

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

**Eightieth Session
May 21, 2019**

The joint meeting of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Joyce Woodhouse at 5:23 p.m. on Tuesday, May 21, 2019, in Room 4100 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 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.

SENATE COMMITTEE MEMBERS PRESENT:

Senator Joyce Woodhouse, Chair
Senator David R. Parks, Vice Chair
Senator Moises Denis
Senator Yvanna D. Cancela
Senator Chris Brooks
Senator James A. Settelmeyer
Senator Ben Kieckhefer
Senator Pete Goicoechea

ASSEMBLY COMMITTEE MEMBERS PRESENT:

Assemblywoman Maggie Carlton, Chair
Assemblywoman Teresa Benitez-Thompson, Vice Chair
Assemblyman Jason Frierson
Assemblywoman Sandra Jauregui
Assemblyman Al Kramer
Assemblywoman Daniele Monroe-Moreno
Assemblywoman Dina Neal
Assemblywoman Ellen B. Spiegel
Assemblywoman Heidi Swank
Assemblywoman Robin L. Titus
Assemblyman Jim Wheeler

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ASSEMBLY MEMBERS ABSENT:

Assemblyman John Hambrick (Excused)

STAFF MEMBERS PRESENT:

Mark Krmpotic, Senate Fiscal Analyst
Cindy Jones, Assembly Fiscal Analyst
Alex Haartz, Principal Deputy Fiscal Analyst
Kristina Shea, Program Analyst
Desirae Munns, Committee Secretary
Felicia Archer, Committee Secretary

OTHERS PRESENT:

Jeremy Aguero, Principal Analyst, Applied Analysis
Michael Alasteuy
Guy Hobbs, Hobbs, Long and Associates
Elliandra Bemoll, District 8, Nevada Youth Legislature
Bob Miller, former Nevada Governor; Chair, Nevada Succeeds
Sandy Miller, Former Nevada First Lady
Jesus Jara, Superintendent, Clark County School District
Traci Davis, Superintendent, Washoe County School District
Yvette Williams, Chair, Clark County Black Caucus
Maureen Schafer, Executive Director, Council for a Better Nevada
Joyce Haldeman
Jordana McCudden, Teach Plus Nevada
Jim DeVold
Todd Mason, Wynn Resorts
Paul Moradkhan, Las Vegas Metro Chamber of Commerce
Peter Guzman, President, Latin Chamber of Commerce, Nevada
Jonas Peterson, Chief Executive Officer, Las Vegas Global Economic Alliance
Alison Turner
Alfredo Melesio, Assistant City Manager, City of North Las Vegas
Sarah Adler, Charter School Association of Nevada
Javier Trujillo, City of Henderson
Stephen Augspurger, Executive Director, Clark County Association of
School Administrators and Professional and Technical Employees

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Felicia Ortiz, Board Member, Nevada State Board of Education, District 3
Paul Hansen, Nevadans for the Common Good
Mark Newburn

Jenn Blackhurst, Hope for Nevada
Caryne Shea, Vice President, Hope for Nevada
Tami Hance, Chief Executive Officer, Communities in Schools of Nevada
Alex Bybee, State Director, Teach Plus
Lola Brooks, President, Clark County School District Board of Trustees
Gina Venglass, Nevadans for the Common Good
Jana Wilcox Lavin, Executive Director, Opportunity 180
Sonny Vinuya, President, Las Vegas Asian Chamber of Commerce
Ken Evans, President, Urban Chamber of Commerce
Janet Quintero, United Way of Southern Nevada
Robert Glaser, Chair, Communities in Schools, Nevada
Angie Sullivan

David Jensen, Superintendent, Humboldt County School District
Todd Hess, Superintendent, Storey County School District
Todd Pehrson, Superintendent, Elko County School District
Dan Wold, Superintendent, Eureka County School District
Russ Klein, Superintendent, Lander County School District
Pam Teel, Superintendent, Lincoln County School District
Ariel Guevara, Nevada State Coordinator, Mi Familia Vota
Amanda Morgan, Legal Director, Educate Nevada Now Powered by the
Rogers Foundation

Michaela Tonking, Data and Advocacy Director, Educate Nevada Now Powered
by the Rogers Foundation

Michelle Booth, Educate Nevada Now Powered by the Rogers Foundation
Steve Mulvenon, Indivisible Northern Nevada
Ruben Murillo, President, Nevada State Education Association
Alex Marks, Nevada State Education Association
Brian Rippet, President-elect, Nevada State Education Association
Natha Anderson, President, Washoe Education Association
Tom Wellman, President, Nevada State Education Association-Retired
Harry Beall, Nevada State Education Association-Retired
Konnie Susich, President, Nevada State Education Association, Univserv
Council Nevada
Brian Lee, Executive Director, Nevada State Education Association

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Robert Munson, Washoe County Education Association; Nevada State Education Association
Dawn Miller, Vice President-elect, Nevada State Education Association
Sylvia Lazos, Co-Leader, Legislative Advocacy Group, Nevada Immigrant Coalition
Phil Sorensen, President, Douglas County Professional Education Association
Chris Daly, Deputy Executive Director, Government Relations, Nevada State Education Association
Ray Bacon, Executive Director, Nevada Manufacturers Association
Richard Stokes, Superintendent, Carson City School District
Vikki Courtney, President, Clark County Education Association
Keenan Korth, Clark County Education Association
John Vellardita, Executive Director, Clark County Education Association
Phyllis Dowd, Business Services Director, Churchill County Schools
Rebecca Garcia, President-elect, Nevada Parent Teacher Association
Meredith Freeman, Nevada Parent Teacher Association
Ed Gonzalez, Break Free CCSD
Rebecca Feiden, Nevada State Public Charter School Authority
Don Soifer, Nevada Action for School Actions

CHAIR WOODHOUSE:

We will hear the closing report on the Office of the Treasurer Bond Interest and Redemption budget account (B/A) 395-1082.

ELECTED OFFICIALS

Treasurer - Bond Interest & Redemption — Budget Page ELECTED-221
(Volume I)
Budget Account 395-1082

KRISTINA SHEA (Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau):

I will present the Office of the Treasurer Bond Interest and Redemption (OTBIR) budget and the 2019 Capital Improvement Program (CIP) ([Exhibit C](#)). The Joint Subcommittees on K-12, Higher Education and CIP have completed their review of B/A 395-1082 and the CIP and made recommendations for the 2019-2021 biennium.

For the OTBIR, the Subcommittees recommended to approve B/A 395-1082 as recommended by the Governor with technical adjustments to align property tax revenue authority with projected collections and with authority for Fiscal Analysis Division staff to make technical adjustments as necessary.

For the Department of Administration State Public Works Division (SPWD) 2019 CIP, the Subcommittees voted to recommend total funding of \$306,411,857; including State funding of \$250,311,670 to support 86 total projects in the 2019 CIP.

There is \$176,229,585 in funding for 12 construction projects, \$94,584,187 in funding for 54 maintenance projects, \$12,638,905 in funding for 8 planning projects and \$22,959,180 in funding for 12 Statewide projects.

The Subcommittees recommended the approval of updated inflationary rates for the 2019 CIP of 10 percent in southern Nevada and 7 percent for all other projects. The Subcommittees also recommended the issuance of a letter of intent requiring SPWD to report to the Interim Finance Committee (IFC) on a quarterly basis regarding the SPWD's process on construction cost containment efforts, the tracking of budgeted inflationary costs compared to actual inflationary costs for all active projects approved by the Legislature and the tracking of other construction cost escalations compared to the budgeted costs, outside of inflation, that are impacting projects approved by the Legislature.

Several notable construction projects were recommended for approval by the Subcommittees. The Subcommittees recommended to approve CIP Project No. 19-C01 Completion of South Reno Department of Motor Vehicles (DMV) as amended with total funding of \$8.9 million, including \$5.3 million in general obligation bonds, with debt service payments recommended to be paid by Highway Fund and Pollution Control Fund appropriations, \$2.9 million in Highway Fund appropriations and \$605,878 in funding from other agencies. The project would complete a deferred portion of CIP Project No. 17-C04 DMV Facility in South Reno due to unanticipated increases in construction costs.

Project No. 19-C01 — Completion of South Reno Department of Motor Vehicles
Project No. 17-C04 — DMV Facility in South Reno

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The Subcommittees recommended to approve CIP Project No. 19-C08, Marlette Lake Dam Rehabilitation, as recommended by the Governor, funding the project with \$3.6 million in State funds and \$9.5 million in federal funds.

Project No. 19-C08 — Marlette Lake Dam Rehabilitation

The Subcommittees recommended to approve CIP Project No. 19-C19 for an Education Academic Building, with \$55.9 million of State funding and \$6 million in Nevada State College funding, to fund a new 67,000 square foot Education Academic Building at the Nevada State College in Henderson.

Project No. 19-C19 — Education Academic Building, Nevada State College, Henderson

The Subcommittees recommended to approve CIP Project No. 19-C28 for a Health and Sciences Building, with \$70.8 million of State funding and \$6 million in agency funding, to fund a new 73,000 square foot Health and Sciences Building at the College of Southern Nevada in Henderson.

Project No. 19-C28 — Health and Sciences Building, College of Southern Nevada, Henderson

The Subcommittees did not approve 12 projects recommended by the Governor. They include Project Numbers 19-C05, 19-C07, 19-C09, 19-C12, 19-M03, 19-M13, 19-M23, 19-M41, 19-M46, 19-P03, 19-P09 and 19-P41.

Project No. 19-C05 — Southern Nevada Fleet Services Maintenance Building (Grant Sawyer Site)

Project No. 19-C07 — Three Lakes Valley Conservation Camp Security Perimeter Upgrades

Project No. 19-C09 — Entry Lobby Security Barrier Wall (Attorney General's Office Building)

Project No. 19-C12 — Entry Lobby Security Barrier Wall (Education Building)

Project No. 19-M03 — Replace Emergency Generator (Sierra Regional Center)

Project No. 19-M13 — Exterior Renovation (Nevada State Capitol and Annex Building)

Project No. 19-M23 — Install Security Cameras (High Desert State Prison)

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Project No. 19-M41 — Lighting Upgrades (DMV & NHP Facilities)
Project No. 19-M46 — Install Security Cameras (Southern Desert
Correctional Center)
Project No. 19-P03 — Advance Planning - NNCC Housing Unit and
Core Expansion
Project No. 19-P09 — Advance Planning - Headquarters Building (Department of
Public Safety)
Project No. 19-P41 — Advanced Planning - State Office Building (Las Vegas)

The Subcommittees approved the remainder of the projects in the 2019 CIP including the revisions noted and funding sources as identified on the closing worksheet.

The Subcommittees recommended to not approve the project extension requests for Project Numbers 15-M39 and 15-P02.

Project No. 15-M39 — Install Gas Furnaces - Northern Nevada Youth
Training Center
Project No. 15-P02 — Advanced Planning - Nevada National Guard
Readiness Center,

The Subcommittees directed the Fiscal Analysis Division staff to include language in the CIP legislation that would approve 2-year project extensions requested by the SPWD for Project Numbers 15-C77, 15-M16, 15-M19, 15-M20, 15-M38, 15-M40, 15-P03 and 15-S03.

Project No. 15-C77: — Northern Nevada State Veterans Home
Project No. 15-M16: — Electrical Systems Upgrade - Northern Nevada Youth
Training Center
Project No. 15-M19: — HVAC Renovation - NNAMHS Building No. 2
Project No. 15-M20: — Ductwork Replacement - Lake's Crossing
Project No. 15-M38: — Upgrade Basement Heating and Ventilation –
Nevada State Museum, Carson City
Project No. 15-M40: — Central Plant Improvements - Northern Nevada Youth
Training Center
Project No. 15-P03: Advanced Planning - Welcome Center and Master Plan
(Stewart Campus)
Project No. 15-S03: Statewide Fire and Life Safety

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ASSEMBLYWOMAN CARLTON MOVED TO APPROVE THE OFFICE OF THE TREASURER BOND INTEREST AND REDEMPTION ACCOUNT B/A 395-1082 AND THE 2019 CAPITAL IMPROVEMENT PROGRAM AS SHOWN IN [EXHIBIT C](#).

SENATOR PARKS SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR WOODHOUSE:

We will hear Senate Bill (S.B.) 543. We will begin with a presentation. Following that, we will ask speakers to limit their comments to two minutes. I will turn the gavel over to Vice Chair Parks.

[SENATE BILL 543](#): Revises provisions relating to the funding of public schools.
(BDR 34-1263)

VICE CHAIR PARKS:

Senate Bill 543 addresses the funding of public schools. Senator Woodhouse and Senator Denis will lead off.

SENATOR JOYCE WOODHOUSE (Senatorial District No. 5):

Senate Bill 543 updates Nevada's education funding formula. After a tremendous amount of groundwork which has been years in the making, we are on the verge of finally modernizing Nevada's kindergarten through Grade 12 (K-12) education funding formula.

Nevada's funding formula has not been updated in more than 50 years. Nevada's population is nearly seven times what it was then, and Clark County alone had one-fifth of its current population.

In 1967, when the Nevada Plan went into effect, I was a classroom teacher, and I can tell you first-hand our classrooms look much different today than they did then, not just in terms of the number of students at our schools but also in terms of demographics.

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By the time I transitioned from being a classroom teacher to a school administrator in the mid-1980s, Nevada's schools already looked drastically different.

In my time as a legislator, I have heard from numerous parents, teachers and school administrators about the serious issues our schools face many of which stem from our outdated funding formula.

If we want to improve Nevada's schools, it is critical we move from the Nevada Plan to a modernized funding approach. That is the only way to ensure all of Nevada's children receive a quality education.

It is time we update Nevada's funding formula to better reflect the State as it is today and to ensure funds are more equitably distributed to our public schools.

I want to be clear this process has been years in the making, and a lot of thought, research, time and energy has gone into making sure we get this right.

Senator Denis and I first started discussing what an overhaul to our State's education funding formula would look like during the 2014 Interim.

That year, Senator Denis chaired the Task Force on K-12 Public Education Funding and I chaired its Technical Advisory Committee, which reported its results to Senator Denis' committee. Our major emphasis was research on funding weights for English Language Learners (ELL), at-risk students and special education students.

During the 2018 Interim, we revisited our findings through another study by Augenblick, Palaich and Associates (APA), titled the *Nevada School Finance Study*. It was a major effort that researched how to fund K-12 education and examined how various weights should be applied.

Many educators participated in the creation of the APA report and gave us the information we needed to better understand the issues our schools face as a result of the Nevada Plan.

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The report constituted hundreds of pages of work and detailed the needs of our children in a changing State with recommendations for the most efficient means to create a new funding formula for Nevada public schools.

The report was finalized in October 2018, and the following month the Nevada Department of Education (NDE) Superintendent of Public Instruction Steve Canavero, Senator Denis and I hosted two 8-hour meetings with all the school district chief financial officers in attendance.

Since the start of this Legislative Session, our consultant Jeremy Aguero of Applied Analysis, NDE, Legislative Counsel Bureau (LCB) Fiscal Analysis Division and Legal Division staff have been working to create a new, more modern funding approach for our schools called the Nevada State Education Fund (NSEF).

As details for the NSEF have been finalized, Senator Denis and I have held several meetings along with Mr. Aguero, shared the plan with Democrats and Republicans in both chambers of the Legislature, the Governor's staff and county superintendents.

To include the voices of educators and their communities, we also conducted several stakeholder meetings with allied public education groups and the business community. I am very proud of what we have accomplished together. I urge your support of this critical legislation.

I will now turn things over to Senator Denis to share some of the details and overarching goals of the NSEF.

SENATOR MOISES DENIS (Senatorial District No. 2):

The Nevada Plan was created in 1967 when I was a 6-year-old first grader just learning English at Robert E. Lake Elementary School. Think about that. Senator Woodhouse was in her second year as a first grade teacher coming out of college. I would have been her student. Think about how long ago that was. I now have five grandchildren.

We have had this funding formula for a long while. In 1990, my oldest daughter started kindergarten. I went to the school and like every other parent I raised my hand to volunteer. I became involved in the Parent Teacher Association (PTA).

I started to do research to understand how we can make education better. Initially, you do that as a parent because you want to make things better for your child. I realized in order to make it better for my child, we really needed to make it better for all children in Nevada.

That is how I became involved in education. I realized even 30 years ago the shortcomings of Nevada's education funding formula. When I was first elected to office in 2005, I ran on a platform to update our education funding formula. It seems anyone who runs for office includes it. That was 14 years ago. Voters knew there were major flaws with the way education in Nevada was funded.

In the 2019 Session, we have a chance to update Nevada's outdated funding formula with a more modern student-centered model. I realize we need more money for Nevada's public schools. Without addressing the systemic inequities, even with more funding, those dollars may never reach Nevada's classrooms. We sat down with Mr. Aguero to discuss the guiding principles for the new funding formula. At the top of our list was making sure the formula would be student-centered. Every student in Nevada is unique and has different needs. That should be reflected in the way we allocate education funds.

