

**MINUTES OF THE  
SENATE COMMITTEE ON FINANCE**

**Seventy-Eighth Session  
May 14, 2015**

The Senate Committee on Finance was called to order by Chair Ben Kieckhefer at 6:47 p.m. on Thursday, May 14, 2015, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

**COMMITTEE MEMBERS PRESENT:**

Senator Ben Kieckhefer, Chair  
Senator Michael Roberson, Vice Chair  
Senator Pete Goicoechea  
Senator Mark A. Lipparelli  
Senator David R. Parks  
Senator Joyce Woodhouse

**COMMITTEE MEMBERS ABSENT:**

Senator Debbie Smith (Excused)

**GUEST LEGISLATORS PRESENT:**

Senator James A. Settelmeyer, Senatorial District No. 17  
Senator Scott Hammond, Senatorial District No. 18  
Senator Becky Harris, Senatorial District No. 9

**STAFF MEMBERS PRESENT:**

Mark Krmpotic, Senate Fiscal Analyst  
Alex Haartz, Principal Deputy Fiscal Analyst  
Emily Cervi, Committee Assistant  
Lona Domenici, Committee Manager  
Trish O'Flinn, Committee Secretary

**OTHERS PRESENT:**

Constance Brooks, Ph.D., Vice Chancellor, Nevada System of Higher Education  
Chester O. Burton, Interim President, Western Nevada College  
Adam Peshek, Policy Director of School Choice, Foundation for Excellence in Education  
Frank Schnorbus, Nevada Homeschool Network; ParentalRights.org  
Janine Hansen, President, Nevada Families for Freedom  
Victor Joecks, Nevada Policy Research Institute  
Lesley Pittman, American Federation for Children  
Mary-Sarah Kinner, Las Vegas Sands  
Leslie Hiner, Friedman Foundation for Educational Choice  
Lynn Chapman, Independent American Party  
Joyce Haldeman, Clark County School District  
Lindsay Anderson, Washoe County School District  
Jessica Ferrato, Nevada Association of School Boards  
Mary Pierczynski, Ed.D., Nevada Association of School Superintendents  
Barbara Dragon  
Dale A.R. Erquiaga, Superintendent of Public Instruction, Department of Education  
Nicole Rourke, Clark County School District  
Patrick Gavin, Director, State Public Charter School Authority  
Elissa Wahl, Vice Chair, State Public Charter School Authority  
Craig Stevens, Clark County School District  
Renee Olson, Administrator, Employment Security Division, Nevada Department of Employment, Training and Rehabilitation  
Jeannine M. Warner, M.B.A., Director, Nevada Office, Western Interstate Commission for Higher Education  
Melinda (Mindy) Martini, Deputy Superintendent for Business and Support Services, Department of Education  
Andrew Diss, StudentsFirst  
Seth Rau, Nevada Succeeds  
Victoria Carreón, Guinn Center for Policy Priorities  
Sylvia Lazos, Latino Leadership Council

**Chair Kieckhefer:**

We will deviate a bit from the agenda and start with Senate Bill (S.B.) 414.

**SENATE BILL 414 (1st Reprint)**: Encourages the Board of Regents of the University of Nevada to enter into a reciprocal agreement with the State of California to authorize waivers of nonresident tuition to certain residents of the Lake Tahoe Basin. (BDR S-993)

**Senator James A. Settelmeyer (Senatorial District No. 17):**

Due to unique geographical realities of communities in the Lake Tahoe Basin, a resident of California may live closer to a community college in Nevada than in his or her state and vice versa. To support the efforts of citizens residing in these areas who wish to pursue higher education, S.B. 414 encourages the Nevada System of Higher Education (NSHE) Board of Regents to enter into a reciprocal agreement with California to authorize waivers of nonresident tuition. The California legislature is considering the matter in Senate Bill No. 605.

**Chair Kieckhefer:**

Does this bill relate only to Western Nevada College (WNC) in Carson City and Lake Tahoe Community College (LTCC) in South Lake Tahoe?

**Senator Settelmeyer:**

That is correct.

**Chair Kieckhefer:**

Do you know how many students in that region may be attending the respective colleges now?

**Senator Settelmeyer:**

In the past, when Nevada and California had a “good neighbor” policy, there were about 25 students attending the respective colleges.

**Chair Kieckhefer:**

Is there anyone here to testify in support of S.B. 414? Is there testimony in opposition to S.B. 414? Is anyone here to offer neutral testimony on S.B. 414?

**Constance Brooks, Ph.D. (Vice Chancellor, Nevada System of Higher Education):**

We are officially neutral regarding S.B. 414. Since the bill was introduced, NSHE has had ongoing discussions with the president of LTCC. There is a current Board policy that allows reciprocity agreements at the discretion of the president of the particular college.

**Chester O. Burton (Interim President, Western Nevada College):**

I am neutral regarding S.B. 414. While I understand the rationale for the bill, I have fiscal concerns. In the fall of 2015, in-State tuition fees for WNC will be \$93.50 a credit. Tuition only pays a portion of the costs of higher education; students pay approximately 35 percent and the State the remaining 65 percent. Tuition at LTCC is \$31 a credit. Since they are on a quarter system rather than a semester system, the comparable cost is approximately \$46.50 a credit. This is 50 percent of the cost. A reciprocal agreement would provide a financial incentive for Nevada residents to cross the border to attend school in California.

Even if tuition rates were roughly equal, WNC would not receive the State share of education costs for out-of-state students. A California resident who received the benefit of in-state tuition would cost WNC. This is especially acute in programs with space constraints such as nursing and welding. If a California resident enrolls in the Nevada program, not only are there fewer slots available to Nevada students, WNC would not receive the State share for the cost of the program. Over the last 8 years, WNC has received numerous budget cuts; State support has been reduced by over 40 percent. There is potentially another \$2 million cut next year. I am concerned about the financial implications for WNC.

**Chair Kieckhefer:**

From a funding perspective, when the "good neighbor policy" was in effect, were the students considered in-state or out-of-state?

**Dr. Brooks:**

They were counted as out-of-state.

**Chair Kieckhefer:**

Did the WNC receive State support for those students?

**Dr. Brooks:**

No, they did not.

**Chair Kieckhefer:**

What is the out-of-state tuition for WNC?

**Mr. Burton:**

For a part-time student, the tuition is \$270 per credit; for a full-time student, tuition is an annual fee of \$6,300 plus the State per-credit cost.

**Chair Kieckhefer:**

Is there any further neutral testimony on S.B. 414?

**Senator Settlemeyer:**

This bill urges the NSHE to consider entering into a reciprocal agreement if the California legislation passes. I urge this Committee to pass S.B. 414.

**Chair Kieckhefer:**

We will close the hearing on S.B. 414.

We will go into the work session segment of the agenda. We will open the hearing on S.B. 431.

**SENATE BILL 431**: Authorizes the Supreme Court of Nevada to enter into a long-term lease for office space in Clark County which extends beyond the 2016-2017 biennium. (BDR S-1133)

**Mark Krmpotic (Senate Fiscal Analyst):**

I will refer to the document titled "Mock-up of Proposed Amendment 6421 to Senate Bill 431," ([Exhibit C](#)) which addresses concerns regarding the classification of the lease as debt for the purposes of the *Nevada Constitution*. The amendment indicates that the lease may not constitute debt for the purpose of Section 3 of Article 9 of the *Nevada Constitution*. Section 1, subsection 2 of S.B. 431 calling for the debt to be paid from the Consolidated Bond Interest and Redemption Fund is eliminated. Chief Justice James Hardesty testified that S.B. 431 relates to a potential lease agreement to relocate the southern Nevada courts from the Las Vegas Regional Justice Center to new space in downtown Las Vegas adjacent to the federal court building.

