate Bill 508 (R1) embarked on a great modernization effort based on the work of the Task Force. The bill proposed a modernization of the way public education was funded and its accountability. The first weighted measures were applied to special education, which was the most vulnerable population. In the past year, the Department began the most rigorous enforcement action in 20 years against a school district for violation of special education rules.

Mr. Erquiaga cited some personal stories about his family. He said the Nevada Plan was the reason he accepted the job as Superintendent of Public Instruction. He took the stewardship of education funds and the students seriously. He committed that the accountability measures that the Legislature stressed and the modernization and investment would do exactly what was intended. Senate Bill 508 (R1) would eradicate underperformance in the schools and generate the best possible workforce for the 21st century in Nevada. He urged the Committee to adopt the bill.

Hearing no further testimony in support of, opposed to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 508 (R1) and opened the hearing on Senate Bill 332 (1st Reprint).

Senate Bill 332 (1st Reprint): Makes an appropriation to the Clark County School District to carry out a program of peer assistance and review of teachers. (BDR S-763)

Senator Michael Roberson, Senate District No. 20, testified that the origins of Senate Bill (S.B.) 332 (1st Reprint) dated back to the 76th Session (2011) when a trilogy of bills was passed addressing performance evaluations for educational personnel. For the first time, educator evaluations were linked to the academic growth of students. Assembly Bill No. 222 of the 76th Session (2011) created the Teachers and Leaders Council of Nevada to establish a statewide

performance evaluation system for both teachers and administrators, with at least 50 percent of the evaluation based on student achievement. The second of the three bills approved was Assembly Bill No. 225 of the 76th Session (2011), which provided that a postprobationary teacher or administrator who received an unsatisfactory evaluation for two consecutive school years would return to probationary status. The last of the three bills was Assembly Bill No. 229 of the 76th Session (2011), which made a number of significant policy changes. It streamlined the evaluation process, extended the probationary period to three years, eliminated seniority as the sole criteria for reductions in workforce, and required school districts to establish a program for performance pay. The Legislature followed up with Senate Bill No. 407 of the 77th Session (2013) that further refined the evaluation statutes and more significantly added a component of peer evaluation that led to S.B. 332 (R1).

Senator Roberson explained that S.B. 332 (R1) provided the necessary funding for the Clark County School District (CCSD) to conduct peer assistance and review and support teachers with the information and resources needed to be more effective in the classroom. The bill appropriated \$1 million in each year of the 2015-2017 biennium and explicitly limited the expenditures to their intended purpose. The CCSD began a pilot project to test a limited rollout of the model. The peer assistance and review (PAR) program was evidenced-based and was developed in consultation with Montgomery County, Maryland, which had successfully used the model for 15 years. As an aside, the reason for the bill's minor amendment was to mirror the terminology of the Clark County PAR program

Senator Roberson advised that PAR was a partnership between CCSD and the Clark County Education Association (CCEA) and had received the necessary support that was essential for a new initiative. The program leveraged the expertise of CCSD's best teachers, referred to as consulting teachers, who helped their peers in need of support because they were new to the profession or taught in a challenging classroom. The PAR was guided by a ten-member panel made up of five CCEA teachers and five CCSD administrators. The panel selected the consulting teachers who made a three-year commitment to help 10 to 15 of their peers. Though the program was new in Clark County, a strong body of evidence had proved it worked. As various organizations monitored the performance of educational systems around the world, observers had asked questions about what set apart the top performers from countries, including the United States, that were struggling. A great deal of research had been undertaken to find the answers to the questions. There were several reasons for the educational growth and success of other nations, but one reason stood apart. High-performing countries had professionalized the job of teaching, and teachers were not viewed as mere employees expected to deliver

a standardized product according to a formula. Teachers were professionals with deep subject knowledge who were empowered to customize education for each student's needs. Teachers in high-performing jurisdictions had acquired the expertise necessary to deliver high-quality education through a system of job-embedded professional development. Those teachers were in constant communication with other teachers who observed their classroom work, shared productive critiques, and collaborated on strategies to improve their craft. The system of peer interaction and accountability, along with other public policy measures, led to continuous improvement in teaching quality and made teaching a true profession similar to medicine or the law. It was good that teachers were asked to interact in a meaningful way, work for mutual improvement, and hold one another accountable as peers and professionals. The CCSD and CCEA had partnered to lay the groundwork for the paradigm shift in educator development. Senate Bill 332 (R1) would ensure this important work was brought to scale. Senator Roberson urged support for the bill.

Assemblywoman Titus said peer support was important. She questioned the \$1 million blank check for the program to proceed without having a breakdown of where the money would be spent. The scope of work required by the bill included conducting observations and peer assistance review and providing information and resources to teachers, and she believed those services were available to teachers now.

Senator Roberson replied that those questions would be best answered by the CCSD and CCEA representatives.