We know college is not for everyone. Some students will go on to pursue higher education while some will opt for additional technical training in a post high school career path. Many students are not native English speakers and need more assistance learning to read or write. Some students have special needs. Some qualify for gifted and talented programs.

The new funding formula recognizes there is a cost difference in each of these student's paths to a quality K-12 education. Their paths are not uniform. The NSEF accounts for those differences in the allocation of resources.

In 2013, to prove Nevada schools would be more successful if we directed more funds to students, we created Zoom Schools. We created Victory Schools two years later. These services should not be dependent on what school a child goes to. That is why the new funding formula creates Zoom and Victory services in place of dedicated schools. This means all of Nevada's kids' needs are met, not just those fortunate enough to attend a school that offers those services.

We determined those resource allocations should be clear to parents and taxpayers alike. Under the current Nevada Plan, it is difficult to determine what money goes to which schools and students. The second guiding principle Senator Woodhouse and I established was more transparency in how Nevada education funds are spent. The difficulty in the Nevada Plan's funding mechanism is there are so many different accounts for education resources it is often unclear where the resources are coming from and where they are going.

The NSEF will put all education funding resources into a single Statewide fund. This transparency will eliminate the distinction between the State and local revenues and allow oversight of where education dollars come from and how they are allocated.

After working with Mr. Aguero on a student-centered and more transparent model, Senator Woodhouse and I wanted to make sure the new formula took into account Nevada's geographic diversity. Nevada was a much different place when the Nevada Plan went into effect than it is today. A main focus of ours was to make sure the NSEF took into account our State's demographics so public education funds would be more equitably distributed.

Nevada is a vast State. A one-size fits all solution will not adequately serve the needs of Nevada students and educators. The NSEF will make district-level equity adjustments to reflect cost differences based on district size, transportation and wage differentials.

In addition to the NSEF being student-centered and modernized to reflect geographic diversity, we wanted to make sure it provided the allocation of education resources would be classroom focused and primarily support the direct efforts of teachers teaching in Nevada classrooms and students learning in our classrooms.

The success of Nevada's students and their ability to receive a quality education is more dependent upon everything that happens in the classroom and much less by the things happening at the administrative level. Making sure the new funding formula reflects that by placing more of our funds in the classroom is a common sense approach to funding education.

We wanted to make sure no student, teacher or school district was adversely impacted by the creation and implementation of a modernized funding formula. That is why Senator Woodhouse and I, along with Mr. Agüero, added a hold-harmless component to the NSEF.

While opponents of S.B. 543 have expressed concern about a "freeze and squeeze" of rural districts regarding frozen funding levels going forward, S.B. 543 ensures cost increases as a result of inflation or enrollment growth are accounted for in the successful schools base. We were mindful of the impacts shifting money between groups of students or school districts could have, so we made sure in coming years they will continue to receive the same amount of revenue they do now to give them time to adjust to the new plan.

There have been concerns about the allocation of resources for charter schools. I want it on the record: "charter schools are part of Nevada's public school system today. Students in those schools deserve to have a quality education just the same as students in traditional public schools." Students in rural and urban schools deserve that right also. All Nevada children should be treated fairly and equitably.

After many years of work, we are so proud to unveil this new plan to modernize and overhaul Nevada's outdated education funding formula. With the implementation of NSEF, our schools will be better equipped to provide Nevada students with a world class education that prepares them for 21st century jobs and will help them stand toe to toe with students from any state in the Nation.

There is a choice before these Committees today. We know the Nevada Plan is out of date. We know Nevada education funds do not always end up going where they are intended to go. We know students with the greatest needs do not always receive the services that would provide them with a quality education. Do we stick with the status quo or do we take a bold step to pass a modern funding formula that will better address the needs of all Nevada students?

The new plan will run in parallel with Nevada's existing system for two years. It will be in place so new budgets created in the next biennium will use this funding plan. We will create a commission to look at what the true costs of the

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new plan are and be able to adapt to those findings. Mr. Aguero will address the technical aspects of the bill. I urge your support of S.B. 543 today.

JEREMY AGUERO (Principal Analyst, Applied Analysis):

I am joined by Mike Alasteuy, and Guy Hobbs is in Las Vegas. We have been asked to provide a general overview in terms of how we got to where we are today. The presentation ([Exhibit D](#)) is Modernizing Nevada's K-12 Education Funding System. I will provide a general overview of S.B. 543.

These numbers and the analyses are works in progress. I would love to come to you with final numbers, but there will be a transitional period. We want to make sure we understand all the numbers and get them right. My job has been to compile a substantial amount of information generated by LCB, the NDE, the Governor's Office, and consultants like APA and WestEd. A remarkable amount of quality work led us to where we are today.

The Nevada Plan is often used as a scapegoat or a proxy for everything that is wrong with education in the State. We want to point to that and suggest it is the problem with everything we are doing. It is a problem. It has some challenges, including a formula that has become so complex it lacks transparency and some legacy assumptions that are ripe for reconsideration.

The architects of the Nevada Plan did a pretty good job of analyzing the issues. We have made efforts to try to revise it over time. It got complicated.

There are three issues relative to State of Nevada education funding today. The first is the NSEF plan in S.B. 543. It talks about how we fund education and how it is distributed. Second is the question of education adequacy. What we are doing today does not address how schools are funded from an adequacy standpoint. The NSEF formula is designed to take whatever the level of funding and distribute it in a way that mirrors the best practices nationally for the State of Nevada.

The objective of this undertaking is to make it a little easier to understand how the funds flow so we know how much money is coming in and how much is ultimately flowing out.

Page 4 of [Exhibit D](#) shows how the Nevada Plan works today. Inside revenues and outside revenues are included, and there are multiple accounts that contribute funds. It is a relatively complicated formula and is extremely difficult to parse. It is not transparent by design nor by legacy. Being able to explain it for people who use it all the time can be difficult.

Page 5 of [Exhibit D](#) shows there are multiple parts of the Nevada Plan. You may have heard of the multiple series of spreadsheets that deal with the equity allocation model and the flow chart of mathematics we use. It is almost impossible for policy makers and stakeholders to get through the information.

Guiding principles are shown on page 6 of [Exhibit D](#). They include the concepts of transparency, student-centered funding, geographic diversity, holding districts harmless and effective classroom directed funding. We are home to one of the largest school districts in the Nation and many of the smallest school districts in the Nation. Anytime we are talking about a formula that does not add revenue, there will be a change in how the funding is distributed. There was an effort to say: when funds do not get to the classroom they should have a higher level of scrutiny.

My overview has 4 elements as shown on page 7 of [Exhibit D](#). The first is creating the NSEF and taking all of the revenue sources and putting them into one place. The second part is the implementation of a Statewide student-centered funding allocation model. It would effectively replace what the Nevada Plan does today. The third element is the distribution of the funds within the plan in a manner that reflects demographic, economic and geographic differences in the State. The fourth part is the policy elements in [S.B. 543](#).

How much money is the State of Nevada spending on education today? I thought I knew the answer when I started this process. I found out I did not.

Every one of the figures on page 8 of [Exhibit D](#) represents somewhere the State reports total education funding. They all disagree. In the [Executive Budget](#) there is \$5 billion dedicated to K-12 programs in fiscal year (FY) 2019-2020 alone. Between FY 2017-2018 and FY 2020-2021, there were more than 80 separate sources of State, local and federal revenue that would go to K-12 education. They are all over the place. Some of the accounts are never actually reflected in any State budget because there are local revenues used as an offset.

Transparency starts with understanding the total amount of money being spent. The number on the left side of page 10 of [Exhibit D](#) is the one I see more than any other in public reports relative to how much the State is spending on K-12 education. It is the amount referred to as basic per-pupil support. It is \$6,052 per-pupil per-year as submitted in the Executive Budget for FY 2019-2020.

That is not the actual total. It is only a derivative calculation ultimately determined to help us understand how much General Fund appropriations must be put into education to round out a budget. The Distributive School Account (DSA) B/A 101-2610 within the Nevada Plan is a circular funding formula. It uses certain numbers to ultimately solve for a single number. That single number is how much of the General Fund appropriations have to be added to the pot to attempt to make it whole.

EDUCATION

K-12 EDUCATION

NDE - Distributive School Account — Budget Page K-12 EDUCATION-17
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Budget Account 101-2610

The number on the right of page 10 of [Exhibit D](#) is \$10,197. This is the actual total amount being spent of K-12 education going to all students in all districts in the State. Neither of the numbers is adequate. They represent the same amount of funding just looking at it through a bit of a different lens.

The first element attempts to take all of the State and local revenues into a single fund, NSEF. Think of it as a lockbox where education funds go in and are dedicated to the one single purpose of funding K-12 education. Federal funds are treated separately as shown on page 12 of [Exhibit D](#) both in terms of the analysis I am going to show you and in S.B. 543.

Federal funds need to be separated because there cannot be any suggestion the State is supplanting federal funds with State and local funds. Title I of the Elementary and Secondary Education Act and Individuals with Disabilities Act funds must be accounted for wholly and entirely separately.

The many funds are broken into two groups as shown on page 13 and page 14 of [Exhibit D](#). Group 1 relies only on State and local revenue. Group 2 includes federal revenue. Group 1 represents substantially more funds. For our purposes tonight, we will look at Group 1.

We have eliminated the distinction between State and local revenues. There are local revenues, but they are local in name only. Counties and school districts do not have the ability to raise those revenues. They are the reflection of what existed in 1979 when school districts had the ability to do so.

We have eliminated the distinction between guaranteed and nonguaranteed revenue. School districts do not have the ability to shore up revenue when it comes in less than predicted.

Senate Bill 543 indicates the transparency concept that all revenues should be reflected in any accountability report that comes out of NDE or school districts.

Element 2 is implementing a Statewide student-centered funding allocation model by taking the Nevada Plan and replacing it. The cost to prepare students for college or careers is not uniform. Special needs have additional costs. Resources have to follow the concept that costs are different for different needs.

Base funding is the amount of funding that goes to every student everywhere in Nevada as shown on page 19 of [Exhibit D](#). If a student is in a gifted program or ELL program, he or she still needs general education services. That is what the base indicates. Weights are then added for special needs as discussed on page 20 of [Exhibit D](#).

Weighted funding is not student-centered funding. We use weights today. Two similarly situated students with the same need profile going to two different schools in the same school district do today receive different funding levels and have different educational experiences. The idea is to have weights and make sure the funds follow the students based on those students' needs.

Funds are allocated in many accounts at the State level as shown on page 22 to page 24 of [Exhibit D](#). Within the DSA, we have a calculation for categorical funding to show what is being removed.

Senator Woodhouse and Senator Denis pursued the challenge of understanding what the weights and the base need to be. The APA report came out in October 2018. It is a thorough, thoughtful and relatively complete analysis. Some have tried to use it for more than what it was intended. It asked what full adequacy looks like. The conclusion is on page 26 of [Exhibit D](#). The full adequacy scenario indicates \$9,238 per pupil is necessary.

If we are going to prepare students in poverty or learning English for example, weights would need to be added. Funding at that level was cost prohibitive as shown on page 27 of [Exhibit D](#). It would be more than \$1 billion per year based on the APA report. They also looked at other alternatives. If we do not get the base right and the weights right, money will be shifted between groups of students. The Senators wanted to be careful to not set the base so high that enough money would not make it to the weights. They wanted to be careful to not set the weights so high that there would not be enough for the base.

We decided to think about this in a Nevada-centric way. We looked for best practices in other States and how those could work. That became the basis for the student-centered funding allocation model, a 5-step formula simplified in the graphic on page 30 of [Exhibit D](#) for purposes of discussion.

How do you make sure base funding does not take all the money for weights? Senate Bill 543 would make sure the base is where it is today and can increase by inflation and enrollment, so the base is made whole, with any new funding making its way to the weights. It could allocate more to the weights.

The fifth element is a bit of a fantasy element. It is referred to as step 5, where the concept is, if both the base and the weights are fully funded, they would increase in proportion to one another.

Policy notations are shown on page 31 of [Exhibit D](#).

School districts should be required to allocate base funding and weighted funding in a manner consistent with the Statewide, student-centered funding

allocation model. This means if the weights are established at the State, they must be delivered in that manner at the districts, and S.B. 543 does that.

The Legislature may be prescriptive relative to the use of some funds and leave broad discretion to districts for others. Deploying a student-centered funding model is designed to ensure education dollars follow students and should not affect legislative discretion. Senate Bill 543 would ensure it follows the existing *Nevada Revised Statutes* (NRS) 387 and NRS 388.

Ensuring base funding remains whole is designed in part as a hold harmless measure. If the base does not increase by an amount equal to inflation and enrollment growth, real expenditures for every student in the State will be diminished. This was designed specifically to make sure the base is not eroded. The formula shown on page 30 of Exhibit D does not work in reverse.

In the event funds are reduced, the reduction should be proportionally applied consistent with aggregate spending levels to both the base and the weights to ensure funding shortfalls are not borne disproportionately by students receiving weighted funding.

If funds come in under expectation, the base and the weight are reduced proportionally to make sure money is not taken away from weighted student groups first. That is not the intent.

The third element is distribution of funds to districts in a manner that reflects demographic, economic and geographic differences. What funds are being distributed? How are those funds being distributed? Those are the key questions as discussed on page 35 of Exhibit D. Base funding today is roughly \$4 billion. Weights are \$374 million. State Administration and other funding is \$60 million.

The discussion of how the funds are distributed begins on page 38 of Exhibit D. Clark County has more than 320,000 students. Esmeralda County has 70 students. Having a formula that matches both of those situations is challenging. If all funds were allocated on a per-pupil basis it would be inequitable. I will use the student-centered funding model to illustrate this beginning on page 39 of Exhibit D. All of the green boxes on page 41 of Exhibit D have some program that is essentially performed by the State, and the

funds never make it to the school district. That totals \$59.2 million or 1.4 percent of total funding. Those funds include things like the Office of the State Superintendent and adult education.

Base funding is the second element, beginning on page 42 of [Exhibit D](#). The optimal level was indicated at \$6,197 based on 55 schools performing relatively well as discussed on page 43 of [Exhibit D](#). We found some things left out of the calculation. We made adjustments and determined adjusted successful schools base figures to be \$6,775 for FY 2017-2018, \$7,000 for FY 2018-2019, \$7,181 for FY 2019-2020 and \$7,369 for FY 2020-2021. We want to make sure we get the figures correct, and [S.B. 543](#) allows for some continued analysis to make sure the figures reflect what is actually being spent today.

The data we had was for FY 2017-2018 in terms of what was actually spent. For FY 2018-2019, it was based on the work program. For FY 2019-2020 and FY 2020-2021, the [Executive Budget](#) figures were used.

The APA report said in addition to base funding, there needs to be some equity allocation adjustments because of the differences between districts in the State. They suggested the small school district adjustment, the necessarily small schools adjustment and the comparable wage index.

There are diseconomies of scale associated with different districts as discussed on page 46 of [Exhibit D](#). Analyses have indicated the State of Nevada tends to allocate more of its resources to rural areas versus urban. We have to think through how that happens overall. We have to recognize the differences.

The first of the adjustments is discussed on page 47 of [Exhibit D](#). The small schools adjustment totals \$45.3 million based on the base figures shown. The smallest school district in the State has the largest adjustment. It is a curve. The largest districts have smaller or no adjustments.

The second of the adjustments is for the necessarily small school as shown on page 48 of [Exhibit D](#). It is not just in rural areas or small school districts. There are small schools having 50 students or less in urban districts. Where they exist, we need to have the ability to capture that. Sometimes it relates to geographic dispersions or outlying areas.

The comparable wage index adjustment is shown on page 49 of [Exhibit D](#). The cost of labor is different in areas of the State. The model must reflect that. In the initial analysis included in the APA report, the cost of wage adjustment had Clark County at a positive number and the rest of the districts at a negative number. That was not included here. As a hold harmless feature, every other district was set to zero. This is just wrong today. The concept only Clark County would have an adjustment is not right. We will need to study this to get the figures closer to accurate.

When we add all of this up, the allocation is as shown on page 50 of [Exhibit D](#). Smaller districts receive additional funding. Washoe County School District (WCSD) is important for purposes of the discussion. The way we compiled the information was provided by APA and other consultants. Washoe County falls in the odd middle. It is too large to receive the small district allocation, but is too small to get the cost-of-living adjustment. We are going to have to get that right going forward, respecting the fact the framework is there, and the calculations and multipliers will need to be adjusted.

The fourth element is weighted funding as shown beginning on page 52 of [Exhibit D](#). It is approximately \$374 million.

With [S.B. 543](#), the numbers on page 51 of [Exhibit D](#) become the starting point. Every one of the student groups listed gets at least the amount of total funds shown and likely some more as things balance out.

Page 53 of [Exhibit D](#) shows the amount now spent per student. These are in addition to the base funding allocated. The figures for at-risk students have caused some concern. We think about Victory Schools, schools under S.B. No. 178 of the 79th Session and we think about a higher number than \$306. That is because I am using a different population number. My concept here relates to at-risk students as those who are living at or near the poverty level. Historically, we have used the definition of S.B. No. 178 of the 79th Session which is much lower.