Fiscal staff has received information from the Clark County District Attorney's Office that adequate consideration exists for an early termination of the Supreme Court's existing lease. They request that the court leave fixtures in its current space.

Fiscal staff has no other issues with the bill. It is not a budget implementation bill.

SENATOR ROBERSON MOVED TO AMEND AND DO PASS AS AMENDED S.B. 431 WITH PROPOSED AMENDMENT 6421.

SENATOR LIPPARELLI SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

The next item will be S.B. 456.

**SENATE BILL 456**: Revises certain provisions concerning the control and preservation of certain accessory roads. (BDR 35-1089)

**Mr. Krmpotic:**

This bill urges the Attorney General (AG) to take a leadership role in pursuing actions on behalf of the State and counties in formalizing and finalizing title to accessory roads and public roads. Further, the AG is authorized to participate as a party in a quiet title action regarding such roads under certain circumstances and in cooperation with or on behalf of a county or counties in which the road lies. In addition, the AG, the Nevada Association of Counties and the State Land Use Planning Advisory Council must work together to develop and implement a legal protocol that a county may use to perfect its right to finalize title to said roads. The bill was referred to the Senate Committee on Finance based on the fiscal note submitted by the Office of the Attorney General. Subsequent testimony from the AG's office clarified that there would be little, if any, fiscal impact over the 2015-2017 biennium. However, there would be a fiscal impact in subsequent biennia.

SENATOR PARKS MOVED TO DO PASS S.B. 456.

SENATOR GOICOCHEA SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Mr. Krmpotic:**

The next item is S.B. 492.

**SENATE BILL 492**: Revises provisions governing the financial administration of off-highway vehicle titling and registration. (BDR 43-1175)

**Mr. Krmpotic:**

This bill requires the Department of Motor Vehicles (DMV) to charge an annual fee of \$12 for each special license plate issued upon request of an Off-Highway Vehicle (OHV) dealer, long- or short-term lessor or manufacturer for the use of certain OHVs for the purpose of display, demonstration, maintenance, sale or exchange. All money collected by the DMV for registration and titling of OHVs will be deposited in a revolving account for the administration of OHV titling and registration. After paying the expenses of administering the titling and registration of OHVs, the DMV must, at least once each fiscal quarter, transfer any money in excess of \$150,000 to the State Highway Fund.

Fiscal staff suggests an amendment to section 2, subsection 4 of S.B. 492 to deposit this money into the Revolving Account for the Administration of Off-Highway Vehicle Titling and Registration rather than the State Highway Fund. The Legislative Counsel Bureau's Legal Division concurs with Fiscal staff.

SENATOR GOICOECHEA MOVED TO AMEND AND DO PASS S.B. 492 AS AMENDED IN SECTION 2, SUBSECTION 4 TO DEPOSIT THE MONEY INTO THE REVOLVING ACCOUNT FOR THE ADMINISTRATION OF OFF-HIGHWAY VEHICLE TITLING AND REGISTRATION RATHER THAN TO THE STATE HIGHWAY FUND.

SENATOR ROBERSON SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

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**Chair Kieckhefer:**

We will return to the hearing section of the agenda and S.B. 302.

**SENATE BILL 302 (1st Reprint)**: Establishes a program by which a child who receives instruction from a certain entity rather than from a public school may receive a grant of money in an amount equal to a certain percentage of the per-pupil amount apportioned to the resident school district of the child. (BDR 34-567)

**Senator Scott Hammond (Senatorial District No. 18):**

Senate Bill 302 authorizes the parent of a child to enter into an agreement with the Office of the State Treasurer under which the child would be enrolled in a private school, receive instruction from a college or university, program of distance education, accredited tutor, tutoring facility or parent. The parent will open an Education Savings Account (ESA) on behalf of the child and a grant of 90 percent of the local and basic per-pupil support will be deposited into that account. The remaining 10 percent of funding would remain with the student's home school district. A child with special needs, or whose household income is less than 185 percent of the federal poverty level, will receive a grant of 100 percent of the basic per-pupil support. Each agreement is valid for 1 school year and may be terminated early, renewed or reinstated in a future year at the parent's option. If the agreement is terminated early, the child may not receive instruction from a public school until the end of the period for which the last deposit into her or his ESA was made. An agreement terminates automatically if a child no longer resides in Nevada, at which point any money remaining in the account reverts to the State General Fund.

For a child to be eligible for an ESA, she or he must have been enrolled in a public school in Nevada for at least 100 consecutive school days immediately preceding the establishment of the account. A parent may not establish an account for a child who will be home-schooled, receive instruction out-of-state or who will remain enrolled full-time in a public school. However, a parent may establish an account for a child who receives a portion of instruction from a public school and a portion from another entity participating in this program. Grant funds may only be used for specific education expenses which are outlined in S.B. 302. These expenses include: accredited tutoring, books, distance education, exam fees, school-related transportation, tuition, funding a college savings account or prepaid tuition. At the end of the school year, any money remaining in an ESA may be carried into the next year if the agreement



is renewed. If the agreement is not renewed, or terminated while a child is still required to attend a public school, any remaining funds revert to the State General Fund. Any money remaining in the account when a child graduates from high school may be carried forward for 4 years and may be used to pay for post-secondary education in the State.

To participate in the program an entity must apply with the State Treasurer. The State Treasurer will publish a list of participating entities annually. Students who participate must take national, norm-referenced tests in mathematics and English and the results will be shared with the Department of Education (NDE), which will aggregate the results and report on the general progress of grant recipients. The Treasurer may deduct up to 3 percent from each grant to cover administrative costs and must qualify one or more private financial management firms to manage the ESA and establish reasonable fees for those accounts. A child who participates in the program who does not enroll in a private school is considered an opt-in child. The parent or guardian of an opt-in child must inform the school district the child would otherwise attend of his or her status. An opt-in child may participate in extracurricular activities at a public school.

**Adam Peshek (Policy Director of School Choice, Foundation for Excellence in Education):**

We support these policies. There are currently four other states with similar policies: Arizona, Florida, Mississippi and Tennessee.

**Chair Kieckhefer:**

Section 8 requires the deposit into the ESA to be the basic per-pupil level and the local funds. Will the local school district contribute its share and then the State will contribute its share?

**Senator Hammond:**

The contribution will be made from the Distributive School Account (DSA) after the State and local funds are merged.

**Chair Kieckhefer:**

Are the revenues the local shares within the DSA, not the local shares outside the DSA?

**Senator Hammond:**

That is correct.

**Chair Kieckhefer:**

There are different definitions for a homeschooled child and an opt-in child, but they appear to overlap. A parent is identified as eligible to be a participating entity. How is that different from homeschooling?

**Senator Hammond:**

This definition was created because many homeschooling parents do not want any funding from the State or federal government that would have requirements or limitations. However, a parent who wishes to provide education at home may opt in to the program if they are amenable to the parameters of the program.

**Chair Kieckhefer:**

Would an opt-in child still be eligible for an ESA?

**Senator Hammond:**

Yes.

**Chair Kieckhefer:**

Do you have an estimate of the total amount that would be deposited into an ESA annually for the upcoming biennium? The State share of the DSA is approximately \$5,700.