Joyce Haldeman, Associate Superintendent, Community and Government Relations, Clark County School District, said she had not been part of the team working on this project, but was proud of the good results. The team had worked collaboratively on this project, because it would help teachers in many ways. The CCSD struggled to hire and retain good teachers, and it needed to provide better mentoring and training. The PAR program was one of the best solutions developed, and the program provided an opportunity to ensure that the best educators were in front of the students who needed them the most.

Theo Small, Vice President, Clark County Education Association, testified that CCSD approved the memorandum of understanding for the PAR program. The appropriation was \$1 million for fiscal year (FY) 2016 and \$1 million for FY 2017. The majority of the appropriation would pay for salaries for the lead consulting teacher and the 15 consulting teachers. Another portion of the appropriation would pay for technology supplies, including computers to communicate with teachers in the "turnaround" zone classrooms. The teachers would receive mileage reimbursement for travel to various schools to support

other teachers. The total cost of the PAR program was about \$1.4 million each year.

Assemblywoman Titus expressed concern about removing 15 teachers from the classroom and appointing them as consulting peer teachers. She said there was a desperate need for teachers in the classroom. She constantly saw programs being suggested that removed teachers from the classrooms. Assemblywoman Titus wanted to know how the PAR program would solve the teacher shortages in Clark County.

Ms. Haldeman responded that the PAR program provided a big return on investment. The retention of teachers was important to CCSD. The value of the PAR program was appointing excellent teachers as role models, mentors, and trainers to encourage other teachers to remain in the classroom. Teachers could attain a doctorate degree, but would only earn about \$70,000. Many good teachers became administrators to earn more money. The PAR program would attract and retain good teachers in the classroom who could spread the wealth and influence to other teachers in the classroom.

Assemblywoman Titus said her grandmother graduated from the University of Nevada in Reno in 1912 with a teaching degree, and she taught in a one-room schoolhouse in Smith Valley. Assemblywoman Titus's daughter graduated from the University of Nevada, Reno with a master's degree and worked as a physics teacher in Lyon County before she became a science program director in a charter school in Fallon. Assemblywoman Titus understood the struggle of teachers and wanted to ensure that teachers had the right tools to succeed.

Assemblyman Edwards asked about the cost, because the bill appropriated \$1 million per year but testimony indicated the cost would be \$1.4 million per year.

Ms. Haldeman responded that CCSD and CCEA subsidized a portion of the cost of the PAR program.

Mr. Small added that CCEA had written a grant for \$750,000 for the professional development of both the consulting teachers and the lead consulting teacher, Samantha Hager, Peer Assistance and Review (PAR) Lead Consulting Teacher. The CCEA would train the teachers and the administrators on the PAR panel that would evaluate every new teacher to determine the needed support. Mr. Small cited an example of a school in the turnaround zone that hired 25 new teachers, and 9 teachers left in the first school year. He said it was important to support the teachers in the toughest schools with

a PAR teacher to provide feedback and model lessons. He expected the PAR program would resolve the retention problem, because teachers who left mentioned the need for more support. Turnaround Performance Zone 14 had the most vacancies and long-term substitutes and had the newest teachers who lacked the necessary teacher training. The PAR program was a good way to support teachers throughout the year.

Samantha Hager, PAR Lead Consulting Teacher, Clark County School District, testified that she had worked in a turnaround school for 2 1/2 years. Her duties included coaching, but she also helped new teachers obtain resources, provided professional development, did lunch duty, and covered classes. Teachers were assigned many duties. The only job of the PAR consulting teachers was to work with new teachers to improve their instruction. The consulting teachers would meet new teachers and provide individualized professional development. That was why the PAR program was different and would improve the retention of teachers.

Senator Roberson said he appreciated the Committee allowing him to present the bill and asked for support of S.B. 332 (R1).

Hearing no further testimony in support of, opposed to, or neutral on the bill, Chair Anderson closed the hearing on S.B. 332 (R1) and opened the hearing on Senate Bill 511.

Senate Bill 511: Establishes the Teach Nevada Scholarship Program and incentives for new teachers in certain schools. (BDR 34-1277)

Chair Anderson explained that the Committee was out of time and needed to schedule another hearing later in the day to hear Senate Bill 511.

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Chair Anderson opened public comment, and there being no public comment, he closed the hearing and adjourned the meeting at 11:42 a.m.

RESPECTFULLY SUBMITTED:

Janice Wright
Committee Secretary

APPROVED BY:

Assemblyman Paul Anderson, Chair

DATE: _____

EXHIBITS

Committee Name: Assembly Committee on Ways and Means

Date: May 29, 2015

Time of Meeting: 9:02 a.m.

Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
S.B. 230	C	Robert Jacot, private citizen, Sparks, Nevada	Video about Aiden Alex Jacot in support of S.B. 230
S.B. 508 (R1)	D	Victoria Carreón, Director of Research and Policy, Kenny C. Guinn Center for Policy Priorities	" Senate Bill 508 : Revisions to the Nevada Plan"