We have in excess of 250,000 students who are living at or near the poverty level. The goal is not to suggest all students will get \$306. [Senate Bill 543](#) instead gives school districts discretion to make sure programs that are working continue to work. The allocation of future funds needs to be predicated on

where the needs are greatest. That is critical. We will underfund that group of students if we are not completely transparent about the student population.

The way the model is intended to work is the distance between the effective weights shown and the target weights will dictate the amount of funds ultimately driven to each of those groups as shown on page 54 of [Exhibit D](#). If we are today funding ELL students at 40 percent of where we might fund them in an optimal scenario, and we are only funding at-risk students at 10 percent of where they should be, then more funds would be driven to those at-risk students. Making sure we get that calculation correct is critically important.

Page 57 of [Exhibit D](#) shows an allocation of what would happen if the State were to transition from its existing funding plan to the student-centered funding model in the NSEF in FY 2019-2020. The impacts would be significant.

When I ran the model initially, I told Senator Woodhouse and Senator Denis the best plan would be to phase in the new model over four years. It is not the intent to deploy the model in FY 2019-2020. I advised them a four-year phase in will not work. We decided we have to find a different way. We came up with the concept of "hold harmless" not impacting smaller districts.

The figures shown on the right side of page 57 of [Exhibit D](#) are the increase in funding for K-12 education. These are not new funds in terms of taxes, they are new funds reflecting the growth of revenue within the education funds shown before. We see a reallocation in FY 2019-2020 of \$274 million of net new money based on the growth between FY 2018-2019 and FY 2019-2020. The numbers are less between FY 2019-2020 and FY 2020-2021 because that is what is reflected in the budget today. We have not added any new funds.

Much has been said about this as a reflection of the inequities that exist in the student-centered allocation plan as it is being proposed. I disagree. This is a reflection of the difference between the Nevada Plan and the inequities that existed under that plan versus the new plan. We have rural districts that are very similar in size, but are funded very differently today. We have urban and rural differences. Some districts have 5,000 more students than other districts and receive thousands of dollars less per student. There are reasons for that including geographic distribution.

No one wants to hurt rural school districts. No school district in the State is funded at its optimal level. We are talking about different levels of suboptimal. The hold-harmless element recognizes we do not want devastating effects that would result from negative growth in funding. Page 58 of [Exhibit D](#) shows the two-part approach including a hold-harmless concept that says school districts will be frozen at the FY 2019-2020 levels, ensuring any school district that would receive less funding under the new model does not receive any less funding that it did in the FY 2019-2020 school year. That concept has changed a little. In that initial discussion, the district would get 100 percent of the funding it got this year, not just General Fund, but it would get all the other funds it received.

The second element was the concept of a true-up. Any school district that would get less than what it should under the new model would receive a distribution of new funds, not a reallocation of existing funds, to make sure they start getting closer to whole.

There is a change in [S.B. 543](#) from the way it was introduced. Proposed Amendment No. 5949 ([Exhibit E](#)) changes the hold harmless from FY 2018-2019 to FY 2019-2020. There has been consideration of creating bridge funding between FY 2019-2020 and FY 2020-2021. If those funds will be used for teacher raises, they had to be included in the hold-harmless figures going forward.

Page 59 of [Exhibit D](#) reflects the adjusted figures. There are no new funds shown here. Each of the school districts is held harmless to make sure the amount of money it received in FY 2018-2019 is no less than it would have received in FY 2019-2020. The figure changes with [S.B. 543](#). I do not have an updated chart yet. The concept was to freeze the funding to make sure no school district received less tomorrow than it received yesterday. The change is largely in buying power. If their enrollment or inflation go up, this will allow the transition to be phased in.

Rural districts are not the same. This was not a rural versus urban situation. There are very big differences between rural districts. The numbers on the far right of page 59 of [Exhibit D](#) show some districts flip over to the new formula very quickly. We do not know how it will work for all of them. It will be a

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function of the total amount of money appropriated and otherwise allocated to K-12 education that will determine the schedules.

Every school district shown on page 59 of [Exhibit D](#) is getting more money on the student-centered funding plan not less money for however long that takes.

Policy notations are shown on page 60 of [Exhibit D](#). The determination of the base is critically important. Weighted classifications do not get any less total funding. Comparable wage index figures need to be refined.

The goal is to have a funding formula that is ready for whatever the Governor proposes and the Legislature modifies regarding total funding. Reporting and accountability are critically important and are addressed in section 12 of S.B. 543. The bill includes the concept of a General Fund maintenance of effort and making sure there is an education stability fund ensuring when funds come in the top of a bucket they do not come out the side. Any funds dedicated to education go to and stay with education.

Effective date for most of this discussion is upon passage. The concept is to have an approximately 2-year implementation cycle, run the Nevada Plan parallel with the student-centered funding model and make sure it is working as intended with an effective date of July 1, 2021. The Executive Budget and the school districts' budgets will reflect the new program. Auxiliary services will be funded and monitored. A Commission on School Funding will be created. Base funding will be available for collective bargaining, but weighted funding is not.

CHAIR WOODHOUSE:
We will go directly to the bill for discussion.

MR. AGUERO.

I am working off [Exhibit E](#), the Proposed Amendment No. 5949 to S.B. 543. Section 1 indicates NRS 387 is being amended. Section 2 creates the NSEF administered by the State superintendent of public instruction. Section 2, subsection 2 allocates all of State and local education funds. Section 2, subsection 3 indicates the State Education Fund appropriations do not revert to the State's General Fund. The idea is to create a lockbox for K-12 education funds to make sure they stay there.

Section 2, subsection 5 indicates federal funds must be accounted for separately. Subsection 5 allows the State superintendent to create one or more accounts to do so. Section 3 is the creation of the State Education Stability Account (SESA), similar to a rainy day fund. Section 3, subsection 1 indicates any funds in excess of an ending fund balance of 16.6 percent will go to the SESA. Districts that have more than 16.6 percent can keep that until they spend it down.

Section 3, subsection 3 indicates a continuing appropriation stays with education. The stabilization fund is capped. Section 3, subsection 4 indicates if revenues come in 3 percent or more under expectations, the school districts can go to IFC to access the rainy day funds.

Section 4 enumerates the pupil-centered funding model. Section 4, subsection 1 indicates for general education services there is base funding to be made whole by inflation and enrollment. Those funds must be used only for general education purposes. The amendment language indicates the weighted and base funding are reduced proportionately when revenues are less than predicted. Section 4, subsection 2 discusses allocation of revenue. The first allocation of funds goes to State oversight and administration, and districts that are administered by the State.

Section 4, subsection 2, paragraph (d) talks about base funding for charter schools, differentiating between brick-and-mortar charter schools and virtual charter schools. It allows brick-and-mortar charter schools to receive the adjustment for cost-of-living differences because they are running a brick-and-mortar school. Virtual charter schools would only receive the Statewide base.

Weighted funding is discussed in Section 4, subsection 2, paragraph (e). It breaks out ELL and at-risk students and more. Section 16 defines at-risk students as students who qualify for free-and-reduced-price lunch (FRL). Section 4, subsection 3 provides the calculation for adjusted base per-pupil spending. Adjustments are in section 5 through section 7. Section 4, subsection 5 has the concept of one student one weight. If a student belongs to more than one category of weighted students, they will get the funding from the highest weight from any of the categories.

Section 4, subsection 5, paragraph (a) provides the initial funding of the weights and discusses what would happen if there is not enough money for the weights. Section 4, subsection 5, paragraph (b) says if the Legislature determines a disproportionate need exists, it has the ability to distribute funds based on the recommendation of the Commission. Section 4, subsection 6 indicates base funding is available for collective bargaining while weighted funding is not.

Section 5 indicates the model must have a cost-of-living adjustment. It gives the Commission on School Funding the ability to make changes to the cost-of-living adjustment so it can be used in calculations for education funding.

Section 6 does the same thing for the small schools adjustment. Section 8 discusses how school districts have to allocate funds. Section 8, subsection 1 says base funding must be accounted for separately. School districts have to segment base funding from weighted funding. There must be a specific carveout for administrative costs. The Commission must provide guidance about what that cost can be. Monies identified for small schools in urban or rural areas must go to those specific schools. The allocation must be made in a manner that provides a reasonably equal education opportunity. We understand the allocation of funds will be different in an elementary school than in other schools. Similarly situated students at similarly situated schools are required by Section 8 to receive generally the same amount of funding.

Base funds can also be used for special education if there is a need to satisfy the federal maintenance of effort requirement or other requirements for pupils with disabilities. Weighted funds must be accounted for separately and must be allocated to each student where the student is located. In the transitory language of the bill, section 78 says while we are transitioning from the Nevada Plan to the student-centered funding formula, school districts should have the ability to allocate funds to ensure programs that are working continue to work.

Section 8, subsection 4 says weighted funds must be in addition to the adjusted base funding for every student. Section 8, subsection 5 indicates special education funds must be accounted for separately and dedicated to specific programs. This increases transparency. Section 8, subsection 7 indicates at-risk students must receive services. Those funds must be used for Victory services

enumerated in subsection 10. These are the programs that have historically been successful in Victory Schools. The concept of Victory Schools is replaced by Victory services, so we can find a way to get programs that are working to more students.

Section 8, subsection 9 indicates the Commission has the ability to prescribe the amount that can be allocated from base funding for administrative services at the district. There is much conversation about how much that should be. Subsection 10 includes the definition of Victory and Zoom services. It includes the concept that if there are additional services the districts propose, they can bring them to the State superintendent for approval.

Section 9, subsection 1 has three component parts. It says it is the intent of the Legislature that General Fund appropriations going to K-12 education will increase by an amount equal to the greater of the estimates of the Economic Forum or the increase in enrollment and inflation. This makes certain if funds are put into education, they cannot be taken out as has happened in the past.

Section 9, subsection 2 provides for some instruction to the Governor in creating the account. The base must remain whole. Rates must be equivalent to what was funded previously. When we get to section 9, subsection 3, there are a number of recommendations the Governor shall take into consideration but may integrate into the Executive Budget.

Section 9, subsection 4 says the Governor may make any change to base and weighted funding, and to formulas as the Governor sees fit but cannot do so at the expense of keeping the General Fund whole. The maintenance of effort cannot be breached. It defines rate of inflation as the Consumer Price Index for All Urban Consumers, Western Region, for the immediately preceding calendar year for the fiscal year in which it is being used.

Sections 10 and 11 discuss the creation of the Commission on School Funding. The makeup of the Commission should match the geographic representation of the pupils in the State. This needs to be a working Commission. It is not intended to be a policy or political Commission. The goal is to make sure the math is working. It is critical those appointed have the capability to do that. Qualifications are set out. Terms are for three years and members can be

reappointed. The Commission's first meeting will be on or before October 1, 2019. I hope they meet before that, because they have much work to do.

The director of the LCB will have the administrative responsibility for the Commission. The LCB, the State Superintendent of Public Instruction and the Governor's Office of Finance (GFO) shall jointly provide the Commission with professional staff services. Getting everyone together is important to delivering on the promise of transparency.

Section 11 provides for the functions of the Commission. If there are deficiencies in the formula or challenges, the Commission can provide background in carrying out the student-centered funding plan. It can make recommendations about optimal funding and a ten-year plan. The equity adjustment factors may need to change. The Commission can request data and testimony from any State or local agency. This Commission will work closely in the parallel monitoring of both the Nevada Plan and the student-centered funding formula.

Section 12 requires the NDE provide a description of the personnel and services for an average elementary, middle and high school under the existing Executive Budget and the budget approved by the Legislature. School districts must provide how much they are allocating for each elementary school and will be required to provide that information to the Commission and the NDE. The information on individual schools as stated in section 12 will be provided to each parent and legal guardian to ensure transparency.

There is a series of conforming changes and changes designed to take all of the revenue sources going to all of those different places and put them into the NSEF.

Section 13 moves funds from the permanent school fund into the NSEF. Section 14 is a conforming change. Section 15 is the hold-harmless provision. Section 15, subsection 1 replaces the Nevada Plan with the Pupil-Centered Funding Plan. Section 15, subsection 2 implements the hold-harmless element based on the revenue received by each school district as of June 30, 2020. It allows districts under the hold harmless element to allocate the funds they have based on how they were allocating them when they entered the

hold-harmless element. We do not want revisions to the weights to cause a large General Fund shift between programs. That is not the intent.

Section 15, subsection 3 allows a three-year rolling average to be used for districts under the hold-harmless element to make sure they do not instantly get hurt in the event of enrollment changes. Section 16 defines at-risk students and the Commission. Conforming changes replace references to basic per-pupil support. Section 17 through section 23 are examples of conforming changes.

Section 31 is a change to make sure the room tax funds are deposited into the NSEF. Section 49 moves forfeited property funds to the NSEF. Section 51 moves federal land lease sales funds to the NSEF. Section 58 deals with the ending fund balance. Section 58, subsection 4 indicates an ending fund balance of up to 16.6 percent is not available for collective bargaining. This is intended to be part of the General Fund appropriations. As it has been explained to me, the funds for this specific purpose for county school district funds is the school district equivalent of the General Fund.

Section 59 and section 60 move excess revenue from the development of tourism districts. In section 61, Governmental Services Tax (GST), also called car registration fees, and the Net Proceeds of Minerals Tax had been combined to include the capital and operating elements. The intent was to only include the operating element. These sections carve out the debt and capital elements of GST and the Net Proceeds of Minerals Tax to make sure only the operating elements are included.

Section 64 makes sure the marijuana tax goes and stays with NSEF. Section 66 deals with sales and use taxes. Section 67 discusses making sure marijuana fees, licenses and certificate costs go to NSEF. Section 68 and Section 69 deal with marijuana tax and slot tax funds.

Section 70 does the same thing as the minerals proceeds, but does it specifically to the GST. Section 73 includes an amendment that makes it clear this is only to include the operating piece not the debt service or the capital piece of these individual funds.

Section 70 deals with the local government utility franchise tax. Section 72 and section 73 deal with franchise taxes deposited into the NSEF or that go to

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K-12 education today. Section 74 begins the transitory provisions. Appointments to the Commission must be made by July 1, 2019. The Commission needs to consider the parallel running of the Nevada Plan and the NSEF during the 2019-2021 biennium.

Section 77 indicates ending fund balances from rural districts that are higher than 16.6 percent can continue to stay with those districts until they are spent down. Section 78 gives school districts additional flexibility during the 2021 to 2023 school years to allow for programs that are working to continue.

Section 81 provides for the effective dates including the effective dates for the Executive Budget and school budgets that must take into account the shift in funding plans. The effective date of the student-centered model is July 1, 2021.

CHAIR WOODHOUSE:

We have a couple more people on our team to hear from.

MICHAEL ALASTEUY:

I was privileged to serve for ten years in the State Governor's Budget Office. I ran the DSA at the NDE, and I served as the equivalent of the chief financial officer for the Clark County School District (CCSD) for nine years. I have seen it from all sides.

The lack of transparency occludes the discussion about school funding today and has for decades. The notion of an artificial distinction between State and local funding is incorrect. All those so called local funding sources are levied by the State, directed by the State and used directly by the State to offset what would otherwise be State General Fund appropriations. This has a long history.

I go back farther than Senator Denis. I was in second grade in 1955 when there were 200 independent school districts in the State. Their tax bases were disparate. A Governor's commission did a study. They came up with what was called the Peabody Report. Peabody State Teachers College, which became part of Vanderbilt University, worked on the study. The Peabody formula lasted eight years before people started to shoot holes in it.

In 1963, following up in 1965, the Legislature enacted two separate studies. As the Peabody formula was phasing out, there was a parallel study that

became the Nevada Plan. With the Peabody Report, the first State sales tax was passed in 1955. It was 2 percent deposited to the General Fund, passed under the banner of K-12 education needs.

Schools were vastly overcrowded at the time because of the baby boomers. There was opposition to the tax and a follow up petition to repeal the tax. It was retained. There was some local funding of \$1.50 per \$5 of assessed valuation.

The birth of the Nevada Plan in 1967 showed some disparities. The first Local School Support Tax was passed in 1967. It was deducted from the State support. Seventy cents out of \$1.50 was deducted from State support. The local funded portion was eroding. It became a practice to enact funding for education that was actually used in part to balance the State budget.

In 1979, the \$1.50 was reduced to 50 cents in a wave of property tax reductions. The State took total operational control of all school district finances and there was no longer a local option. The Local School Support Tax was increased in 1981 from 1 cent to 1.5 cents. It was in the fund and on the books, but it was deducted from State General Fund support.

The State was flat broke in 1983. An additional 25 cents augmented the 50 cents. Since then, the 1.5-cent sales tax has been increased in increments. It is complicated funding now. There is no transparency.

Guaranteed basic support has not always held up. On several occasions when the State has been in dire financial conditions after the Legislature enacted a basic support guarantee it was unable to meet it, so the Legislature rescinded it. School districts had contracted for a year's worth of teacher salaries but could not pay them. The total funding picture is far different from the tiny piecemeal examination normally conducted.