**Senator Hammond:**

The amount would be 90 percent of the DSA, less 3 percent of administrative costs allowed to the Treasurer's Office.

**Chair Kieckhefer:**

Nationally, about 2 percent of children are home-schooled. Is that percentage the same in Nevada?

**Senator Hammond:**

I do not know.

**Chair Kieckhefer:**

Some of the national homeschool Web sites give that percentage. They do not currently receive a DSA allotment. If the students who are currently homeschooled become opt-in students, using the basic per-pupil support of \$5,700, multiplied by 2 percent of 450,000 students, the State would incur a

\$50 million liability. Why would a parent not choose to opt-in if these funds are available to purchase a college savings plan?

**Senator Hammond:**

One of the provisions of S.B. 302 is that the student must attend public school 100 days prior to establishing an ESA. Many of those families who are homeschooling do not want to be part of the public school system whatsoever.

**Mr. Peshek:**

The 100-day provision helps to make this fiscally neutral. Eligibility is restricted to those students who have already been receiving education support through the DSA.

**Senator Goicoechea:**

If a student has been attending public school for at least 100 days, she or he can then opt to attend a private school, or a home school. Are the DSA and local school support deposited into the ESA?

**Senator Hammond:**

These students will not be homeschooled. They will be involved in a hybrid program. But, yes, those students who have been attending public school, whose parents decide their children are not receiving the education they need, can participate in this program. The money in the ESA must be spent on education of some sort; the students must pass tests every year. It cannot only be spent on college savings.

**Senator Goicoechea:**

Can a student move from a public school to home school? Must they enroll in an educational facility of some kind?

**Mr. Peshek:**

That is the Legislative intent. It is analogous to a Health Savings Account (HSA). Funds in an HSA may only be spent on medical care expenses. Funds in an ESA may only be spent on educational expenses. For example, 80 percent of the money may be spent on private school tuition, 10 percent could be put into the Nevada Prepaid College Fund and the remaining 10 percent on tutoring or industry certification training and exams. It is not merely school choice, it is educational choice. Funds could be used for

wrap-around services for a student with a disability. It is a way to customize a child's education.

**Senator Goicoechea:**

Who does the testing and how do the students access it?

**Senator Hammond:**

In a private school, the private school administers the test. A student who is being tutored would have to make arrangements for testing. Those arrangements would be part of the agreement.

**Mr. Peshek:**

Section 12 specifies the testing requirements. The vast majority of private schools are already administering norm-referenced tests. The results would be sent to the NDE to be aggregated and published on their Web site.

**Chair Kieckhefer:**

The bill states that payments may be made to a participating entity. The definition of a participating entity in section 5 includes a parent. How is this not homeschooling?

**Mr. Peshek:**

That is a policy decision to be made by the State. Other states allow homeschooling. In section 7, subsection 10 states, "A parent may not establish an education savings account for a child who will be homeschooled."

**Chair Kieckhefer:**

The difference between an opt-in child and a child who is homeschooled appears merely semantic. A parent is eligible to be deemed a participating entity.

**Mr. Peshek:**

This may be an attempt to emphasize the homeschool parent's rights. A parent must actively opt-in to participate in the program. Section 9, subsection 7(l) states the funds may be used for purchasing curriculum.

**Chair Kieckhefer:**

Is the intent to allow, or to not allow, homeschooling?

**Senator Hammond:**

The Homeschool Association in Nevada does not want the term homeschool to be part of the language of the bill. The opt-in definition is supposed to address those students whose parents wish to purchase approved curriculum and provide part or all of the instruction themselves.

**Senator Roberson:**

I am confused by this discussion. Is it the sponsor's intention that these ESA funds can be used for a family to homeschool their child?

**Senator Hammond:**

The intent is that those who want to use this money are designated opt-in students and those who do not want to use this money are designated homeschooled students. The opt-in students may use the money to provide education services at home.

**Senator Roberson:**

That seems to be form over substance. Is the intent of S.B. 302 to require the student to attend a school outside of the home?

**Senator Hammond:**

No.

**Senator Roberson:**

Why are we going to such great lengths to distinguish between homeschool and opt-in?

**Senator Hammond:**

That is a compromise with the Nevada Homeschool Network. They are adamant they do not want to be entangled with any State or federal money in the education system. By not using the terminology homeschool, they can remain separate so long as they do not accept the money.

**Senator Roberson:**

Will families be able to have an ESA to homeschool their children as long as it is not called homeschooling?

**Senator Hammond:**

Yes.

**Senator Goicoechea:**

Section 15, subsection 5 defines the opt-in child, but also refers to a participating entity. Is the participating entity the vendor selling the educational products used for instruction at home?

**Senator Hammond:**

Yes. Those vendors would be approved by the Treasurer.

**Senator Goicoechea:**

Would the Treasurer have the ability to validate the expenditure?

**Senator Hammond:**

The Treasurer would validate the vendor.

**Chair Kieckhefer:**

Is there any further testimony in support of S.B. 302?

**Frank Schnorbus (Nevada Homeschool Network; ParentalRights.org):**

We are concerned about homeschooling. Homeschooling has been working well in Nevada since supportive legislation was passed in 2007. We do not want to mix students who receive public funding with students who do not receive public funding. Currently, there are three types of schooling: public, private and home. Senate Bill 302 creates a fourth type of schooling that uses public funds to allow students' individual needs to be met.

There are currently virtual charter schools whose students receive 100 percent of their instruction at home. That is different from homeschooling. The laws and regulations are different. The Homeschool Network was concerned about the potential abuse of these funds.

**Janine Hansen (President, Nevada Families for Freedom):**

As one of the pioneers of homeschooling in Nevada, I would like to emphasize that homeschooling families do not want to be opt-in students and accept government funding. That distinction is very important. I support the policy of S.B. 302. It will make a big difference in the State in terms of educational progress. Students in failing schools in Washington, D.C. who were allowed to join a school choice program had a graduation rate of 82 percent; the rate for students who remained in the regular schools was only 56 percent. In Milwaukee, the per-pupil cost in the regular schools was about \$9,500; the cost

in the choice schools was about \$5,000. The test scores of the choice students were higher than those in the regular schools.

**Victor Joecks (Nevada Policy Research Institute):**

We strongly support S.B. 302 which would provide options for every Nevada child. We think this bill is an excellent complement to Assembly Bill (A.B.) 165 which created opportunity scholarships. Although school choice is new to Nevada, it has been working around the Country. More than two dozen states have some form of school choice. There have been 12 empirical, random-assignment studies on the outcomes of school choice. Eleven found they improved results, and one found no difference. More importantly, 22 out of 23 empirical studies that examined student outcomes in public schools where school choice programs existed showed improvement in student outcomes and one found no difference. Parents know their children best and ESAs allow parents and students to tailor their education.

**ASSEMBLY BILL 165 (1st Reprint)**: Establishes the Nevada Educational Choice Scholarship Program. (BDR 34-747)

**Lesley Pittman (American Federation for Children):**

Senate Bill 302 has the potential to be one more solution to the significant overcrowding in Nevada's kindergarten through Grade 12 (K-12) system. Each student utilizing an ESA is one less student in a crowded classroom, one less student station to build and finance with long-term debt obligations. The cost of the ESA to the State is less than the cost of regular education. When added to the cost of building the student station, S.B. 302 saves the State millions of dollars immediately. While I, too, am concerned about financing the \$8 billion of school capital needs in Nevada, the most important aspect of this bill is it empowers parents to decide what is best for their children.

**Mary-Sarah Kinner (Las Vegas Sands):**

The Las Vegas Sands is pleased to support S.B. 302.

**Leslie Hiner (Friedman Foundation for Educational Choice):**

Every parent should have an unrestricted opportunity to choose any educational option the parent decides is appropriate for his or her child. Enacting a school choice program also requires long-term sustainability of the program. The Friedman Foundation assesses legislation on three points:

1. Eligibility. In S.B. 302, all students in Nevada are treated fairly regarding eligibility.
2. Funding. The funding methodology chosen is fair. It is direct and simple to understand and implement.
3. Regulatory burden. There are no unnecessary barriers to providers or parents in S.B. 302. But there is a prudent accountability system in the bill.

I have been advocating for school choice throughout the Nation for 29 years. This bill is the finest example for proposing real educational options for children and families I have ever seen.

**Lynn Chapman (Independent American Party):**

Giving parents options and alternatives is a great way to improve education and graduation rates.

**Chair Kieckhefer:**

We will now take testimony in opposition to S.B. 302.

**Joyce Haldeman (Clark County School District):**

The Clark County School District (CCSD) vigorously opposes S.B. 302. The CCSD Board of Trustees has a long-standing platform opposed to supporting any types of school vouchers. Some of the testimony offered to the Senate Committee on Education portrayed S.B. 302 as an escape hatch for students in an inadequate schooling system. Before we worry about giving money to students to attend other schools or utilize other educational resources, the District and the State have the responsibility to ensure that every school, and every student, has an adequate education system. The siphoning of money away from the public school system is a great concern to us.

The CCSD is concerned about the fine line between a homeschooled student and an opt-in student. There is potential for abuse because there is no accountability for the opt-in child. The ESA funds can be incentives to remove students from public schools. The inclusion of tutors as eligible entities is also problematic as there is no clear definition of a tutor. There is a lack of accountability built into the system. The Treasurer's Office is tasked with performing random audits, but there is no systemic monitoring required, nor are there penalties for the misuse of the money. The language is vague. If the audit finds "substantial abuse," the only penalty is disenrollment from the program.



**Lindsay Anderson (Washoe County School District):**

The Washoe County School District (WCSD) Board of Trustees has also adopted a platform opposed to school vouchers or any other program that would divert money from public education. The WCSD expects a fiscal impact if S.B. 302 is passed, but is unsure of the exact amount.

**Jessica Ferrato (Nevada Association of School Boards):**

The Board of the Nevada Association of School Boards is opposed to measures like S.B. 302 that take money out of the public school system. Funding for school districts is different in rural and urban counties; DSA funding is appropriated differently. Depending on the number of students who would leave, that could have a greater or lesser impact. We also have concerns about the accountability regarding where the money is spent.

**Senator Goicoechea:**

There are two school districts in Nevada that do not presently receive any DSA funding: the Eureka County and Lander County School Districts. Who receives that money?

**Ms. Ferrato:**

I do not know.

**Senator Goicoechea:**

I assume they receive the local share.

**Chair Kieckhefer:**

They would also receive the local revenue from inside the DSA as well. That could be \$15,000 in Esmeralda County and \$5,000 in Clark County.

**Mary Pierczynski, Ed.D. (Nevada Association of School Superintendents):**

The siphoning of dollars from the DSA is a concern. The per-pupil expenditure varies greatly, especially in the rural districts. The Nevada Association of School Superintendents is also concerned about the accountability of the funds.

**Chair Kieckhefer:**

Is there any neutral testimony regarding S.B. 302?

**Barbara Dragon:**

I am a retired homeschool parent. I want to clarify why it is so important the word homeschool does not appear in S.B. 302. I have worked for 25 years for the right of parents to choose the best educational options for their children. Homeschooling families in Nevada want freedom. The laws regulating homeschooling are in *Nevada Revised Statute* (NRS) 392.700, not NRS 385 or 388. I support parents who cannot make the choice to homeschool. But, I do not want homeschooling families tied to public school regulation. That is why we are emphatic we do not want to receive funding from the State. There will not be a mass exodus of students from homeschooling; that would impinge on their liberty, the reasons they chose homeschooling in the first place.

**Senator Roberson:**

I am sensitive to some of the arguments made by the representatives of the school districts regarding the accountability of the funds being used and whether random audits are sufficient. Hopefully, Senator Hammond can address some of those issues. I do not agree with the argument that money is being taken away from the public school system. This would be a world-class educational choice program. We are attempting to make an historic investment in the Nevada public school system this session. There is room for a school choice system as well.

**Senator Hammond:**

In crafting this bill, we attempted to create barriers to potential fraud. One of the things we believe the Treasurer will adopt is the use of a debit card to access funds from the ESA. Like debit cards used for HSAs, there will be restrictions placed on what can be purchased with the ESA card and where it may be used. In addition to the random audits, the Treasurer's Office can refer suspected fraud to the Office of the Attorney General.

**Mr. Peshek:**

The Treasurer will have the responsibility to create rules for the system. Section 10, subsection 3 states:

If the State Treasurer determines that there has been substantial misuse of the money in an education savings account, the State Treasurer may:

- (a) Freeze or dissolve the account, subject to any regulations adopted by the State Treasurer providing for notice of such action and opportunity to respond to the notice; and
- (b) Give notice of his or her determination to the Attorney General or district attorney of the county in which the parent resides.

Accountability is not only after the fact, it is before the fact. The ESA debit card could have limits imposed on its use. There are only quarterly installments of funds. Participating entities who may receive \$50,000 or more in a year are required to post a surety bond with the State.

**Senator Hammond:**

When regulations are established and the vendor list is approved, the Treasurer's Office will develop an awareness of what invoices are reasonable and what kinds of expenses are standard. I know the school districts are concerned that money will be leaving their accounts. However, for every student who chooses to leave, the district will retain 10 percent of the DSA for that student.

**Chair Kieckhefer:**

We will close the hearing on S.B. 302. We will open the hearing on S.B. 460.

**SENATE BILL 460 (1st Reprint)**: Revises provisions related to the statewide system of accountability for public schools. (BDR 34-1108)

**Senator Becky Harris (Senatorial District No. 9):**

Senate Bill 460 provides for the creation of an alternative performance framework for certain public schools serving at-risk children. Currently, charter school contracts may be automatically revoked as provided in statute. The auto-closure provision is important to ensure high-quality charter schools in Nevada; it is evident that the policy does not account for the big picture in all circumstances. The NDE, and others, are aware of the difficulties faced by schools serving at-risk children. This past year the NDE convened a work group to examine the issue and make policy recommendations. One of those recommendations is the creation of an alternative framework to measure the performance of schools serving at-risk children. However, their definition of these schools is limited to adjudicated youth schools, credit recovery schools and behavioral continuation schools. Additional narrowly defined schools should

be considered to serve at-risk students. For example, there are charter schools targeting their services to students who have not been successful in attending a traditional public school. These are students who have dropped out, been expelled, declared a habitual disciplinary problem or others with similar difficult situations. Reaching out to and embracing these children is our responsibility.

The problem for these schools is the Nevada school performance framework and the charter school auto-closure provision. If a high school has a student population composed entirely of at-risk students, and even one-third of their students are able to graduate, it is worth it. It is changing lives. Instead of closing that school, it should be celebrated. At the very least, their work should be given a closer look, and the yardstick used to assess these schools should take into account the larger circumstances of their students and their mission.

**Dale A.R. Erquiaga (Superintendent of Public Instruction, Department of Education):**

The NDE supports S.B. 460. When the NDE budget was closed earlier this week funding for the alternative framework was included. It is the right policy; it codifies the work that needs to be done.