GUY HOBBS (Hobbs, Long and Associates):

I was the chief financial officer for Clark County for several years. I still focus in private practice on public finance issues. Mr. Alasteuy has done a good job of describing the duct tape and bailing wire that have gone into building a system that is difficult to comprehend. You can see from tonight's testimony it is also very difficult to explain.

When a formula has that many moving parts layered on over the years, you find yourself trying to fix individual pieces. You add more layers until it becomes a self-perpetuating problem. Every layer added makes it harder to understand. We had several situations like this at the local level in the past few decades. All the taxes had different distribution mechanics. That resulted in arguments at the Legislature. Few people could explain the formulas.

We learned when you change a formula, you change the outcome of the formula. It is a natural outcome of changing a formula that is not responsive to growth and changing conditions. What should be the guiding principles that move funding from one point to another fairly and equitably over time?

We spent more than six years fixing the local consolidated tax formula I worked on. Whether or not the attributes in the changed formula were good, sensible, logical and had good rationale behind them, people had a hard time reacting to them until they saw the effect in the far right column. The intent of changing the formula is not to do harm to any of the recipients. You must pick a point in time to make the change. The hold-harmless provisions address that.

The wisdom to attack these challenges by beginning with a well-constructed formula that leaves little to interpretation and focuses on funding that follows the students' needs should be highly commended. My impression is you have come up with a sound and well-founded alternative to consider.

Running a parallel formula allows the ability to fine tune and debug the formula if needed. Limiting the weights recognizes the fact student needs differ. If we know the way we should be doing this, the sooner we get there the better. Combining the state and local revenues into a single system is a vast improvement. The age old question of who is funding things, the State or the local entities, can finally be put to bed.

Well-devised changes can positively affect equity over time. This formula does not speak to adequacy, but attempting to push additional funds through a flawed or outdated formula only exacerbates the flaws and accomplishes very little in time.

Taking this new course will allow you to spend more time looking at adequacy issues instead of debating individual elements of a formula.

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ASSEMBLYWOMAN NEAL:

In section 27, is that a change in calculation? Who is now responsible for the payments?

MR. AGUERO:

Section 27 deals specifically with the property tax. The goal is for any property tax funds that would otherwise go for debt or for capital to be walled off. Generally, with property tax you have an operating rate and a debt capital rate for each school district. The goal would be for anything related to capital to be the responsibility of the school district. The intent is to ensure the operating elements are being deposited into that fund.

ASSEMBLYWOMAN NEAL:

Section 62 does a similar activity. Smaller districts of 4,500 or less seem to keep a little more control over their money and how they treat the funds, because they get to retire the bonds issued by the school district before authorizing any expenditure pursuant to the subsection. The trustees in this provision seem to keep a little more power. I looked for where that same power existed for other school districts. I did not see it.

MR. AGUERO:

Those provisions are not included here. Every school district funds its capital program differently. Section 27, subsection 1 deals specifically with the 75-cent operating component of the property tax. The additional flexibility in section 60 to section 62 is specific to the blended element that includes both operating and capital rates.

SENATOR SETTELMAYER:

When will this presentation be available to the public? I do not see it online yet.

MR. AGUERO:

I will provide it now.

CHAIR WOODHOUSE:

It was being updated.

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SENATOR SETTELMAYER:

Some districts have been able to pay for their capital improvements out of the net proceeds money that was going into their general fund. In that respect, they do not have tax rates for bonds. They would no longer receive those revenues. They will have to propose bond questions to voters to pay for needed improvements and updates to their facilities, yet their tax rates are capped, and the caps have been reached.

MR. AGUERO:

That is all correct. Some rural districts use net proceeds from mine taxes. The bill indicates that will be apportioned into the capital and operating pieces. The mining tax is effectively a property tax. We can easily take that into consideration.

SENATOR SETTELMAYER:

I want to see that amendment.

ASSEMBLYWOMAN TITUS:

I would like some clarification on the hold-harmless conditions. I am concerned about the condition where you cap off a school district per-pupil spending as of a certain date until they catch up under the proposed formula. If my school districts have a sudden growth of students due to a community's growth, will we get additional funding at the lower rate per pupil or will we be capped at the fixed fund until we catch up for a number of years regardless of enrollment?

MR. AGUERO:

The hold-harmless condition is not calculated on a per-pupil basis. It is on a total figure basis. If there is a funding inequity, the school district would have to educate those students with the same amount of money. As growth happens, they would eventually switch over from the Nevada Plan, as it is allocated today, to the student-centered funding formula. Some rural districts are predicted to switch over faster than others.

It is the total amount of funding, not a per pupil amount of funding. When schools eventually move to the new plan, they would actually get more funding than they would under the student-centered funding plan.

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ASSEMBLYWOMAN TITUS:

Is it true regardless of the number of new students, districts will be capped at a certain amount of money until there is parity?

MR. AGUERO:

Yes.

ASSEMBLYWOMAN TITUS:

Will money follow those particular pupils?

MR. AGUERO:

Every one of those pupils will get more money than they would if the base and the weighted funds follow them. If all the equity adjustments were made, students would get more money and not less until such time as they catch up.

ASSEMBLYWOMAN TITUS:

They have a budget now with a certain figure for a certain number of students. Tomorrow, they get that figure plus perhaps \$1,000. They are still using the original figure.

MR. AGUERO:

They would get less money per pupil than they are getting today, but they would get more money per pupil than they would under the Pupil-Centered Funding Plan.

ASSEMBLYWOMAN TITUS:

It looks like only 4 people from the school districts are mandated to be on the Commission including 2 from schools over 40,000 students and 2 from schools with less than 40,000 students. I do not see any mandatory representation from charter schools. Are they salaried? Tell me more.

MR. AGUERO:

They are charged with making sure the formula is working as intended. It would be difficult to create a Commission that included everyone who would like to participate. The criteria included would provide guidance to the Governor and legislative leadership. They could appoint someone from a charter school. It seemed appropriate and important to have the chief financial officers involved, as they work with the financial information every day.

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ASSEMBLYMAN WHEELER:

Some local school districts have an ongoing program where they send students to a conference. They raise funds locally for a special purpose, such as a GoFundMe campaign. Would that be swept into the NSEF? How would you handle that?

MR. AGUERO:

Those funds are not included. They would continue as they are today.

ASSEMBLYMAN WHEELER:

Would S.B. 543 sweep the reserves from the small school districts' ending fund balances and redistribute that money to the urban areas?

MR. AGUERO:

It would not.

SENATOR CANCELA:

Please discuss the crossover in authority and boundaries between the Legislature and the school boards.

MR. AGUERO:

We have been cautious about that. Weights and base equal dollars. That authority cannot be assigned to a Commission. That responsibility belongs to the Legislature. The Commission can come up with rules. Specifically included are the small district calculation, the small school calculation and the cost of wage adjustment. Those are elements of the mathematical formula that consider how the adjustments are calculated within the formula. The fourth piece is for making sure the administrative costs for the districts are reasonable, and the money is making it to the classroom.

The other elements are mostly in section 9. They provide guidance to the Governor. A series of requirements are listed there. They are intended to provide direction and advice to the Governor and the Legislature as they make the ultimate decisions. Steps were taken to make sure the technical elements were addressed so the Legislature would not have to deal with that, because they do not do that now. Nothing was taken away from the Legislators or the Governor to make the determination of base value and weights and the rest of the funding bucket decisions.

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SENATOR CANCELA:

Why was the decision made to not assign full-time staff to the Commission?

MR. AGUERO:

The level of effort will be significant. The Commission would be staffed by the NDE, LCB and GFO. They will be great resources.

ASSEMBLYWOMAN SWANK:

I like when a board tries to represent the geographic distribution of people. If there are two members from districts under 40,000, that provides about 18 to 20 percent of the Commission makeup for rural areas. If we look at the geographic distribution of the State, one person should be dedicated to representing the rural areas and two should represent Washoe County using my rough numbers.

I would not want it changed so rural members were only those people appointed by the Governor. If others are appointed in other categories, we could end up with four people from rural areas. That would change the geographic representation. It is a concern.

SENATOR GOICOCHEA:

I am concerned about the 50-cent and 25-cent funds. We had a similar question with the Clean Water Authority as to whether that is local funding or not.

Section 61 speaks of debt service. What would stop a rural district that needs facilities from bonding or committing money they might otherwise lose in the transition?

MR. AGUERO:

I do not know. We have a good sense of what has gone on in terms of capital in the past. They would do so at their own risk, especially if their funding percentages changed significantly.

SENATOR GOICOCHEA:

I do not think they would do it to slant the figures. They clearly have needs. Rural districts can be subject to funding spikes and valleys. A spike in enrollment will hurt.

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MR. AGUERO:

No school district is overfunded. If a district moves funding to capital projects, it would be moving money out of the freeze. They should be very cautious about doing that.

SENATOR GOICOECHEA:

Is the capital outside of the base?

MR. AGUERO:

It would be, unless they switched that this year.

SENATOR GOICOECHEA:

Would that have to be in FY 2019-2020?

MR. AGUERO:

If they did, they would lower the total amount of revenue they received for operating funds, and that would lower the amount of their hold-harmless provision going forward.

SENATOR GOICOECHEA:

That better addresses my concern.

SENATOR KIECKHEFER:

I have several technical questions, but I will address those later. The Commission seems to have much authority over how decisions on funding are made. You made assumptions and recommendations. The way I read S.B. 543, the Commission would have authority to reset those. I would like that clarified.

What will we track as the NSEF rolls out? Who is making the decisions about what constitutes base or weights?

MR. AGUERO:

In S.B. 543, the Legislature indicates its intent is the amount of base and weights not be less than it was in prior years. The Governor and the Legislature will determine what that amount of base funding is. I have indicated my approximation. The Commission does not establish the base amount. The Legislature cannot give that authority away.

There are equity adjustments. Once the base is determined, those adjustments address how the base is reallocated among school districts. Those same calculations are done today with the DSA and have been for a long time. The idea was to try to mirror the level of responsibility while ensuring the Governor and the Legislature carry out their roles.

The values that feed the model will be predicated on what the Governor and Legislature decide. This is similar to the way the Economic Forum provides guidance to the Legislature.

SENATOR KIECKHEFER:

The concept of having technical expertise meeting in a public setting provides a level of clarity many people are looking for.

Transportation and food service are the only things carved out before the base determination. Did you consider other things to include? The WCSD has cut their transportation budget to try to save classroom sizes in recent years. How do you factor that in?

MR. AGUERO:

We have factored that in. We had many conversations with school districts on the carveouts. Transportation was by far the most critical issue. Food service was minimal. I asked about other things that could go into that category. It will need to be discussed regularly in the future.

Many decisions are made by each district regarding transportation. The NDE will need to work with the districts to offer guidance about what can be provided. The goal was to not reduce funding available for transportation today. The State needs to have a long conversation to make sure we have similar levels of transportation in every district.

ASSEMBLYWOMAN CARLTON:

Please discuss how the Initiative Petition 1 (I.P. 1) money will be used. It looks like there is a \$378 million change as a result of S.B. 543. If you freeze the funds in FY 2019-2020, run the DSA the existing way and run the new model parallel, where does the extra \$378 million go? We said many times we do not want to make drastic changes in how we do the DSA so we could really tell how the new model will work.

If we are talking about section 26, where will the \$378 million be plugged into the 2019-2021 biennium funding formula, so we can see how it affects the model in the future?

MR. AGUERO:

There is not an extra \$378 million. Those funds are held in one of the accounts I showed. There is a transfer of that money from that account over to the DSA. We are not double counting that money. They are included in the total education funding for K-12 education. We are not moving the funds out or supplanting them in any way that would create a budget hole.

ASSEMBLYWOMAN CARLTON:

It does create a budget hole, as I see it. We must think seriously about how we will find that money in the future and how it affects the rest of the State budget.

MR. AGUERO:

I know of no budget hole created by this. I am counting the 3 percent room tax I.P. 1 funds only 1 time. We can talk more.

ASSEMBLYWOMAN CARLTON:

I will show you.

ASSEMBLYWOMAN SPIEGEL:

Section 4, subsection 2 looks at weights. Students will receive only one weight factor regardless of whether they had more than one need. Does data exist discussing the current student population that would show how many students fit into multiple categories? I want to know if there is a high preponderance of students who would fit in two or more categories. It could lead to more inequity if more students fit into multiple categories.

A student who has a disability, is at-risk and an English learner would get one weight, but they would have greater needs.

MR. AGUERO:

That is correct. We have some data about that overlap, but not all of the data. They can give some additional insight. The Commission will have to help us figure out how to better do that.

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Students can receive additional services. We have provided for that in S.B. 543. We now use a weight of 1.1 for special education students. We know there is a huge spectrum for individual special education needs. We hope to get better data to answer your question.

ASSEMBLYWOMAN SPIEGEL:

Section 8 discusses the maintenance of effort for federal programs for special education students. How will this work?

MR. AGUERO:

School districts will have to work through these issues. We have children with multiple needs. Money is not sufficient.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

There is a projected increase in funds based on inflation and enrollment increases.

MR. AGUERO:

Money would go in the NSEF. Section 9, subsection 1 only refers to the General Fund maintenance of effort. If other revenues went up, the General Fund cannot be reduced as a result. It must be increased based on inflation and enrollment numbers.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Predictions will be made. Where does money go if there is more than predicted?

MR. AGUERO:

If you appropriate \$1.5 billion right now and an extra 5 percent is expected, this requires General Fund appropriations to education will go up by the same percentage.

ASSEMBLYWOMAN BENITEZ-THOMPSON:

Is the increase in inflation and enrollment?

MR. AGUERO:

Yes.

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ASSEMBLYWOMAN BENITEZ-THOMPSON:
What happens if there is less money coming in?

MR. AGUERO:
The decrease has to be proportional.

ASSEMBLYWOMAN BENITEZ-THOMPSON:
Federal issues worry me. Are we not allowing for the growth of the General Fund?

MR. AGUERO:
The Legislature can change things as needed. The State is committing when crises come up it will not solve its other problems at the expense of education.

ASSEMBLYWOMAN BENITEZ-THOMPSON:
I do not want to pit people in deserving groups against each other. I am a parent who sees the value of education. I am also a social worker who sees people in hospice or who are homeless who depend on our other programs. I need to help manage the competing needs.

MR. AGUERO:
This only takes the portion of the General Fund that goes to education and says it must get its fair share of growth. This does not take growth from any other budget account. We now shift money away from K-12 education to move it into other areas.

ASSEMBLYMAN FRIERSON:
There is a fear some areas of the State will be hit hard if the plan does not take into account the proportional impact on them. Your plan addresses that. We are here to take care of the children of the entire State. We want an adequate education for all of them. I want to make sure everyone remembers we know that.

If S.B. 543 moves forward, we will have the next biennium to make adjustments.

With the creation of the Commission, it feels like we are shifting responsibility from those of us who are elected to an unelected body to be responsible for

taking care of our children. It felt like the Governor and the Legislature would take direction from the Commission, instead of the Commission providing advice to us. We are held accountable, and we should be the ones making the decisions without having our hands tied by an unelected body.

There is a provision for appointing the Commission, for selecting members and filling a vacancy, but there is not a provision for removing someone. Could that be considered?

In the hold-harmless condition, my concern is the value of a dollar figure set now that might not be worth the same thing in two years. Is there a way to provide for the value going forward so it does not become an unintended cut?

MR. AGUERO:

No. There is not an adjustment for inflation or the buying power over time. The way to do the least amount of harm was to allow things like inflation to be the natural way you transition from one plan to the other. That is intentional.

ASSEMBLYMAN FRIERSON:

I also have concerns about the I.P. 1 funding and how it is shown in the model.

MR. AGUERO:

In the Executive Budget, the transfer goes from the Stabilization Account and gets transferred to the General Fund. It is shown as a State revenue offset to the General Fund allocation within the DSA. We are handling it the same way. We have subtracted it out of the model so the total sources match the total uses.

We will do whatever these Committees need to be sure we capture all sources and all uses, and we are not leaving a hole.

The control condition, if we do nothing, is based on taking the information out of the Executive Budget and looking at where that transfer takes place in every year.

ASSEMBLYMAN FRIERSON:

The concern is about supplementing versus supplanting. No one is comfortable with how we got to where we are today. Most of us agree we need to make

that right. The issue is do we make that right in two years or over an extended period of time. Some adjustments and subjective priority decisions will be made about how that money is used. That should be included in the model.

MR. AGUERO:

I understand Assemblywoman Carlton's concern now. I share that concern about what was done with I.P. 1 money. If the intent is to restore them to their intended purpose, doing so would create the budget hole. I did not realize that was a goal. We did not attempt to backfill those funds back to the General Fund.

ASSEMBLYMAN FRIERSON:

I thought that is what you said.

MR. AGUERO:

To clarify, one of the budget accounts that funds education is where the I.P. 1 funds go. They are transferred back to the General Fund and show up on the DSA calculation. We take them, show the transfer and show how they are subtracted out against the General Fund. We show how it works today so total sources equal total uses.

ASSEMBLYMAN KRAMER:

Carson City has approximately 7,800 students. We have 500 apartments coming online in a couple months. That is expected to add 500 students. If class-size reduction rules for Grades K-3, the Read by Grade 3 program and the budget remain the same, class sizes for Grades 4 to 12 will have to go up. Raises for teachers will not be affordable. Turnover could rise. How do we deal with that?

MR. AGUERO:

That question plagues the State. Attracting and training teachers is difficult. Class sizes are astronomically high. Carson City administration is tremendous, but they will have to manage this to their best. Every school district in Nevada is facing this today.

ASSEMBLYWOMAN NEAL:

What is the effect on how school budgets are created by changing the distribution of funds to school districts from quarterly to monthly?

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MR. AGUERO:

The change to fund budgets monthly was a request from the school districts. It would allow them to better manage their cash flow.

ASSEMBLYWOMAN NEAL:

Some language would now say taxes instead of taxes, fees and more. Why is that?

MR. AGUERO:

The funds are not going to be collected and repositied into the individual school district accounts. They will be sent to the NSEF. All of the taxes and all of the revenues make their way to the fund.

ASSEMBLYWOMAN NEAL:

Will the fees, interest and penalties go to the counties?

MR. AGUERO:

That is not my understanding of how it is intended to work. All of the revenues would continue to be in there.

SENATOR KIECKHEFER:

We need to have the flexibility to manage the budget. I generally object to tying specific amounts of revenue to doing specific things. Why do we care which revenue source it comes from rather than caring about the total amount of money available for education?

MR. AGUERO:

There is an effort to fund schools to a level they need. This mechanism helps make sure we do that. We have deposited funds into special accounts over the years and diminished the amount from the General Fund. The objective for that is to make sure as local governments increase we are actually making positive progress toward funding schools at a higher level than they are today.

SENATOR KIECKHEFER:

We can still do that while maintaining flexibility within the State appropriation mechanism.

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ASSEMBLYWOMAN TITUS:

Could you explain the difference in percents? How are all those funds being distributed now?

MR. AGUERO:

There are two elements to the lease of federal lands. One is a State element and one is local. Now that both are making it into the NSEF, the pieces are combined.

CHAIR WOODHOUSE:

Please keep remarks to two minutes or less.

ELLIANDRA BEMOLL (District 8, Nevada Youth Legislature):

I support S.B. 543. My 11-year-old cousin has autism. He starts middle school soon. He has difficulty speaking in stressful or highly stimulating situations. Senate Bill 543 adds transparency to funding in classrooms. This could include cameras as video documentation in classrooms. Doing so would give his mother a sense of relief he will be safe within his school and give evidence if an incident were to happen. These children should not be treated differently for things they cannot control, especially when they cannot vocalize their issues.

His mother has told me this proposal could offer her peace of mind. We should give students without a voice a way to show we value them, their safety and well-being. For students like me, this is a step forward in education. The assistance of video cameras within classrooms adds security and another voice for students like me and my cousin.

My insurance textbook I was required to use was purchased in 2010. My accounting textbook is from 2005. The books were outdated and inaccurate, but my school did not have funding to update them.

Something has to be done. S.B. 543 can help.

BOB MILLER (Former Nevada Governor; Chair, Nevada Succeeds):

I worked five Legislative Sessions on issues relating to education as Governor of Nevada. We dealt with class-reduction, technology, standards assessments and accountability and more. We did not deal with the Nevada Plan which had become complex already in the making for more than 20 years.

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Modifying it is desirable. I support the concept of S.B. 543. I am also authorized by Nevada Succeeds, of which I am the chair, to support it. Nevada Succeeds is a bipartisan group of business people who put resources into trying to assist in education.

Senate Bill 543 establishes transparency. The weighted funding formula is in place. It allows the two years to hone it in comparing it side by side with the existing program allowing for modification. Those are all good decisions. I will turn now to a former classroom teacher who has been teaching me for 46 years.

SANDY MILLER (Former Nevada First Lady):

This is an incredible effort to provide a new funding formula for education in Nevada. It was a life-consuming project that will benefit generations of children, teachers and communities.

I have two friends who received their doctorates based on research into the DSA. A clue to the complexities and difficulties of this outdated formula is that they were each able to produce a 60-page thesis on suggestions for improvement. Future sessions of our Legislature will appreciate the educational lockbox written into the new plan. Every dollar promised to education stays there for its intended purpose.

We will have concrete ideas on how dire our financial needs really are. We know the needs are greater than the resources this year. This plan provides an opportunity to begin to adequately fund our future.

JESUS JARA (Superintendent, Clark County School District):

While I have served the students of Clark County for less than one year, it was clear to me when I applied for the job the 52-year-old funding formula is a hindrance to equity and achievement. I appreciate the hold-harmless element. Many in Clark County are eager for immediate implementation of the NSEF. We also want to make sure the plan will work for all children across the State. I am sympathetic to districts that do not have the benefit of an economy of scale and face their own challenges.

I hear a clear consensus Clark County schools should no longer subsidize school districts with lower class sizes and higher ending fund balances than we do.

It does not make sense for our 321,000 children. The trustees and I have a five-year plan to increase student achievement, to reduce equity gaps and strengthen operations. We are excited about our Focus 2024 plan, but it is difficult to guide many changes knowing we could be a few days away from filing bankruptcy due to any unforeseen expenses.

If we want to prepare students for the jobs of tomorrow, we need adequate stable funding today. We need to build community trust and offer transparency to the public. We welcome the provisions that require school districts to report more about their budgets and administrative costs. That is something we have been doing in the last year. We welcome a formula that is easier for the public to understand.

The new funding formula ensures the new money intended for K-12 public education stays there. I have spoken with thousands of educators, parents and community members in my first year. I can tell you they are sick of increasing funds for education and continuing to see budget cuts. Today, we can start putting an end to a terrible cycle of budget cuts that has led to Nevada having some of the largest class sizes in the Nation.

Let me share with you a few numbers about the student needs of today versus 1967. In 1967, Clark County had 62,944 students. We serve 321,000 children today. In 1967 we did not track ELL students. We serve 55,565 ELL students today. We did not track FRL students living in poverty. Today, 64 percent of our children live in poverty. We serve 15,000 homeless students in Clark County. The number of students receiving special education services is 39,000.

The new plan is transformative because it will provide funding based on the individual needs of our children. It provides weighted funds for students who need more support. It adds adjusted funding for the needs of smaller school districts, small schools and areas where the cost of living is higher. This will be a game changer in Nevada.

I have heard concerns S.B. 543 does not increase the overall amount of education funding. That is true for now. We are working with the sponsors of Assembly Bill (A.B.) 309 and S.B. 545 to provide the bridge funding to get us

through the biennium. This is the first step to fixing chronic underfunding of public education.

ASSEMBLY BILL 309: Makes various changes relating to education. (BDR 34-886)

SENATE BILL 545: Revises provisions governing the distribution of certain tax proceeds. (BDR 32-1241)

There are concerns that programs that are working, such as Zoom Schools and Victory Schools, might not continue. I am grateful for section 78 which provides flexibility with student weights, so we can maintain programs that are working. I want to assure these Committees and the public I will continue to successfully structure programs funded now with categorical money.

One of our concerns is the implementation of weights for special education students. We have individual students who cost \$50,000 per year to educate, and we have students who require a little extra support that costs approximately a few hundred dollars a year. That makes it difficult to send the weighted funding directly to schools serving our students. We look forward to resolving that concern with the Commission.

I have heard concerns about the provisions to protect the districts' ending fund balances and wall off some funding from collective bargaining. This will help stabilize our budget. Something needs to happen fast to stabilize our budget. We have cut more than \$120 million over the past 2 years. We cannot run our district with a week left in our reserves. Students, employees and the community have struggled for far too long under a funding formula that does not serve the needs of Nevada's children. The NSEF lays the groundwork for us to work together as a State to transform education.

As the superintendent who represents more than 70 percent of the students in Nevada, I see this as helping us meet the needs of all children across Nevada.

TRACI DAVIS (Superintendent, Washoe County School District):

My name is Traci Davis. I am a proud native Nevadan. In Clark County, I taught for many years, even having more than 40 students in my fifth grade classes. I served as an assistant principal at an elementary school in an affluent

neighborhood. I have been a Title I five-star achieving school principal. I was blessed and lucky enough to come to WCSD where I am now superintendent.

I share this diverse experience because I have been blessed to see children across the State in many classrooms. Teachers across Nevada pour their hearts into their students. I have seen Nevada grow and change miraculously. I benefitted from a solid K-12 education in Nevada.

While many questions remain about the exact impact to the WCSD, having a more transparent formula will ultimately help build trust within the community that we are spending education dollars on our students. I believe this is a step forward in the name of equity and adequacy.

I plan to direct my staff to engage fully with the Commission on School Finance to ensure the base funds are adequate and any adjustments to the base are made based on relevant, reliable data that reflect current costs associated with hiring and the relative cost of living.

Washoe County School District being unique in size cannot be left out of adjustments because it is neither too large nor too small. Any of you who know me know I am committed to equity. Our current basic support and categorical programs provide equity to Nevada students. We cannot have a system of winners and losers by having robust ELL programs in some schools but not others. I am committed to serving each child with the weighted funding. I intend to continue programs and services to students that are demonstrating results.

I believe we have learned a lot about how to serve students through the categorical programs, and I look forward to building on that. All students in this State deserve equitable access to resources to ensure their journeys from kindergarten to senior year afford them not only a diploma, but a pathway to university/college, highly skilled career or the military.

While there are valid concerns about the potential impact of this historic change, I cannot stand by a formula that is a mystery to even our best financial experts in the State. Washoe County School District has its own examples of when and how the current system has led to unexpected outputs through no fault of our own. A new system will allow my team a better budgeting process going forward. Without question, this is a heavy lift for all of us, but this heavy

lift is historic. It is about the future of the children in our District. I offer my support in the concept. Getting this right over the interim is critical.

YVETTE WILLIAMS (Chair, Clark County Black Caucus):

We are an advocate for a weighted funding formula that gives all students access to resources based on their individual needs and follows the student. An equitable funding system addresses the needs of specific subgroups. The United States Department of Education Every Student Succeeds Act requires certain mandates from the Nevada Plan. That includes reducing the proficiency gap by subgroups. It is the obligation of the Nevada Legislature and the NDE to provide people with a weighted funding formula that is as equitable as possible.

We ask the Legislature to include instruction to the Commission to assess the progress of our least proficient students, to ensure the marginal growth percentile continues to improve, to narrow the proficiency gap as demonstrated in S.B. No. 178 of the 79th Session and to hold harmless this subgroup of students in the initial report to the LCB and all future reports.

We suggest equitable multitiered weights for FRL students in the funding model, with differentiated weights for student needs as determined by test scores identified by NDE including least-proficient FRL, emerging-proficient FRL and regular FRL.

This would help to hold harmless the thousands of students who are least proficient and address their needs. Not every FRL student has the same needs.

CHAIR WOODHOUSE:

If anyone is shortening their testimony tonight, please provide a copy of your full written testimony to the Committees' secretary for the record, and it will be included.

MAUREEN SCHAFER (Executive Director, Council for a Better Nevada):

We are an organization comprised of leaders from the private, labor and philanthropic sectors who dedicate our time, acumen and resources to impact progress towards a higher quality of life for all Nevadans.

I will read from my written testimony ([Exhibit F](#)).

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JOYCE HALDEMAN:

This bill made me so excited I had to come out of retirement from the CCSD to express my support. My first Legislative Session representing the CCSD was in 1993. Consistently until 2015, I represented CCSD at Committee meetings, Legislative Sessions and Special Sessions. The consistent theme was funding. As a lobbyist for CCSD, I testified to ask for adequate support for school funding in my first year.

This bill has been in the making for so long. It is exciting to see it come to fruition. It is a masterful bill. I worked with the 17 school superintendents. We came together to find common ground, and we put together the first iNVEST Program in 2003 that represented the needs of the combined school districts. The major recommendation has been to fix the formula.

Many of the things we found needed to be fixed are addressed in S.B. 543, including making sure the base is whole, that we are funded based on inflation and enrollment, having a rainy day fund, making sure money meant for education stays there, improved communication with the Legislature, better projections and more.

In 2007, then-Assemblywoman Debbie Smith asked a group of us to take the iNVEST program into communities to talk about revising the Nevada Plan. We knew hundreds of millions of dollars had been diverted from the Nevada Plan. Senate Bill 543 will change that, so all education money will actually be used for schools.

I went to Clark High School in 1967. I took classes in the new technology lab where we had IBM Selectrics. We were in the top 10 percent in the Nation in funding and achievement then.

In the 1967 discussions about changing the Nevada Plan, most superintendents did not want change. They feared funding uncertainty. At that time, 95 percent of students were white. That plan did not envision today's diversity and the rich culture we enjoy today. I urge your support for the NSEF.

JORDANA MCCUDDEN (Teach Plus Nevada):

I am a teaching policy fellow at Teach Plus Nevada and have been an educator at CCSD for 19 years. The bulk of my work has been at the elementary and

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middle school levels. I am a coach for new teachers. It has been a long wait for this funding formula change.

Year after year, teachers, librarians, counselors, nurses, administrators and support staff have been asked to do more while we have been given less in salary, fewer professional development opportunities, fewer classroom resources and less time to work one-on-one with our students. We rise to the occasion doing more to improve outcomes for students.

No one is more personally invested in Nevada's children than our educators. This bill will give educators a fighting chance to see Nevada remove its demoralizing label of 50th in the Nation. Senate Bill 543 was written with children in mind. It provides much needed transparency into the funding system which will earn back the trust of voters who have time and again voted to increase education funding, only to see it supplanted away into the General Fund.

Senate Bill 543 provides equity for ELL, special education, at-risk, gifted and talented students by providing extra money for the resources needed for success no matter where they are in the State. It also makes sure as Nevada's economy grows so does the education budget.

Despite having a booming economy in Nevada, education is still funded below the levels we enjoyed before the Great Recession. I see construction at every turn for business, homes and a stadium. It is apparent education funding has not kept pace with Nevada's economy.

Senate Bill 543 is one piece of the puzzle needed to solve the issue, but we still have a long way to go. While this bill does not increase funding for education, it does set Nevada up for success when that finally does happen. I hope with all my heart that problem will be addressed with children in mind and egos put aside. When that day comes, it is assuring to see the structure for an equitable education for all Nevada students is in place provided by this bill. Our students deserve nothing less than that.

JIM DEVOLLD:

I am a designated letter reader tonight. I have submitted written testimony that includes letters from Glenn Christenson and John Guedry ([Exhibit G](#)).

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TODD MASON (Wynn Resorts):

We support S.B. 543 as a mechanism to implement a far fairer student-centered funding formula. I am happy to be here on behalf of my employer, but in a previous position I had the privilege of serving in the Arizona Department of Education. I lived school finance and student funding every day. This legislation is exciting to see.

Maintaining the flexibility among administrators and at the school level is key in implementing a weighted school funding formula. Real achievement and adequacy happen because of what people do in schools, not just because of funding multipliers. Seattle was early in adopting weights. They found if the weights were too prescriptive in how they could be used, it was too burdensome to implement. Senate Bill 543 addresses that.

When there are inevitable downturns in revenue, we appreciate this bill also contemplates how base and weights need to be adjusted to address that. That is the only way to make sure the smallest schools in rural areas and in low-income areas are not disproportionately impacted when there is a fiscal downturn.

Implementations of funding formulas of any type are tough. We go into this with our eyes open. On behalf of Wynn Resorts, we are happy to be a part of this process.

PAUL MORADKHAN (Las Vegas Metro Chamber of Commerce):

It is important to recognize the work done in 1967 was bold. We are here tonight because the composition of Nevada students and specifically in Clark County have changed significantly in those last 52 years and so have their educational needs.

The intent of S.B. 543 is to provide greater transparency to our education system, more student focus and offer solutions to our diverse population throughout the State. The proposed 11-member board's size and focus on finance and economics are appropriate. It is comparable to the expertise of the Economic Forum, and the size of the Commission should be manageable and effective. The ending fund balances as prescribed in the bill at 16.6 percent is essential and is vital for the school districts to be stable financially.

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We agree the new student-centered funding model should run concurrent with the Nevada Plan to make sure there are not unintended consequences and to give school districts time to transition to the new plan. We support the hold-harmless provisions. Preservation of funding for the categorical allocations are also important to the business community. Weighted funding should not be available for collective bargaining.

PETER GUZMAN (President, Latin Chamber of Commerce, Nevada):

I am inspired by the young student who spoke earlier. She said how much she cares about education. Mr. Aguero inspired me. Our new CCSD superintendent inspired me. Everyone has been polite about the Nevada Plan. Maybe it has served us well, but 49th, 50th and 48th in the Nation says it has not served us well the last 5 years. Status quo is not working. It is leaving Nevada children behind. We do not have time to do that anymore. Take this bold move. The Latin Chamber of Commerce fully supports S.B. 543.