**Chair Kieckhefer:**

Can representatives from the CCSD and the WCSD explain the fiscal notes attached to the bill?

**Nicole Rourke (Clark County School District):**

We support S.B. 460. The fiscal note is related to the measurement tools used for the framework. Students in the CCSD alternative schools spend between 4 and 9 weeks in those schools; they are not traditional students for the entire year. There will be pre- and post-assessments required while they are at the alternative schools.

**Chair Kieckhefer:**

Was the amount of the fiscal note impacted by the amendment?

**Ms. Rourke:**

No. It is an estimate. The CCSD would request bids for these instruments and then choose the lowest bid.

**Ms. Anderson:**

The WCSD supports S.B. 460. The fiscal note we submitted was based on the section removed from the bill as amended. It can be removed.

**Chair Kieckhefer:**

Is there additional testimony in support of S.B. 460?

**Patrick Gavin (Director, State Public Charter School Authority):**

The State Public Charter School Authority (SPCSA) strongly supports S.B. 460. We welcome the opportunity to identify which schools in our portfolio may qualify for this alternative framework, and more importantly, it is critical to ensure we are serving opportunity youth within the public charter school system. Development of an alternative framework will allow the Authority to more appropriately recruit operators with expertise doing this work.

**Chair Kieckhefer:**

Why does section 4, subsection 1(b) exempt out the 2014-2015 school year from the testing requirements?

**Mr. Erquiaga:**

The tests were changed at the beginning of this school year.

**Elissa Wahl (State Public Charter School Authority Board):**

I support S.B. 460.

**Chair Kieckhefer:**

Is there any opposition testimony to S.B. 460? Is there any neutral testimony? Seeing none, we will close the hearing on S.B. 460. We will now open the hearing on S.B. 461.

**SENATE BILL 461:** Provides for an individual graduation plan to allow certain pupils enrolled in a public high school to remain enrolled in high school for an additional period to work towards graduation. (BDR 34-1091)

**Senator Harris:**

Senate Bill 461 creates individual graduation plans which are tools to help students experiencing difficulties return to the path to graduation. School boards and charter high schools will be required to adopt a policy allowing the use of individual graduation plans for students who are not likely to graduate on time,

have not scored well on the college and career readiness assessment or meet other conditions established by the Superintendent of Public Instruction. The Superintendent is required to determine annually the maximum number of students for whom a plan may be established. Based on that determination, eligibility requirements will be established. An individualized graduation plan allows a student to remain enrolled in high school for up to 18 months after their scheduled graduation date. It details the courses, semester credits, grade point average and other benchmarks necessary for success. However, no student is entitled to such a plan and the plan will be withdrawn if the student is not making adequate progress. If a student truly wants to graduate and is willing to work to catch up, public policy should accommodate that motivation.

**Mr. Erquiaga:**

The NDE supports S.B. 461. There is a potential fiscal impact. The enrollment of the senior class will increase beginning in the 2016-2017 school year. The initial task is to determine the appropriate number of additional students the State can bear financially while balancing the needs of this subset of students. The impact will probably be modest the first year.

**Chair Kieckhefer:**

The fiscal note submitted by the CCSD indicates 6,270 students. That would cost the State a lot of money.

**Mr. Erquiaga:**

I assume that is an estimate based on the number of students who are credit deficient. That is a far higher number than has been contemplated by the NDE.

**Chair Kieckhefer:**

As I understand the mechanics of the bill, the Superintendent would approve a number of students for whom the State will assume liability from the DSA to the school districts. This would currently be unfunded based on the budget recently closed. Would the NDE request supplemental appropriation from the 2017 Legislature?

**Mr. Erquiaga:**

Yes, that is correct.

**Craig Stevens (Clark County School District):**

Mr. Erquiaga is correct in his assumption of how the CCSD reached the number of students. Due to some uncertainty regarding who would be eligible, the CCSD used the broadest interpretation possible. However, in subsequent discussions with the sponsor, the CCSD already offers many of the services such as extra tutoring that are outlined in the bill. While we cannot give an absolute number of students, it will be far less than the initial projection of 6,270.

**Chair Kieckhefer:**

How many students are in the 5th year?

**Mr. Stevens:**

I do not know, but I can get that information to the Committee.

**Chair Kieckhefer:**

Is there any additional testimony in support of S.B. 461?

**Ms. Anderson:**

The WCSD also has 5th year seniors. Our fiscal note is zero because we believe we are largely in compliance with the legislation.

**Ms. Ferrato:**

The Nevada Association of School Boards supports S.B. 461.

**Dr. Pierczynski:**

The Nevada Association of School Superintendents supports S.B. 461.

**Chair Kieckhefer:**

Is there additional testimony in support of S.B. 461? Is there any opposition testimony? Is there any neutral testimony? Seeing none, we will close the hearing on S.B. 461. We will now move to S.B. 24.

**SENATE BILL 24 (1st Reprint):** Revises provisions governing unemployment compensation. (BDR 53-383)

**Renee Olson (Administrator, Employment Security Division, Nevada Department of Employment, Training and Rehabilitation):**

This bill primarily deals with unemployment insurance issues. Section 1 amends the definition of employment to include active duty members of the Nevada Army and Air National Guard so they are eligible for federal unemployment compensation benefits. Section 1, subsection 5 amends the confidentiality section of NRS 612.265 in two areas. It allows the Division to comply with statutory requirements under NRS 400, NRS 396 and NRS 232 by providing employment and wage information to participate in the statewide longitudinal data system. It also removes the reporting requirement burden from private carriers of industrial insurance and places that requirement on the Division of Industrial Relations within the Department of Business and Industry. The Division of Industrial Relations would be required to provide information about claims filed for workers' compensation and temporary, total disability to the Employment Security Division. The Administrator of the Employment Security Division is then required to compare that information to the records of the Division for the purpose of determining whether claims are being filed under both systems.

Section 2 changes the base period which is the time preceding unemployment during which wages are reported. The base period can be used to establish a claim in association with the period of disability. The language is changed from, "the initial period of disability" to "any period of disability." This change brings the statute into conformity with the published Supreme Court opinion stating the claimant should not be limited to the initial period of disability.

Section 3 extends the period for the collection of overpayments due to fraud, misrepresentation or willful non-disclosure from 5 years to 10 years. This conforms with the collection period allowed under the federal Treasury offset program. Under that program, the Department of Employment, Training and Rehabilitation (DETR) is allowed to offset overpayments against an individual's federal income tax refund.

Section 4 makes it an act of fraud for the claimant to fail to disclose the filing or receiving of benefits under worker's compensation or temporary total disability at the same time a claim is submitted for unemployment compensation.



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**Chair Kieckhefer:**

The provisions relating to the longitudinal data system are components of budget implementation for the P-20 system. Did DETR have a fiscal note for this bill?

**Ms. Olson:**

No, DETR has no fiscal note. The fiscal impact was covered under budget account (B/A) 101-3270, which has already been closed.

HUMAN SERVICES

EMPLOYMENT, TRAINING AND REHABILITATION

DETR-Nevada P20 Workforce Reporting — Budget Page DETR-93 (Volume II)  
Budget Account 101-3270

**Chair Kieckhefer:**

Is there any testimony in support of S.B. 24? Is there any testimony in opposition? Is there any neutral testimony? We will close the hearing on S.B. 24. We will open the hearing on S.B. 76.