JONAS PETERSON (Chief Executive Officer, Las Vegas Global Economic Alliance):

Earlier today, our board of directors made up of 50 public and private educational leaders throughout southern Nevada unanimously approved a resolution in support of S.B. 543. Education and economic development are inextricably linked. We will not reach Nevada's full economic potential until we first improve the quality and outcomes of our K-12 education system. Doing so starts with the funding formula. Senate Bill 543 is a tremendous step forward in the right direction.

ALISON TURNER:

I am a past president of the Nevada PTA, and I serve on the National Board of Directors for the PTA, but I am speaking as an individual today.

I am delighted to see S.B. 543 here. It has been a long haul. This Legislature is making an effort to act on the second of two reports Nevada taxpayers have funded. We began this Legislative Session 18.6 percent in the hole according to the Center on Budget and Policy Priorities. The combined State and local funding is down by that much or more since 2008 adjusted for inflation.

I will leave written testimony ([Exhibit H](#)) that provides a link to more data. I understand S.B. 543 was never intended to address the adequacy of funding. As desperately as we need to update our funding formula for education,

we must make good on the cuts we have made and not restored since the Great Recession began. One of the reasons we are in the condition we are in now is there was such an effort to protect funds in classrooms. It is time we understand we are starting way behind. This moves us in the right direction. It maintains education money in education and finally updates Nevada's funding formula.

ALFREDO MELESIO (Assistant City Manager, City of North Las Vegas):

I am also a parent of two North Las Vegas public school students. The City of North Las Vegas supports S.B. 543 which would do away with the complexity of the existing formula for school funding in Nevada. Funding will be more transparent. The bill will eliminate the distinction between State and local revenues in the Nevada Plan.

Money will follow the students and schools with specific needs will receive funding necessary for successful and impactful schools. Students who are gifted and talented learners, ELLs come from low-income households or have special needs will be beneficiaries of proper school funding.

The funding mechanisms of S.B. 543 will help address the funding imbalances present in North Las Vegas schools. The bill's components of funding following students is good for schools in North Las Vegas. The bill will address funding imbalances inherent in the Nevada Plan and will help schools in North Las Vegas. We support S.B. 543.

SARAH ADLER (Charter School Association of Nevada):

I am proud to voice the public charter school sector support for S.B. 543. We applaud the effort and outcome, a framework that provides more certainty to the funds available to public education and more clarity as to where they are to be applied. We applaud the removal of guaranteed and nonguaranteed per-pupil funding. Like all schools, public charter schools need to be able to plan.

We support putting all the education revenues into one non-leaky bucket. We support moving from having multiple categoricals to having two large sources of funds for base and weights. I was the grants director for the Carson City School District for a time. I had to write so many grants it caused complaints from my boss about the midnight oil I was burning. The compliance

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activities I had to monitor across schools because of these multiple categoricals made me unpopular.

The public charter school sector has three items to put before you relating to S.B. 543. The hold-harmless component is critical. We ask Section 15, subsection 2 be addressed to include charter schools, as that was the intent. It is possible the funding formula as discussed in section 11 may need an adjustment akin to what is described in section 6 and section 7 of S.B. 543.

We are a bit concerned about the language change amending Section 10, subsection 2, paragraph (g) which changes membership on the Commission from representing geographic diversity to geographic distribution. Public charters represent 10 percent of Nevada's students. The process of transition and refinement will be benefitted if a qualified representative of the public charter school sector is on that team.

Adequacy is all of our jobs. Meeting funding needs takes guts. Charters are demonstrating guts by funding their own facilities. We all need to work on adequacy.

JAVIER TRUJILLO (City of Henderson):

We support S.B. 543. I will read from my written testimony ([Exhibit I](#)).

STEPHEN AUGSPURGER (Executive Director, Clark County Association of School Administrators and Professional and Technical Employees):

We support principals by supporting S.B. 543. I have written comments to submit in the interest of time ([Exhibit J](#)). We strongly support S.B. 543.

FELICIA ORTIZ (Board Member, Nevada State Board of Education, District 3):

I am an "other" mother to 470,000 students in Nevada. We have hoped for S.B. 543 for 52 years. I am pleased with the progress and the bill as it stands. Some clarification will be needed to get it right, but this is a great start. Make this happen.

PAUL HANSEN (Nevadans for the Common Good):

Nevadans for the Common Good is an organization with 50 dues-paying institutions representing 100,000 southern Nevadans. We are in favor of S.B. 543. We began a listening campaign 1 1/2 years ago throughout the

Las Vegas area to listen to 2,000 members share pressures their families were experiencing and concerns they had about life in Nevada.

The underfunded condition of Nevada's K-12 public school system was one of the top concerns. We constantly heard about overcrowded classrooms, teacher shortages, lack of wrap-around services and nonexistent basic supplies.

As a group of us began to research funding, we encountered the Nevada Plan and found it was convoluted and confusing. One characteristic of the plan was clear. When money came in from one source, it could be subtracted from another source. With this hole in the bucket, Nevada can never get ahead to fund education at the level our kids deserve. We commend S.B. 543 for addressing the supplanting of funding and look forward to supplemental funding in future sessions.

Although Nevadans for the Common Good would favor targets for substantially increased funding, we believe S.B. 543 addresses our concerns of transparency, closing the hole through which funding is subtracted and acknowledging some students cost more to effectively educate than others. Senate Bill 543 is a good first step toward providing the improved education our students and families deserve, our democracy needs and a diversified economy requires.

MARK NEWBURN:

I represent myself today. I support S.B. 543. The Nevada Plan owes its longevity to the fact no one understands it. After 50 years, it no longer serves the changing needs of Nevada's children. The new student-centered funding formula is based on concepts from years of studies. It is simple, more transparent and better recognizes the cost differences of students, schools and districts.

Senate Bill 543 has stronger provisions for funding to follow the student to the school. It attempts to remove some supplanting and gimmickry that has come to characterize Nevada's education finance system. The new funding formula will be information only for two years giving us time to fine tune it to meet the evolving needs of all rural and urban students. Adopting the new formula is a required first step.

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JENN BLACKHURST (Hope for Nevada):

We support S.B. 543 as a first step we need to take to reach the goal of adequate funding for every child in every county in Nevada. It does not have all we hoped for, but we are pleased with a number of the components. We are grateful the bill stops supplanting. Any additional funding will increase student funding.

We are pleased with protections for base funding, so it is no longer eroded by unfunded or underfunded mandates. Preservation of school districts' ending fund balances is a much needed clarification. We are grateful for the promise all our school districts will be able to function in financially responsible ways and no longer run with only days' worth of expenses in reserve. We support creation of the education stabilization account. We look forward to the day when there is funding in there.

To move forward, we must take the first step. Senate Bill 543 is the beginning of a long-awaited overhaul. We must continue to make brave choices that will bring health to Nevada's public education system if we do not want this step to be in vain.

CARYNE SHEA (Vice President, Hope for Nevada):

This has been hard. We are glad to see the formula will be running in tandem with our old formula so we can identify where the work still lies. Freezing budgets is not the same as holding harmless. A frozen salary is what we are trying to remedy not put into practice. We support the Commission. I hope this will be different than the work of the Sage Commission which provided excellent insight that was rarely acted upon.

We support the bill, because we cannot imagine another biennium without significant change. We want to make sure the legacy is quality change that supports every student rather than taking from some to give to others.

The success of the bill lies in a Governor and Legislature that truly understand the needs of students and commit to funding the formula for students. A timeline for full adequacy should be included. We are realistic about the timeline. The people you represent deserve to know how you intend to support this plan. We hope the transparency of the plan accompanied by new funding will set students on the path to success.

TAMI HANCE (Chief Executive Officer, Communities in Schools of Nevada):
Communities in Schools (CIS) is the leading dropout prevention organization, proven to keep students in school and on the path to graduation. We use an evidence-based model implemented by trained site coordinators deployed directly in low-income K-12 schools. Our site coordinators connect students and their families to critical education and community-based resources. They identify and prioritize risk factors such as absenteeism, trauma, violence, neglect and homelessness.

We serve more than 50,000 students in the State. We support S.B. 543, because we support all students across Nevada. It is a good start and puts resources into a single Statewide education fund. Weighted per-pupil funding assures funds follow students. The model is more transparent and scalable. Running the new model will help make sure there are no unintended consequences to students in Victory Schools and Zoom Schools.

We want to make sure students now being helped are not harmed. We serve 15 schools from 3 districts and 11,352 students living in poverty who are making use of the Victory services in CCSD, WCSD and Elko County School District.

In section 8 of S.B. 543, we understand although a student will qualify for multiple weights, they will only be funded for the heaviest weight. We want to make sure the weighted funding can be used for any of their qualifications such as if an ELL student could also be an FRL student. The school could use ELL funds for integrated student support, wrap around services or assisting with FRL needs as they deem necessary.

We want to keep Nevada's vulnerable students in school, eliminate barriers and never give up.

ALEX BYBEE (State Director, Teach Plus):
The inaugural cohort of the teaching policy fellowship is comprised of educators from Clark, Elko, Nye and Washoe Counties focused on four issue areas including public school finance reform.

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In the spirit of amplifying the voices of teachers, I have excerpts from the testimony ([Exhibit K](#)) of five of our Teach Plus teaching policy fellows to read into the record in support of S.B. 543.

I will read testimony from Richard Knoepfel who is the 2019 teacher of the year.

Ben Beckham, a 15-year educator in Washoe County said fixing the formula increases transparency and will renew trust. Senate Bill 543, by creating a new education account and a streamlined funding process, provides the transparency necessary for all stakeholders in Nevada to better understand and trust the public education system.

Jennifer Loescher, an 18-year educator and facilitator for the Southern Nevada Regional Professional Development Program, said we must have a funding mechanism that allows our students to improve their academic achievement and maintain their ability to keep pace with their peers. A student-centered funding system designed around learning conditions would provide equitable educational experiences and outcomes across schools, geographies and circumstances. Senate Bill 543 is a step in the right direction for improving the funding landscape for our students.

Jeff Hinton, a 17-year educator and the 2014 Nevada teacher of the year, said S.B. 543 replaces the DSA with NSEF which would streamline education funding putting all funds spent on public education into a single pot. Future funds would be used to supplement education dollars rather than supplant them as they do now. That is critical.

Richard Wiley is a 24-year educator and administrator in Nye County. He said the current Nevada Plan is quite simply ineffective for the needs of our students, parents and communities. Senate Bill 543 is a thoughtfully conceived and well-written bill that is timely. It addresses an important need in Nevada.

Nevada has a student population that represents the America of tomorrow. By modernizing our education funding formula, we honor that truth. Teach Plus and our teaching policy fellows urge the Committees to support S.B. 543.

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LOLA BROOKS (President, Clark County School District Board of Trustees):

The CCSD Board of Trustees approved a legislative platform in December that included modernizing the State's funding formula as its top priority. We support S.B. 543 and see it as a step forward in addressing the education funding issues within the State.

The community also supports this. Their support was expressed when they elected a record number of candidates who ran on this and other education funding issues during the last election. The Board gives final approval for the CCSD budget. This has been a painful process that included more than \$120 million in budget cuts. While it is true we have made do, it is important we are all clear about the fact we have made do at the expense of our students and staff.

Class sizes are the largest in the Nation. A reduction in staffing has led to unmanageable workloads. Our inability to budget for raises continues to take a toll on staff morale. You have an opportunity to move us in a different direction by modernizing the State's education funding formula.

This is a positive step forward. We need to stabilize funding. The new fund will increase by the rate of inflation or growth in the economy, whichever is greater. We need to make sure additional revenue goes to education as voters intended. Having the NSEF will prevent new funds from supplanting existing funds. We need to give districts the opportunity to build an ending fund balance to ensure their financial stability.

This legislation will not solve all our funding issues, but we are hopeful it will illustrate the State's long-term commitment to adequately funding education.

GINA VENGLASS (Nevadans for the Common Good):

Be bold. Be brave and trust your Committees. I will read from my written testimony ([Exhibit L](#)).

JANA WILCOX LAVIN (Executive Director, Opportunity 180):

I will read from my written testimony ([Exhibit M](#)).

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SONNY VINUYA (President, Las Vegas Asian Chamber of Commerce):

We support S.B. 543. I will submit my written testimony ([Exhibit N](#)) in the interest of time. I would add transparency in school funding is important to building trust and giving the districts stability.

KEN EVANS (President, Urban Chamber of Commerce):

The Urban Chamber of Commerce supports S.B. 543. Passage will have a direct impact on economic development as it relates to small diverse businesses. Education impacts the households and youth in grades K-12 in southern Nevada.

During my more than five years as president of the Urban Chamber, there have been several occasions when we were made aware of companies that were either unwilling to relocate to the region, or they had concerns about maintaining their operations here. That is important to us because those companies and projects create procurement and other business opportunities for our Chamber members.

We want to make sure we have an educational system that is funded properly and in a fair and equitable way to ensure we have the workforce for the future.

Keep in mind, the members of our chamber have households that have the majority of students who go to school in CCSD. We must make sure we fund our schools so things are done in a fair and equitable way regarding the allocation of resources. This is the utmost concern to the parents represented by Chamber businesses. Every parent wants to make sure their children have an opportunity to reach a point of self-actualization in personal and professional development.

We want to prepare all students to participate in some fashion in a prosperous economy in the future.

JANET QUINTERO (United Way of Southern Nevada):

In the interest of time, I will read a short statement and submit my written testimony ([Exhibit O](#)). At United Way, we hear the many perspectives of teachers, leaders, partners and residents of Clark County. We have seen firsthand how the lack of adequate funding in CCSD is putting us at risk, hindering economic development, educational achievement and highly skilled

workforce growth in the region. By properly investing in the southern Nevada region, the whole State benefits.

ROBERT GLASER (Chair, Communities in Schools, Nevada):

I will read from my written testimony ([Exhibit P](#)). I do not offer these observations to boast about CIS, although I would like to get their successes on the record. The weighted funding proposed and the benefits that come from serving the unique needs of many of our children will not only provide these children with a great education opportunity but also serve the community.

ANGIE SULLIVAN:

I appreciate the change in structure that has been unfair to some communities in Nevada. I grew up in Winnemucca. The plan has been biased for as long as I can remember. I am relieved there is recognition. As a whole, there needs to be a remedy. I worry this might be another delay tactic. I heard much about delay today. We are delaying fairness to hold some harmless. We are delaying this change or that change to appease groups involved. We are going to wait for inflation to catch the southern caucus up. We have to wait to true up.

We are asked to wait again. You always ask the Las Vegas classroom teacher and the Las Vegas children in some parts of town to wait while we continue to pay the bills. I appreciate S.B. 543. It needs to be done. Please appreciate the urgency of the emergency in our Las Vegas public schools. Backs are broken. People have suffered under this for 50 or more years. Appreciate the dire conditions in some Las Vegas communities. Know that asking us to wait is possibly the most difficult thing you could ask.

Las Vegas teachers cannot continue to pay for public schools with our personal time and money while you fix a structure everyone has known is broken. There needs to be a clear understanding when policy makers do not find funding, teachers have to focus on getting real money to the classroom. We appreciate the parts in this bill that will allow us to fight for funding for children. We need the other related bills to raise the funding.

CHAIR WOODHOUSE:

I am going to ask Mrs. Haldeman to come back up to put some names on the record, because several people had to leave. I would appreciate including them.

MS. HALDEMAN:

Several educators were here planning to testify in support of S.B. 543 ([Exhibit Q](#)). After 10 p.m. on a school night, some of them had to go home. The people who left who were prepared to testify were Jeff Hinton; Kent Roberts, from Green Valley High School; Todd Petersen, from Mannion Middle School; Jamey Hood, from Garrett Middle School; Brian Wiseman, from Indian Springs K-12 School and Jonathan Synold, from Advanced Technologies Academy

CHAIR WOODHOUSE:

I want to add Magdalena Martinez, Rene Cantu and Richard Jay, as they have submitted written testimony ([Exhibit R](#)).

I will begin testimony in opposition by calling up the superintendents.

DAVID JENSEN (Superintendent, Humboldt County School District):

I have submitted written testimony in opposition ([Exhibit S](#)). I hope you have seen the iNVEST document mentioned earlier. The 17 school districts came up with it, and it identifies our key educational platform. Adequacy has been the theme. We have been united on that issue. Tonight we start to see that split.

There needs to be a reformation of the existing Nevada Plan. That is not a question. Some issues remain. The absence of any language that addresses adequacy is part of my opposition. The proposal simply redistributes inadequate resources creating a series of winners and losers. The urban districts tend to be the winners and rurals tend to be the losers.

If we were to take the adjustment in one shot in Humboldt County, it would be a \$4.8 million loss. That is 12 percent of our total revenues. I assure you we do not have that much to give up. We need to use those funds daily.

Work that begins to address equality misses the mark on equity. I fully support weights. They have to happen. When I talk about equity, I refer to my students in Denio. It costs \$32,000 per pupil to educate them and to have no opportunity for the same level of education I can provide in Winnemucca let alone in our urban districts.

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The Net Proceeds of Minerals Tax is a big issue for Nevada's rural school districts. We have a bond in Humboldt County. We use those funds to pay the bond, but it is also a pay-as-you-go situation. That is how we meet our facility infrastructure needs. The median age of school buildings in Humboldt County is 58 years. We must meet those obligations. The loss of net proceeds of minerals would require a General Fund appropriation transfer to meet those obligations.

We have a concern about the *Constitution of the State of Nevada*, specifically Article 10, section 5 which talks about net proceeds of minerals as shown on page 5 of [Exhibit S](#). The language says the total amount so appropriated to each county must be apportioned among the respective governmental units and districts within it, including the county and the school district in the same proportion as they share the total taxes collected on property according to value. There does not seem to be the ability to sweep those proceeds of minerals.

The Commission seems to have the ability to make decisions on how funds are used and decisions are made. I suggest there should be a superintendent on the Commission.

TODD HESS (Superintendent, Storey County School District):

I am a proud sixth-generation Nevadan. The Nevada Plan arrived a long time ago too. Rural districts are concerned about what appears to be the dramatic impacts on schools throughout Nevada.

Nevada districts and communities are often willing to support large-scale environmental impacts, like mining, if they know the wealth generated will stay in our schools. We have more than \$38 million per year in tax abatements with \$33 million per year being for Tesla. It appears S.B. 543 could sweep further local wealth away in the short term, having a strongly negative effect on the morale and infrastructure of our communities and schools.

This could potentially force an undesired nonessential spending spree before that sweep. This would be a bad use of hard-earned State funds. We all share capital funding and bonding concerns. Many of our schools are beyond or nearing 100 years of age.

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This lost funding is a drop in the bucket for Washoe and Clark Counties. An additional funding stream needs to be obtained. The formula needs to be modernized. For Storey County, there are too many unknowns, especially regarding local wealth and the hold-harmless component, so I oppose S.B. 543.

TODD PEHRSON, (Superintendent, Elko County School District):
I have provided written testimony in opposition ([Exhibit T](#)).

DAN WOLD, (Superintendent, Eureka County School District):
We are the rich district. It is easy to forget as recently as 2003 we were the poorest district in the State. Both of those situations are silly. This bill goes a long way toward equity and stabilization of funding. Our opposition has nothing to do with its intentions or efforts. Our issue is it erodes local control. It reduces a district's ability to offer something different or something more for the district's students.

Eureka has the highest student achievement in the State, with 2.5 times the State average pass rate on the ACT. We have the highest aggregate school climate scores in the State. We have the highest college and military placement in the State. We have the highest percentage of seniors graduating with college credit. We have the highest ten-year graduation rate in the Nation.

We have been able to accomplish this because of decisions we have made at the local level. Our concern is we would lose some of the ability to do that as we move forward.

RUSS KLEIN (Superintendent, Lander County School District):
We agree you are going in the right direction. We are concerned with the losses in the rural versus the urban districts. We know Clark County needs this. We do not negate that. On the net proceeds, I concur with the constitutional questions. The dollar figure taken from the rurals is so small related to the urban budgets it will not help them make a difference. There is a concern regarding the consumer wage index redistribution. I would like to see those components amended.

PAM TEEL (Superintendent, Lincoln County School District):
I echo the sentiments of my rural colleagues. I have heard some positive things tonight. You have been thoughtful. It is about all students in Nevada.

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ARIEL GUEVARA (Nevada State Coordinator, Mi Familia Vota):
I have submitted written testimony in opposition ([Exhibit U](#)).

AMANDA MORGAN (Legal Director, Educate Nevada Now Powered by the Rogers Foundation):

I am an attorney focused on education advocacy and school finance litigation. Educate Nevada Now has been entirely focused for the modernization of the Nevada Plan, but we want make sure the changes put us on a path to ensuring every student has adequate resources and the opportunity to succeed.

Senate Bill 543 does many things right but could do better with some simple changes that would have no fiscal impact. We provided an amendment to the Committees yesterday to address these issues. There may be concerns that come with the change in authority that come with the Commission. The Commission serves a vital role in examining the funding formula and mandating much needed communication. There may be some unease in the perceived reassignment of authority to a new entity. Our amendment provides clarity that the decision-making authority remains with NDE and lawmakers.

We have heard this bill is a first step and adequate funding comes next. We want that to happen. Why does the bill not have language to that effect similar to the language of S.B. 508 of the 78th Session? That bill codified intent around providing additional resources.

Nearly every county, north, south, rural and urban is not being funded at sufficient levels. We understand hesitancy in setting specific goals for funding, though more than a dozen States have and usually do so in response to litigation. It is often the lack of goals that make States vulnerable to litigation.

In lieu of specific targets for base funding and weights, our amendment states it is the intent of the Legislature to provide the resources necessary for all students to have the opportunity to meet the State's academic standards.

It is a false choice to say it is either this bill or the old Nevada Plan. We have the opportunity to make this bill better. Without taking a position on our vision, we are missing the opportunity to fix the most significant shortcoming of the

Nevada Plan. We do not want to be back here in ten years trying to fix this again.

MICHAELA TONKING (Data and Advocacy Director, Educate Nevada Now Powered by the Rogers Foundation):

I have worked on school financing in several other states as a former associate of APA. We have concerns over the hold-harmless component and the impact it will have on students in several districts, especially those experiencing enrollment growth. The hold-harmless language holds all districts to the same level of insufficient funding. Almost every district is inadequately funded now. The hold-harmless provision should provide funding to districts with enrollment growth.

Enrollment growth for these districts is minimal at about 300 students. For students in these districts, not receiving per-pupil funding will be devastating. Our amendment addresses enrollment growth by providing new students their own district's adjusted base under the student-centered funding model to be added to the total revenue the district has been frozen at.

The total amount is less than one tenth of one percent. While this is a minimal amount, the impact on the districts is severe.

MICHELLE BOOTH (Educate Nevada Now Powered by the Rogers Foundation):

Changing the funding formula can be transformative. We could have created a cost-based formula centered on students and one that takes into account what we expect of them. We could have set a vision for the future where we start working toward something that bears a relationship to what we want Nevada's education system to be. This formula does many things well, but it does not do that.

This formula does not set us on the path for anything significantly different than where we are today. Our classes will still be ranked toward the bottom in funding, our classes will still be large, and we will still have shortfalls, because there is no commitment to getting the funding we know we need.

Why would we not want to hold ourselves responsible for providing our students with the resources they need to meet the State standards we hold

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them accountable to? With our amendments, we would be happy to support S.B. 543.

STEVE MULVENON (Indivisible Northern Nevada):

I represent our 1,600 members. It is hard for me to believe after a 30-year career as a classroom teacher and district administrator in public schools, I appear before you to oppose a bill designed to improve education funding. Given the shortcomings of S.B. 543, that is the position we find ourselves in.

There are a host of positive elements in this long overdue bill. Indivisible's deep disappointment and opposition stem from one missing element. Senate Bill 543 does nothing to provide additional funding to Nevada's chronically underperforming and underfunded schools. There is no acknowledgement in the bill that more money is needed. There is no promise to provide more funding nor a promise to get us to full adequacy. Districts are concerned the hold-harmless component will freeze them at their current inadequate levels and they will continue to struggle to balance their budgets without Draconian cuts. How can we allow that to happen?

Nevada students can ill-afford to wait another two years while we run a grand experiment to see how the plan shakes out. The I.P. 1 room tax money is there now. The marijuana money is there now. We ask you to write their implementation into this bill now. Use them now in the matter the voters were promised not in two years. Find a way to move toward full adequacy in this Session not later.

RUBEN MURILLO (President, Nevada State Education Association):

The Nevada State Education Association (NSEA) represents teachers and education support professionals across the State. The Nevada Plan needs to be updated to reflect the changing needs of Nevada. The NSEA has consistently advocated moving toward greater equity in education, ensuring all school districts have the resources necessary to provide a high-quality education for every Nevada student.

We agree our school funding system should be transparent and based on the needs of Nevada's students and communities. It is only fair for all education stakeholders to be included in any serious effort to improve Nevada's public schools. The NSEA opposes S.B. 543 as written due to serious policy

concerns including no new revenue for schools, a rural freeze and squeeze, watering down of Zoom Schools and Victory Schools, a multi-million dollar charter school giveaway, anti-union and end-fund balance provisions, and possible exclusion of educators' voices on the Commission. It is a fundamentally flawed process. We could support the framework when it is adequately modified through proposed amendments.

ALEX MARKS (Nevada State Education Association):

We have heard criticism of S.B. 543. Given the chronically underfunded education system in Nevada, no new funding model will work without new and additional revenue. This plan simply moves money from one area of Nevada to another, creating new winners and losers. It is a misnomer to call this a student-centered plan when it takes from certain students and gives to others.

Despite recent efforts, Nevada continues to rank near the bottom of States in most metrics. School districts continue to struggle with budget deficits and are projecting shortfalls for the upcoming biennium. There are discussions of possible educator layoffs, a risk of moving to larger class sizes and higher ratios for other licensed school educational employees.

The Guinn Center just released a report showing a \$107.5 million combined budget shortfall expected for school districts in FY 2018-2019 and FY 2019-2020 due in large part to the per-pupil based funding increases that are outpaced by increases in annual operating costs.

Senate Bill 545, which would move the marijuana excise tax to increase school funding, is desperately needed to address shortfalls. Movement of this money to fund Nevada's schools continues to be a top priority of NSEA for this Session. Nevada schools remain chronically underfunded.

The Nevada Constitution requires all public schools receive adequate funding to fulfill their duty to educate every Nevada student. The NSEA will continue our work to make sure Nevada moves the needle to provide adequate funding for the basic operation of public schools ensuring every Nevada student has access to high-quality public education.

We are sorry to see no new revenue included in S.B. 543.

BRIAN RIPPET (President-elect, Nevada State Education Association):

I am a teacher in Douglas County and president-elect of NSEA. I will focus on opposition that relates to section 15 of S.B. 543, the hold-harmless component. This is a gross misuse of the term hold harmless. It is verbal irony. The true effect of the provision will inflict great harm on my home school district and most of the school districts in Nevada. Hold harmless in this sense is political fiction. To grow, districts need funding like children need food.

I support an amendment that provides the same increase for inflation and enrollment to every school district starting with FY 2019-2020.

NATHA ANDERSON (President, Washoe Education Association):

It pains me to be here to testify against S.B. 543. There are many parts of the bill I agree with including making funding transparent. I am opposed, unless the bill is amended.

Senate Bill 543 would eliminate the categorical funding for successful Zoom School and Victory School models. Funding would instead flow through the NSEF and a portion will go to address our additional education needs of Nevada's ELL and at-risk students. While a menu of services related to the programs are to be made available to all ELL and at-risk students, it seems unlikely the existing Zoom Schools and Victory Schools will continue to be as strong as they are and able to maintain their current level of services.

By shifting funds away from Nevada's schools to a student-centered approach, Zoom Schools and Victory Schools will lose significant momentum on school climate and culture, jeopardizing the gains we have made for many of Nevada's students.

Language in the bill limits the application of student weights to an either-or approach which runs counter to educational best practices that recognize Nevada's most impacted students fit into multiple categories. We need to do better for our students. The need is far greater in students and communities that are beset with serious intractable social and economic issues.

I support these kinds of amendments that will allow the funding formula to go forward in the proper fashion.

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TOM WELLMAN (President, Nevada State Education Association-Retired):

I am a retired educator from CCSD who worked as a teacher and counselor for 32 years. When S.B. 543 was proposed, NSEA surveyed members. Respondents expressed concerns about S.B. 543. I will read some comments. Do not cut corners when it comes to our students and educators. As a rural school, we receive very few resources now. Any more cuts will be unfair to our students. This bill directly opposes equity.

HARRY BEALL (Nevada State Education Association-Retired):

I have excerpts from two letters to read from the rural schools ([Exhibit V](#)).

This is from the first letter.

I teach special education students in a self-contained program in Nye County. My students have extremely high needs, including equipment and specialized materials to meet their special circumstances. A freeze would affect my ability to meet my students' needs. Nye County School District has two-thirds of its students on FRL. An increase in expenses or enrollments would do severe harm.

Here is the second letter:

As an educator and a resident of a rural county, I urge you to oppose S.B. 543. The impact this bill will have on my school and community cannot be understated. With no new revenue coming, the proposed shift in the formula would harm my school district at current levels. That would decimate rural districts while creating new winners and losers. Proponents say the bill contains a hold-harmless component. This is a freeze and squeeze.

During the freeze, the bill contemplates no revenue increases to cover the cost of doing business or increases in enrollment. This would squeeze many districts like mine and leave us to wither on the vine. This bill needs to be amended to account for growth. Unless that changes, I urge you to oppose this bill.

I am a teacher of kindergarten. I have 24 students, including ELL and special needs students. The freeze will not allow us to support their needs. This is not fair to rural Nevada. Please vote no.

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KONNIE SUSICH (President, Nevada State Education Association Univserv Council Nevada):

I oppose S.B. 543. I appear today on behalf of Benjamin Spence, a teacher in Carson City.

Mr. Spence indicates Senate Bill 543 violates one of the core principles held by the Nevada State Legislature, specifically that we hold the education of all of our youth in the highest regard. The impact this bill will have on my school and community cannot be overstated. With no new revenue, the proposed shift in the funding formula will harm my school district by freezing revenue. The freeze will destroy the rural districts.

Proponents have stated the bill contains a hold-harmless component, but the provision is not a true one. The bill will result in a lack of revenue that will leave rural districts in distress as enrollment increases. Instead of pitting districts against one another, this bill needs to be amended to account for growth. Unless the bill is amended, I strongly urge you to oppose it.

BRIAN LEE (Executive Director, Nevada State Education Association):

We oppose S.B. 543 because it is a multimillion dollar giveaway to charter schools. One of the biggest beneficiaries of S.B. 543 would be Nevada's charter schools, receiving a projected increase of \$28 million in the new funding formula. This rivals the increase that would be received by the much larger WCSD. The windfall for charter schools in this plan is movement of precious resources away from traditional schools to charter schools.

Over the last 22 years, the explosive growth of charter schools in Nevada has been driven in part by a deliberate and well-funded effort to ensure charters are exempted from basic safeguards and standards that apply to public schools. This growth has undermined local public schools and communities without producing any increase in student learning or growth.

Most recent studies show public schools outperform charter schools when accounting for student demographics. Moving precious funding away from traditional public schools to charter schools without ensuring appropriate controls and accountability is foolhardy and will send the wrong message.

ROBERT MUNSON (Washoe County Education Association; Nevada State Education Association):

We oppose S.B. 543. Its antiunion end-fund balance provision is one of the reasons. During this Legislative Session, there has been significant discussion of how to treat the end-fund balance not subject to collective bargaining. This is set for Nevada school districts in the *Nevada Administrative Code* at not more than 8.3 percent. Senate Bill 26 would have put the language into the NRS. That bill failed. If passed, S.B. 111 clarifies any monies from the State intended for salaries or benefits for employees of the school districts is subject to negotiation with any employee organization.

SENATE BILL 26: Revises provisions governing school financial administration.
(BDR 31-398)

SENATE BILL 111 (1st Reprint): Revises provisions governing collective bargaining by local government employers. (BDR 31-651)

Language in S.B. 543 to set the end-fund balance for school districts not subject to collective bargaining at 16.6 percent is a gross departure from existing practice, policy and direction of this Legislative Session. This is an antiunion and anticollelctive bargaining provision that could wall off as much as \$740 million from collective bargaining processes with school districts in the FY 2020-2021 school year. Our students are looking for equity in their education funding. We know you can get to that if you work at it.

DAWN MILLER (Vice President-elect, Nevada State Education Association):

I teach music in Washoe County. The significant role of NSEA is to elevate the voice of educators from Nevada in decisions impacting schools and the education profession. Senate Bill 543 creates a Commission and gives it significant powers and responsibilities. While the bill requires relevant experience in public education, it does not require any educator representation on the Commission.

Many technical aspects are included in the duties of the Commission, but there are also critical policy responsibilities that would greatly impact public education. Some include recommending to the Governor an optimal level of funding education, making recommendations to improve the implementation of the new funding formula, recommending weights, making recommendations

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impacting public education and adopting regulations prescribing administrative expenses allowed by school districts.

A Commission with such profound impact on public education in Nevada should be representative of key education stakeholders. Educators who are on the frontline at school sites need to be included in such an important body. We oppose S.B. 543.

SYLVIA LAZOS (Co-Leader, Legislative Advocacy Group, Nevada Immigrant Coalition):

I am here on my own behalf and for the Nevada Immigrant Coalition (NIC). The NIC is composed of The Progressive Leadership Alliance of Nevada, the Culinary Union, Mi Familia Vota, America's Voice, Service Employees International Union, Arriba Las Vegas Workers Center, NextGen Nevada, Asian Community Development Council, America Votes and For Nevada's Future. I have also submitted written testimony ([Exhibit W](#)).

We are an organization primarily focused on equity issues. Although we agree with everything said before by proponents and opponents, because of our equity lens we have to oppose with great regret. There is so much in the bill to be commended. It is a huge step forward.