**SENATE BILL 76 (1st Reprint)**: Revises provisions governing the Western Interstate Commission for Higher Education. (BDR 34-320)

**Jeannine M. Warner, M.B.A. (Director, Nevada Office, Western Interstate Commission for Higher Education):**

Senate Bill 76 incorporates regulatory language, cleans up or clarifies program language and distinguishes between State and regional responsibilities. I have submitted written testimony, ([Exhibit D](#)), that outlines the components of S.B. 76. The Western Interstate Commission for Higher Education (WICHE) proposes a pilot mental health expansion project under its state-specific Health Care Access Program (HCAP) for fiscal year (FY) 2016 and FY 2017. The project proposes to increase American Psychological Association (APA) accredited psychology internships in Nevada and expand the number of psychiatric nurses in our State. The project is in collaboration with the regional WICHE office in Colorado, the Nevada Department of Health and Human Services Division of Public and Behavioral Health and the University of Nevada's Orvis School of Nursing.

Currently, NRS 397.161 identifies HCAP funding as a support fee and it requires all applicants to be Nevada residents. Federally, the APA does not allow psychology interns to be selected based on any criteria other than their qualifications as a psychology intern—which means residency questions are not allowed. Further, financial repayment for internship stipends is not allowed. The new language proposed for NRS 397 allows WICHE to broaden its HCAP services by making it consistent with federal requirements for psychology internships. The new language will allow nonresidents to qualify for the 100 percent stipend program under which the interns will work. The 100 percent stipend will not apply to the psychiatric nurses or the other fields offered by Nevada WICHE.

**Chair Kieckhefer:**

Are there amendments to S.B. 76?

**Ms. Warner:**

The amendments have been incorporated into the first reprint.

**Chair Kieckhefer:**

Is there anyone here to testify in support of S.B. 76?

**Dr. Brooks:**

The NSHE supports S.B. 76. The HCAP is valuable and there is a dire need for mental health services throughout the State.

**Chair Kieckhefer:**

Is there any additional testimony in support of S.B. 76? Is there any opposition testimony? Is there any neutral testimony? Seeing none, we will close the hearing on S.B. 76. We will now move to S.B. 508.

**SENATE BILL 508:** Provides for long-term modernization of the Nevada Plan.  
(BDR 34-1184)

**Mr. Erquiaga:**

The intent of Governor Brian Sandoval, the Executive Budget and the legislative agenda set out by the Governor is both to invest in and modernize the public education system in Nevada. No single measure is as important in that process as S.B. 508. In 1967, the Nevada Legislature crafted the Nevada Plan for school finance. Fifty years later, we are trying to modernize and reform the

Nevada Plan. The parallels are numerous. The impetus for the Nevada Plan arose from the inequities in funding for school districts requiring grants to operate and the frustrations of those rural counties exporting money to fund education in Clark County. The revenue conversation today, as it was in 1967, must be both broad and dynamic. The equity referred to in 1967 was between districts; today it is between types of students.

In the broadest terms, S.B. 508 updates the Nevada Plan for school finance by moving down a path of student weights, or multipliers. The average per-pupil basic guarantee is approximately \$5,700. Local funds are added to the State guarantee. The proposed bill would add student weights in four categories: students with disabilities, English language learners (ELL), gifted and talented students and students exhibiting some level of being at-risk as defined by poverty. Another important element of S.B. 508 is the movement to make the Nevada Plan more transparent. The basic support formula is not currently in statute. The second year of the biennium funding is added to the special education category and shifts from unit funding to a weight of approximately 1.5 per student. The bill changes the kindergarten calculation from 0.6 to 1 to account for the move to full-day kindergarten. Additionally, the single count day occurring in the fall is replaced with four quarterly reports based on average daily enrollment.

Sections 1, 3, 6, 8, 10 and 12 carry out the transition from special education units to weights. The words “unit” or “units” are removed from current statute. They are replaced with the calculation of a per-pupil multiplier.

Sections 2, 5 and 9 change the single count day to quarterly reporting of average daily enrollment. The State is moving toward a more unified student information system. Rather than base funding for a district based on the children at school on a single school day, the average enrollment over the school year becomes the basis of the DSA appropriation. Section 9 contains language requiring the NDE to prescribe a process for reconciling the quarterly reports so that the school districts receive an accurate amount of funding.

Section 4, subsection 2 is the crux of S.B. 508:

It is the intent of the Legislature to modernize the Nevada Plan, commencing with Fiscal Year 2016-2017, by providing additional resources expressed as a multiplier of the basic support guarantee

to meet the unique needs of certain categories of pupils, including, without limitation, pupils with disabilities, pupils who are limited English proficient, pupils who are at risk and gifted and talented pupils.

Traditionally, at-risk students are defined as those eligible for free- or reduced-priced lunch. That is now 60 percent of our students. Other states are moving away from the free- and reduced-price lunch metric and use a census level of poverty or a small area income index. Using a different poverty indicator, 20 to 25 percent of our students live at or below the federal poverty level.

Section 7 is an attempt to express how the basic support guarantee is calculated and how the equity allocation spreadsheet is currently developed. It details that it is a cost-based formula based on a prior year. It also requires the Superintendent to perform some calculations and make that information public on the NDE Web site.

Section 9 is related to the count day and the switch to the average daily enrollment. It also deals with the hold harmless provisions in current law. There are two hold harmless provisions. One is a means of later compensating districts when their enrollment falls below 95 percent in either of the 2 years prior. There is another calculation if the enrollment falls between 95 percent and 100 percent of prior enrollment. Senate Bill 508 changes from using 2 years to 1 year the basis of the calculation for enrollment below 95 percent and eliminates the 95 percent to 100 percent of enrollment calculation. As school choice has increased in Nevada, we sometimes pay for children twice. It is important to update the hold harmless provisions to account for this changing environment.

Section 11 changes the allocation for full-day kindergarten in FY 2018. Sections 13, 14, 15, 16, 17, 19, 20, 21, 22 and 23 are conforming changes for special education and count day. Section 18 cleans up language in NRS that referred to the State Board of Education as the arbiter for any inflationary increases to the budget. Sections 24, 25 and 26 create a special education contingency account to replace cumbersome provisions of NRS 395. It would create a contingency account for school districts to utilize if a special education student had extraordinary expenses. Section 27 appears to also be cleanup language. Section 28 requires the Superintendent to report on the student weights. As

NDE begins to apply the categorical weights, actual costs as they are incurred will be tracked and reported upon. Sections 29 and 30 deal with special education calculation and the deletion of statutes that are no longer functional.

**Chair Kieckhefer:**

Section 4 is the legislative intent and it lists the four categories of students upon whom the multiplier will be placed. Is the actual multiplier anywhere in the bill?

**Mr. Erquiaga:**

No, it is not.

**Chair Kieckhefer:**

Is the idea eventually to put a multiplier into statute?

**Mr. Erquiaga:**

Yes, but it is too soon. We need to study the multipliers as we implement them and determine how they work.

**Chair Kieckhefer:**

Is it contemplated that the significance given to the funding of these specific populations will be exclusively by appropriation through the DSA, or is there a way to encourage local school districts to spend their outside revenues in a similar fashion?

**Mr. Erquiaga:**

I have not contemplated it in that way. My understanding of the multiplier is that it is a multiplier on the State basic support guarantee. There has been some conversation that it should be on the full spend, which would include the local funding. But, I have always calculated it on the basic support guarantee amount the State sets, which has some local funding. I have not heard a conversation that we want a match from local dollars.

**Chair Kieckhefer:**

"Match" might not be the correct word.

**Mr. Erquiaga:**

During the interim, the Task Force on K-12 Education Funding studied poverty, ELL and special education. The Task Force set targets for these categories.

**Chair Kieckhefer:**

As Zoom Schools for ELL and Victory Schools for at-risk students are created, along with other categoricals, and these programs work, does the categorical funding devolve and move it all into the DSA? Or, does the money put into these programs become the multiplier?

**Mr. Erquiaga:**

The goal, as I understand it, is to begin with categoricals and grow them over time. If we contemplate a 0.5 multiplier for the 15 percent of the children who are ELL students it is \$200 million starting with the basic guarantee. This project is probably a 3 biennia exercise, perhaps longer. Funds are allocated by category until the weight is achieved and then the shift occurs. The problem with categorical funding is that money is allocated to improve a specific performance issue. Once the problem is ameliorated, funding is taken away and the problem returns. The benefit of phasing in a weighted funding plan is the opportunity to learn best practices and the students in the system overall will benefit from both that knowledge and the weighted funding based on particular needs.

**Chair Kieckhefer:**

Does section 7 only refer to special education, or is it the meat of the bill?

**Mr. Erquiaga:**

Section 7 contains conforming language regarding special education, but the language in subsection 1, "The formula for calculating the basic support guarantee may be expressed as an estimated weighted average per pupil," is an attempt to describe the current process. This is currently a cost-based system that is then run through an equity allocation model which is basically an Excel spreadsheet.

**Chair Kieckhefer:**

Is the equity allocation model revised no later than January 1 of each even numbered year?

**Mr. Erquiaga:**

No. It is revised when it no longer works. That is one of the items that should be changed: there should be deadlines and they should be made public.

**Chair Kieckhefer:**

Why is there a 13 percent cap on special education funding?

**Mr. Erquiaga:**

This was another suggestion of the Task Force. One does not want to provide a perverse incentive to over-identify students with special education needs. The national average for special education students is between 11 and 13 percent. In Nevada, it is 11 percent. There are some counties, due to density or other factors, whose average is higher. Under federal law, maintenance of effort and hold harmless provisions, money cannot be taken away from those counties. As a matter of fiscal prudence, we do not want to create an incentive for school districts to increase the percentage of special education students.

**Chair Kieckhefer:**

Can you describe the change to the hold harmless provisions?

**Mindy Martini (Deputy Superintendent, Department of Education):**

The hold harmless provision today provides that school districts whose enrollments decrease by more than 5 percent will receive an allocation based only on the prior year's enrollment, not the 2 prior years. Financially, for FY 2015, that is \$17.6 million across the school districts and the charter schools. The proposal would bring that cost down to \$10.6 million.

**Chair Kieckhefer:**

Some of the frustration regarding the hold harmless as it is incorporated in the supplemental request for funding has been related to distance learning and on-line schools. Are there any changes contemplated for those situations?

**Mr. Erquiaga:**

That is an area that was not explored by the Task Force nor by the NDE. It should be on the radar during the interim. Currently, Nevada compensates for distance education in the same way, and at the same level, as brick-and-mortar education. Some states use a different calculation. A different way of calculating the distance learners would impact both the DSA and hold harmless. There will be more distance learning as the century progresses. However, it has not been discussed and is not a part of S.B. 508.

**Chair Kieckhefer:**

Is one of the larger hold harmless amounts in this last calculation due to the fact that a school was instructed to stop enrolling students?

**Mr. Erquiaga:**

That has become a common myth this Session. Enrollment at that institution was capped, but the cause of their hold harmless was not the cap, it was other factors.

**Chair Kieckhefer:**

Is there any testimony in support of S.B. 508?

**Ms. Haldeman:**

The CCSD supports S.B. 508. We love this bill, even the new hold harmless and the move to average enrollment. Senate Bill 397 is the recommendation of the Task Force on this same subject. We think it would be appropriate to add the language of S.B. 397 to section 7 of S.B. 508 to formally recognize the work of the Task Force. Additionally, S.B. 397 contains a defined time line and expectations regarding percentages. It is important to reinforce good intentions with requirements. This is especially true as we address the increasing costs related to the variety of students in our schools. The Zoom School program is the embodiment of the change to a weighted per-pupil funding formula. Of the \$400 million the CCSD spends on special education, \$71.5 million comes from the State, about 18 percent, and \$47.5 million comes from the federal government, about 12 percent. The CCSD transfers \$280 million from its general fund to pay for special education in the district. Increasing the weight for these students is important to the CCSD. The additional funding associated with the Governor's proposals for expanding Zoom Schools and the weighted funding for special education meets the recommended increase in section 2 of S.B. 397.

**SENATE BILL 397**: Revises provisions relating to the funding formula for K-12 public education. (BDR 34-563)

**Ms. Anderson:**

The WCSD supports S.B. 508. The WCSD is concerned about how the average daily enrollment will be implemented, but I am reassured by Mr. Erquiaga's statement that he wants to work with the districts. It would be awkward if the average daily enrollment went down at the end of the year and the district



received less money; we would not eliminate teachers in the fourth quarter of the year. The WCSD Board platform supports the per-pupil weighted funding formula, especially with a strong hold harmless provision to ensure the districts are not penalized as the change is implemented.

**Mr. Gavin:**

The SPCSA Board unequivocally supports S.B. 508, especially the changes in special education allocation. The SPCSA has had a provision in our statutes for the creation of charter schools to serve populations such as students with disabilities. The SPCSA has been approached every year since its inception by groups seeking to open schools to serve those populations in Nevada. However, after a review of statutes and the current special education funding through discretionary unit, none of these groups chose to submit an application. We are optimistic that passage of S.B. 508 will encourage application and approval of new charter schools which serve particularly high need populations.

**Dr. Pierczynski:**

The Nevada Association of School Superintendents supports S.B. 508. I agree with the suggestion of incorporating the language of S.B. 397 would make S.B. 508 a better bill. Changing the formula requires adequate funding of the base. The fiscal notes from the rural counties indicate a concern regarding the average daily enrollment because student population drops in the spring for various reasons.

**Andrew Diss (StudentsFirst.org):**

This is an exciting bill. I would echo the comments of Ms. Haldeman and Dr. Pierczynski. The National Bureau of Economic Research recently released a study that found at-risk students from districts that invest more in them receive 25 percent higher earnings upon entering the workforce and a 20 percent drop in the adult poverty rate.

**Ms. Ferrato:**

The Nevada Association of School Boards would like to see revisions to the education funding formula. We have concerns about the hold harmless provisions, but we support S.B. 508.

**Seth Rau (Nevada Succeeds):**

Nevada Succeeds strongly supports S.B. 508. States and countries with the strongest education systems invest the most resources in the students who

need them the most. Adding the language from S.B. 397 setting a time line is important. Having a defined goal of achieving a fully weighted DSA funding formula should include a date. Mr. Erquiaga mentioned 3 biennia, so let us set 2021 as a target. Not knowing the exact base funding, a specific weight could not be set in statute, but goals are important and should be codified.

**Chair Kieckhefer:**

Is there any additional testimony in support of S.B. 508? Is there testimony in opposition to S.B. 508? Is there any neutral testimony regarding S.B. 508?