From an equity perspective, the question Assemblywoman Spiegel asked proponents was important. She asked if you are doing just one weight. What happens with the overlap? We know 77 percent of the immigrant community ELL students are also FRL students. When you choose to have one weight, you diminish the fact these children live in poverty.

Jhone Ebert compiled and studied those numbers when she was a chief at CCSD in 2015. *The New York Times* has an interactive map that will show the opportunities for children to make it out of poverty depending on their neighborhood. If you Google the term "detailed maps show how neighborhoods shape children for life," you will find the information.

It matters greatly if you get an FRL weight on an Indian reservation versus Incline Village, or if you are in Senatorial District No. 2 at Eastern Avenue and Bonanza Road versus the Anthem neighborhood of Las Vegas.

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The neighborhood totally shapes the destiny of the child. Because the weights do not take that into consideration, they inherently have an equity issue.

We created Zoom Schools and Victory Schools on a bipartisan basis in 2015. I have worked out a spreadsheet to determine the difference between the new scheme and the existing allocations. Valley High School could lose \$1.4 million. West Preparatory Institute could lose \$800,000. Is it sustainable to have these schools lose this kind of money? They will not be able to maintain the progress they have made in the last five years. These schools have helped immigrant communities and the poorest of the poor.

We oppose the bill, but we are hopeful the Committees will take time as they deliberate to consider the amendments we have proposed to fix the equity glitches.

PHIL SORENSEN (President, Douglas County Professional Education Association):
I have been a science teacher in Douglas County since 1989. I oppose S.B. 543. My school recently posted a teaching position. We had one unqualified applicant. Housing costs in Douglas County are much higher than in Clark County and equal to Washoe County costs at best. New teachers cannot afford to live in Douglas County and veteran teachers struggle to make ends meet.

The six-year funding freeze will squeeze our District and exacerbate the problem. The freeze is the equivalent of about 100 Douglas teachers. We have about 360 teachers. If the positions are cut over the next six years, the District will lose 25 percent of its teachers. This will drive up class sizes while reducing learning opportunities for students. My rural district is not alone. Virtually every other rural will face this financial hardship while a few districts and the charter authority will see a benefit from increased funding.

I oppose S.B. 543, because it will do irreparable harm to Nevada's rural school districts.

CHRIS DALY, (Deputy Executive Director, Government Relations, Nevada State Education Association):
The NSEA opposes S.B. 543. I have submitted additional written testimony on behalf of NSEA ([Exhibit X](#)).

We are hopeful we can begin anew, taking the promising components of the proposal forward while correcting the problems, oversights and unintended consequences. New revenue will ease the transition to any new funding formula, and NSEA is optimistic about our continuing fight for additional resources so all students at all schools in all districts of Nevada can succeed.

Our struggle continues. The NSEA has submitted some proposed amendments to S.B. 543. The amendments have five main objectives. Our amendments provide a true hold-harmless provision, preventing the freeze in funding for rural districts and providing for growth in funding in proportion to the average increase in Statewide per-pupil funding.

We would grandfather in existing Zoom Schools and Victory Schools to preserve these successful programs. We would provide charter schools only receive a cost adjustment if they are negotiating with a recognized employee organization pursuant to NRS 288. They would receive a proportionately lower multiplier if they enroll a lower percentage of students in the weighted categories compared to their countywide percentage to discourage charter schools from manipulating students who do or do not receive weights.

The NSEA amendments specifically include an educator voice on the Commission. They eliminate the restriction on the use of the school districts' end-fund balance which has been the direction of Senator Parks' Committee on Government Affairs this Session.

Despite the challenges getting to this point, NSEA stands ready to work with Legislators on S.B. 543 and remains committed to doing the difficult work to generate new revenue, so we can ensure a high quality education for every Nevada student.

RAY BACON (Executive Director, Nevada Manufacturers Association):

I have submitted written testimony ([Exhibit Y](#)). I will shorten my testimony. I am concerned about the long-term impacts of S.B. 543 relating to the fact we already have some schools that are successful. As we start to squeeze funding, it could be very easy to shortchange a career technical education program at schools that are truly effective and have a broad spectrum of students in almost every program. If we squeeze them, when do we start to damage our already failed reputation?

Last fall, the NDE passed an effort to eliminate the standard diploma between now and 2023. That is in the same time as we are making the funding formula change and moving every student to the advanced diploma. I fear in the process of doing these things, we could wind up with a dramatically increased dropout rate. That is not good for anyone.

When we have done education reform in the past, all the way back to S.B. No. 482 of the 69th Session, in almost every case we have had some performance criteria that were included in the measure. In the case of S.B. 543, if someone gets the additional money and does not make any improvements in the outcomes of their students, there is no consequence to them. Simultaneously, the school that had a low socioeconomic status score and does well will not be rewarded under the new plan either.

CHAIR WOODHOUSE:

I will hear those in neutral.

RICHARD STOKES (Superintendent, Carson City School District):

I am neutral on S.B. 543. This is exciting. I never thought I would have a chance to be part of something as historic as this and to have the opportunity to change students' lives. As a way to address the variety of differences between the districts, we suggest finding a way to support students living in rural communities. The districts should not receive any less funding in base or individually weighted student populations than those districts received in the immediately preceding school year on a per-pupil basis and then adjust that number for inflation. We offer our support and assistance in any way that would help solve the problems in the new funding mechanism and in bringing about the fiscal conditions that will improve education in Nevada.

VIKKI COURTNEY (President, Clark County Education Association):

The Clark County Education Association (CCEA) represents the licensed professionals in Clark County. I am speaking in the neutral position on S.B. 543. I was an educator in Clark County for 39 years. I have watched Nevada's population try to cope with the Nevada Plan as the State's population increased. I support the effort to move forward with the new plan especially by moving to the weighted funding formula for our most at-risk students.

I am submitting a petition tonight that carries the voices of 20,000 educators, support staff, students, parents and community members across Nevada who want to see an overhaul of the plan. These people know our funding system is broken but want our education system to succeed for all students. These Nevadans are sending a message of support that we must fund our schools now. ([Exhibit Z](#), original is available upon request of the LCB Research Library.)

It is only with new funding we can resolve the issues that plague us. Moving from categorical funding to weights will have a positive impact, but without increased funding to reach all students who need additional supports, we will continue to face the same issues. There will be overcrowded classrooms, vacancies in at-risk schools and students will not have the necessary resources to learn. We need new funding.

KEENAN KORTH (Clark County Education Association):

Kenneth Belknap is a member who could not be here. He is a social studies teacher at Del Sol Academy in Clark County and a CCEA board member. I will read his testimony. Mr. Belknap is indicating he is in the neutral position for S.B. 543.

The education funding formula for Nevada is one of the oldest in the Nation, and our State has long outgrown it. It set educators up for success and provided resources necessary when it was set up. Over the last 40 or more years, our student population has changed. What it takes to educate a student has evolved. The funding system has not.

The failure to evolve has set our educators up with the challenges that sometimes seem insurmountable. The new system of funding education with weights is what Nevada needs to meet the needs of diverse learners. By creating a system of allocating funds with the acknowledgement some students cost more money to educate, we will start the process of providing Nevada schools with the resources needed to be successful. It is critically important we make the change to weighted funding.

If students live in the wrong zip code, they will end up going to a school that doesn't receive funding designed to help students like them learn. Categorical grants were a great temporary measure, but this is the fix we need.

We will now be able to reach all students instead of just the ones who live in the right neighborhood.

All the changes outlined are necessary, but the new funding formula will not be successful without more revenue. We do not have enough resources to make it work. If we do not add revenue, we will be back here in two years trying to figure out where we went wrong.

We do not need to be setting aside a large amount of money into an end-fund balance. Districts will be allowed to hold more than 16 percent of their budget in an end-fund. The CCSD could hide away more than \$400 million. What is the point of that? The funds are a scarce resource. This summarizes Mr. Belknap's opinion.

JOHN VELLARDITA (Executive Director, Clark County Education Association):
I have mixed feelings about S.B. 543. In the 78th Session, we had a discussion about A.B. No. 394 of the 78th Session which became A.B. No. 469 of the 79th Session and had a provision in it that required the school district to go to a weighted funding formula. When the 2017 Session opened, S.B. No. 178 of the 79th Session discussed a study that said we must change the funding formula and go to weights. The solution to that was \$3 billion.

The discussion is simply about more funding in Nevada schools. We wanted to support S.B. 543. We need an amendment. You must talk about how to fund it. The Economic Forum said we may have a flat revenue stream. Nevada politics move at a slow pace. The last time we talked about funding was related to the commerce tax. We should have a discussion about reforming the property tax to fund Nevada schools.

The Commission is a good idea, but it abdicates authority to an unelected Commission. The Commission should sunset when the completion of implementation has been reached.

We have been big advocates for weighted funding for a long time. We want to accelerate its implementation. Use the categorical programs to help do that. Give the school districts the ability to spread the Zoom School services to non-ELL students in other schools.

We need a drop-dead date when weights will be fully funded. We support doing so in three legislative sessions and within six years. It is still a billion-dollar price tag. Ten years is too long.

Senate Bill No. 178 of the 79th Session included a flat value of \$1,200 that goes to the most underrepresented students in our schools, the systemically underperforming bottom-quartile proficient student. If you raise the bottom proficiency, you raise the achievement of the student body.

We suggest you use the proficiency as a weight. We also suggest a rural weight, as they have unique challenges. We support students receiving every weight they have a need for.

The charter school authority is part of the education delivery system of Nevada, and it is not going away. It needs better accountability. We want a monitoring of the market expansion of charters that have an adverse effect to public schools.

For CCSD, 16.6 percent of the budget for the end-fund balance is \$384 million. Right now, the balance is 2 percent or \$48 million. An ending fund balance under State law has restricted, assigned and unassigned categories. Trustees have the authority to control ending fund balances. We have a recruitment problem. Five hundred classrooms started the year with no teacher. In CCSD, 1,600 teachers leave every year.

A 3 percent raise is \$90 million, while we are talking about walling off \$384 million. That strips from teachers collective bargaining in a meaningful way.

PHYLLYS DOWD (Business Services Director, Churchill County Schools):

We are in neutral on S.B. 543. There are positives we see and some negatives. The positive is the model is based on student needs. It has an ongoing plan to monitor the model through the Commission. It protects the funding streams for education from diversion and reduces the categorical funding streams. That reduces my work in the office. Having a two-year implementation period is a positive for us.

The negative is the maintenance of effort for our special education students. If we have a recession and there is a need to reduce our proportionate share of special education funding, that would really dilute our base funding for all students. We cannot meet our federal requirements for the maintenance of effort for special education. I hope for some reconsideration for that section of the bill.

There is no mention of adequate funding. Funding for transportation and food services is discussed outside of the model. That is a concern for us. We are funded at 85 percent in transportation, so if current figures are used, we will begin short. We are neutral because of our concerns. The Nevada Plan is complicated. Starting with a new plan will be hard, but it can be easier and successful. We are all individuals, but we are all seeking the good for Nevada's students.

REBECCA GARCIA (President-elect, Nevada Parent Teacher Association): Nevada PTA has more than 17,000 members. On behalf of the Board of Managers, I testify in a neutral position. Nevada PTA supports a modernized funding formula. A new funding formula that is student-centered with base funding and weights that account for the diverse needs of students provides a more appropriate framework for Nevada education funding.

We support efforts to end the supplanting of funds to ensure intended revenues reach schools and that the leaking bucket is stopped for good.

The new Commission, along with accountability and stability measures, are all aspects of S.B. 543 we support.

We have serious concerns about the lack of adequacy targets and potential negative consequences of the hold-harmless component on rural students. We recognize the formula is the only thing before the Committees, but absence of additional revenues concerns us. Without adequacy targets to ensure funding corresponds with the actual costs required to provide a quality education, we could simply be redistributing funds without meeting student needs or creating new inequities.

It is frustrating we are just now discussing at the end of Session one of the most important pieces of legislation and are into the wee hours. We hope there

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will be open discussions in the Interim. We recognize Nevada's children need a modern funding model. It must meet the needs of all students. If S.B. 543 is passed, the next step is to ensure increased funding for all students in every county.

MEREDITH FREEMAN (Nevada Parent Teacher Association):

I agree with most of the things said tonight. I thank you for a bill to modernize the funding formula. It lays a foundation for many of the things we need. Adequacy must be included to ensure student success. It must acknowledge the actual costs of providing the cost of a quality education. We have long used the motto, every child, one voice. We ask the Legislature provide all children with the resources to reach their full potential.

ED GONZALEZ (Break Free CCSD):

We are a parent and community organization founded in 2015 to support the CCSD reorganization and ensure more funding and transparency make it into the classroom. We are neutral partially because of the timing of S.B. 543. We have not had an opportunity to fully vet the bill or its amendments.

Section 8 gives the Commission the ability to set the deduction of administrative expenses. We have concerns because in Clark County we have legislation that 85 percent of all unrestricted funding must go to schools. We need clarity. We oppose S.B. 469 because we think it reverses the transparency in the classroom process and could take out \$114 million from schools.

SENATE BILL 469 (2nd Reprint): Revises provisions relating to the reorganization of certain school districts. (BDR 34-818)

REBECCA FEIDEN (Nevada State Public Charter School Authority):

We appreciate the intent to develop a funding model that works toward adequacy and equity. Both of these principles are critical to a funding model that will carry us into the future and enable us to continue to make progress. Senate Bill 543 takes a first step in that direction. I encourage the Committees to uphold the principles for both the public district schools and public charter schools.

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Regardless of the public school parents choose for their children, they should be confident the school will be both adequately and equitably funded.

DON SOIFER (Nevada Action for School Options):

Thank you for the commitments to equity and fidelity that have characterized the work to get us to here. I have also submitted written testimony ([Exhibit AA](#)).

I would call attention to two quick priorities. I have summarized numerous risk factors and definitions of at-risk students. I look forward to working with NDE and the Legislature during the Interim to make sure the at-risk definitions work well for Nevada's educational need.

My second priority is funding parity for public charter school students and families who choose charter schools. It appears a natural extension to include related provisions in statute.

Remainder of page intentionally left blank; signature page to follow.

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CHAIR WOODHOUSE:

Seeing no further public comment, the meeting is adjourned at 11:49 p.m.

RESPECTFULLY SUBMITTED:

Felicia Archer,
Committee Secretary

APPROVED BY:

Senator Joyce Woodhouse, Chair

DATE: _____

Assemblywoman Maggie Carlton, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit / # of pages		Witness / Entity	Description
	A	1		Agenda
	B	23		Attendance Roster
	C	25	Kristina Shea/Legislative Counsel Bureau, Fiscal Analysis Division	Closing Report, Office of the Treasurer Bond Interest and Redemption Account, 2019 Capital Improvement Program
S.B. 543	D	63	Jeremy Aguero/ Applied Analysis	Modernizing Nevada's K-12 Education Funding System
S.B. 543	E	72	Jeremy Aguero/ Applied Analysis	Proposed Amendment 5949
S.B. 543	F	2	Maureen Schafer/Council for a Better Nevada	Testimony in support
S.B. 543	G	4	Jim DeVolld	Testimony in support
S.B. 543	H	2	Alison Turner	Testimony in support
S.B. 543	I	3	Javier Trujillo/City of Henderson	Testimony in support
S.B. 543	J	2	Stephen Augspurger/Clark County Association of School Administrators and Professional and Technical Employees	Testimony in support
S.B. 543	K	9	Alex Bybee/Teach Plus	Testimony in support
S.B. 543	L	1	Gina Venglass/Nevadans for the Common Good	Testimony in support
S.B. 543	M	2	Jana Wilcox Lavin/Opportunity 180	Testimony in support
S.B. 543	N	3	Sonny Vinuya/Las Vegas Asian Chamber of Commerce	Testimony in support
S.B. 543	O	1	Janet Quintero/United Way of Southern Nevada	Testimony in support

S.B. 543	P	1	Robert Glaser/Communities in Schools, Nevada	Testimony on support
S.B. 543	Q	4	Joyce Haldeman	Testimony in support
S.B. 543	R	5	Senator Joyce Woodhouse	Testimony in support
S.B. 543	S	7	David Jensen/Humboldt County School District	Testimony in opposition
S.B. 543	T	2	Todd Pehrson/Elko County School District	Testimony in opposition
S.B. 543	U	1	Ariel Guevara/Mi Familia Vota	Testimony in opposition
S.B. 543	V	1	Harry Beall/Nevada State Education Association-Retired	Testimony in opposition
S.B. 543	W	2	Sylvia Lazos/Nevada Immigrant Coalition	Testimony in opposition
S.B. 543	X	4	Chris Daly/Nevada State Education Association	Testimony in opposition
S.B. 543	Y	2	Ray Bacon/Nevada Manufacturers Association	Testimony in opposition
S.B. 543	Z	N/A	Vikki Courtney/Clark County Education Association	Petition
S.B. 543	AA	3	Don Soifer/ Nevada Action for School Options	Testimony in neutral