**Victoria Carreón (Guinn Center for Policy Priorities):**

I will refer to the document titled, "Legislative Testimony Senate Bill 508: Modernization of the Nevada Plan," ([Exhibit E](#)). The graph on page 1 of [Exhibit E](#) shows a decline in funding since the high in FY 2008. The funding level as of FY 2014 is 11 percent lower than it was in FY 2008. Adequate funding of the formula should be one of the primary goals of changing the funding of the Nevada Plan. The chart on page 2 of [Exhibit E](#) shows total revenue per pupil from all funding sources. There are wide disparities among Nevada's school districts. Addressing these disparities should be an important part of the formula change. Some of the differences are intentional due to particular needs, such as providing transportation in rural districts, but some of them are unintentional. The statewide average per-pupil funding is \$8,329, but Eureka County School District has a per-pupil funding of \$41,173.

Senate Bill 508 retains the status quo of using historic expenditures as the base for the entire formula. Using an adequacy formula would be more equitable and more transparent. Section 7 of S.B. 508 is vague and we recommend it be made more specific. The weights should be in statute, at least as goals to achieve over time. Special education funding as a weight is a good idea, but, setting the weight using a census approach rather than a per-pupil basis reduces the incentive to over-identify special education students as a way to increase funding. The deadline for converting the categoricals should be in statute as well. To increase transparency, the outside tax revenue should become part of the funding formula. These are some of the changes that would make the bill stronger.

**Sylvia Lazos (Latino Leadership Council):**

We are in agreement that the Nevada Plan is broken and it is unfair to all of Nevada's children. I have submitted written testimony ([Exhibit F](#)) outlining the

position of the Latino Leadership Council. The technical innovations that are contained in S.B. 508, such as funding kindergartners at a multiplier of 1 rather than a multiplier of 0.6 and the rolling average enrollment count are laudable. However, conceptually, this bill moves backward from the Task Force and its recommendations of specific weights and specific time lines. In the CCSD, the expansion of the Zoom Schools will only reach 50 percent of ELL students. Delegating the authority to set weights to the Superintendent of Public Instruction does not meet the Legislature's constitutional responsibilities.

**Chair Kieckhefer:**

Seeing no further testifiers regarding S.B. 508, we will close the hearing. We will open the hearing on S.B. 509.

**SENATE BILL 509 (1st Reprint)**: Makes various changes to provisions governing charter schools. (BDR 34-1090)

**Mr. Gavin:**

The purpose of S.B. 509 is to further align Nevada's statutes with the leading charter school laws and policies throughout the Nation. The bill is designed to improve the quality and diversity of the State's charter school portfolio. The central premise of charter schools is to provide greater flexibility in exchange for higher performance and accountability. To ensure we are achieving this, S.B. 509 suggests a set of changes to NRS 386 which focuses on the inputs that have been demonstrated to increase the number of high quality charter schools in other states. First, the bill proposes to replace the content required in each charter school application to match the model law adopted by the National Alliance for Public Charter Schools along with a careful analysis of the Nevada specific context. Second, S.B. 509 proposes to lower the barriers to best-in-class nonprofit charter networks qualified to serve our most vulnerable students.

Governance has been described as the core innovation of charter schooling. In other states, leading charter management organizations (CMO) have developed a variety of innovative governance models which balance the core mission and a proven, time-tested academic program with appropriate local, family and community input. Senate Bill 509 is designed to allow CMOs the flexibility to import these best-in-class governance models that have made them exemplary organizations in other states, and allow them or an affiliate, to hold the charter directly while providing for an appropriate level of local input and control based

on terms negotiated by the sponsor. It also provides that the SPCSA and other sponsors may adopt requirements regarding charter school governance training and may contract with one or more entities with demonstrated track records of success in developing exemplary charter school boards. Charter school governance differs from school district governance. These are not elected boards. There are both challenges and opportunities in this model and we do not have a great deal of expertise in cultivating this type of board in our State.

A second core innovation of CMOs, are unique, results-oriented approaches to recruiting, selecting, developing, rewarding and retaining exemplary teachers. Additionally, CMOs thrive on accountability. Senate Bill 509 seeks to increase accountability for underperforming schools and further protect students and public investments by giving sponsors explicit authority to sanction schools. While those schools may be performing above a statutorily mandated automatic closure provision, they still land on the list of underperforming schools. Additional accountability and sanctions are appropriate. We can hold the adults accountable while providing higher quality options for children. The bill gives sponsors tools to safeguard assets paid for with DSA or other public funds. To support this work, the SPCSA will be given authority to create regulations regarding how it would performance-manage its schools and permit hiring of staff to create and enforce these regulations. These expenditures would be paid for with the sponsorship fee revenues as a reduction to reserve and would not require General Fund appropriations.

**Chair Kieckhefer:**

What is the assessment in the budget?

**Mr. Gavin:**

The statutory maximum is 2 percent. The budget already approved includes a 1.5 percent assessment.

**Chair Kieckhefer:**

Will that be sufficient to meet the needs identified in S.B. 509 as it relates to the fiscal note?

**Mr. Gavin:**

Yes.

**Chair Kieckhefer:**

Will it be sufficient on an ongoing basis as well?

**Mr. Gavin:**

For this biennium it would be sufficient. Depending upon changes made during the interim there might be changes. However, we assume this could be supported with the 1.5 percent assessment.

**Chair Kieckhefer:**

The reserve is approximately \$900,000. To access it, would the SPCSA approach the IFC with a work program?

**Mr. Gavin:**

The amounts calculated in the fiscal note account for the board mandated \$250,000 reserve for special education and the cash flow requirements.

**Chair Kieckhefer:**

The Department of Administration does not agree with your fiscal note. Have you spoken with them?

**Mr. Gavin:**

Yes. The concern is that S.B. 509 does not explicitly require the SPCSA to do this. The SPCSA Board is seeking the authority to adopt regulations which would then require it be done. Staff has been directed on multiple occasions to engage in governance training for schools and identify best-in-class governance training organizations.

**Chair Kieckhefer:**

Do you see potential overlap between those functions and the Harbor Master program proposed by the Governor?

**Mr. Gavin:**

We see them as complementary. There are charter networks that do not exclusively serve students in poverty. While we believe it is critically important to increase the diversity of our portfolio, and we are committed to working with the Harbor Master to attract best-in-class networks to our most poverty-stricken areas, a real choice should also be offered in other areas.

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**Chair Kieckhefer:**

Is there anyone here to testify in support of S.B. 509?

**Mr. Rau:**

We have worked with the SPCSA and we support the bill.

**Ms. Wahl**

I support S.B. 509. I do not think we are in any danger of exceeding the 1.5 percent assessment.

**Chair Kieckhefer:**

Is there any further testimony in support of S.B. 509? Is there any testimony in opposition? Is there any neutral testimony? Seeing none, we will close the hearing on S.B. 509.

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**Chair Kieckhefer:**

We will now open the hearing to public comment. Seeing none, the meeting is adjourned at 9:41 p.m.

RESPECTFULLY SUBMITTED:

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Trish O'Flinn,  
Committee Secretary

APPROVED BY:

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Senator Ben Kieckhefer, Chair

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

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	2		Agenda
	B	7		Attendance Roster
S.B. 431	C	2	Mark Krmpotic, LCB Fiscal Division	Proposed Amendment 6421 to Senate Bill No. 431
S.B. 76	D	3	Jeannine Warner, Nevada WICHE	Written Testimony
S.B. 508	E	3	Victoria Carreón, Guinn Center for Policy Priorities	Legislative Testimony <a href="#">Senate Bill 508</a> : Modernization of the Nevada Plan
S.B. 508	F	1	Sylvia Lazos, Latino Leadership Council	Written Testimony