

A.B. 459

ASSEMBLY BILL NO. 459—COMMITTEE ON WAYS AND MEANS

(ON BEHALF OF THE OFFICE OF FINANCE
IN THE OFFICE OF THE GOVERNOR)

MARCH 29, 2023

Referred to Committee on Ways and Means

SUMMARY—Revises provisions relating to education funding.
(BDR 34-1082)FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Executive Budget.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to education; revising provisions requiring the Governor to reserve certain amounts of money in the State General Fund for transfer to the State Education Fund; revising provisions requiring the Governor to include in the proposed executive budget recommendations on the statewide per pupil funding amount and the multiplier for each category of pupils; eliminating the authority of the Governor to recommend such funding for public schools in this State as the Governor determines to be appropriate if the Governor determines that preparing a proposed executive budget would be impracticable; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law creates the State Education Fund for the purpose of supporting the
- 2 operation of the public schools in this State and identifies the sources of revenue for
- 3 the Fund. (NRS 387.1212) Existing law requires the Governor, when preparing the
- 4 proposed executive budget and to the extent practicable, to reserve an amount of
- 5 money in the State General Fund for transfer to the State Education Fund which is
- 6 sufficient to fully fund certain increases in the amount of money in the State
- 7 Education Fund if the Economic Forum projects an increase in state revenue in the
- 8 upcoming biennium. (NRS 387.12455) This bill revises this requirement to instead
- 9 require the Governor, to the extent practicable, to ensure that the amount of money
- 10 in the State Education Fund is at least equal to the amount of money in the State
- 11 Education Fund for the immediately preceding biennium adjusted by either the rate



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of growth in revenue collected by the State for general, unrestricted uses projected by the Economic Forum or the combined rate of inflation and growth of enrollment in the public schools in this State in the immediately preceding biennium, whichever is less. This bill additionally requires that the amount of money transferred from the State General Fund to the State Education Fund in the proposed executive budget be not less than the amount of money transferred in the immediately preceding biennium, unless the Economic Forum projects a decrease in state revenues.

Existing law: (1) requires the Governor to include in the proposed executive budget recommendations for the statewide base per pupil funding amount and the multiplier for each category of pupils; (2) requires the recommendation for the statewide base per pupil funding amount to, in general, increase at a rate equal to at least inflation and enrollment growth unless revenues decline; and (3) requires the recommendation for the multiplier for each category of pupils not to decrease, except in certain circumstances. (NRS 387.12455) This bill eliminates these requirements for the recommendations of the Governor for the statewide base per pupil funding amount and multiplier for each category of pupils as a part of the proposed executive budget.

Existing law authorizes the Governor to include in the proposed executive budget a recommendation for such funding for the public schools in this State as the Governor determines to be appropriate if the Governor determines that preparing a proposed executive budget as required by existing law would be impracticable. If the Governor includes such a recommendation, the Governor must also recommend appropriate legislation to improve the method for determining funding for the public schools in this State. (NRS 387.12455) This bill eliminates this authority.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 387.12455 is hereby amended to read as follows:

387.12455 1. Except as otherwise provided in subsection ~~5~~, **2**, for the purpose of establishing budgetary estimates for expenditures and revenues for the State Education Fund as prescribed by the State Budget Act, the Governor shall, to the extent practicable, ensure that ~~an~~ **the** amount of money in the State General Fund is reserved in the proposed executive budget for transfer to the State Education Fund ~~which~~ **for the subsequent biennium** is ~~sufficient~~ **at least equal** to ~~fully fund~~ **the amount of money in the State Education Fund for the immediately preceding biennium adjusted by:**

(a) ~~The rate of growth projected by~~ the Economic Forum ~~projects that~~ **in** the revenue collected by the State for general, unrestricted uses ~~will increase by a rate that is greater than the combined rate of inflation and the growth of enrollment in the public schools in this State in the immediately preceding biennium, an amount of money in the State General Fund for transfer to the State Education Fund for the subsequent biennium which is not less~~



~~than the amount of money transferred to the State Education Fund from the State General Fund for the immediately preceding biennium increased by an amount not less than the rate of increase for the revenue collected by the State as projected by the Economic Forum.}] ; or~~

(b) ~~If the Economic Forum projects that the revenue collected by the State for general, unrestricted uses will increase by a rate that is not greater than the~~ **The** combined rate of inflation and the growth of enrollment in the public schools in this State in the immediately preceding biennium, ~~[an amount of money in the State General Fund for transfer to the State Education Fund for the subsequent biennium which is not less than the amount of money transferred to the State Education Fund from the State General Fund for the immediately preceding biennium increased by an amount not less than the combined rate of inflation and the growth of enrollment in the public schools in this State.~~

~~— (c) If]~~
↪ whichever is less.

2. The amount of money transferred from the State General Fund to the State Education Fund in the proposed executive budget must be not less than the amount of money transferred from the State General Fund to the State Education Fund in the immediately preceding biennium, unless the Economic Forum projects that the revenue collected by the State for general, unrestricted uses will decrease . ~~[, and]~~ **If the Economic Forum projects such a decrease, the proposed executive budget may include an** amount of money in the State General Fund for transfer to the State Education Fund for the subsequent biennium which is not less than the amount of money transferred to the State Education Fund from the State General Fund for the immediately preceding biennium decreased by an amount not greater than the rate of decrease for the revenue collected by the State as projected by the Economic Forum.

~~{2. Except as otherwise provided in subsection 5, as]~~

3. As part of the proposed executive budget, the Governor shall, to the extent practicable, include recommendations for:

(a) The statewide base per pupil funding amount ; ~~[, which must be equal to the statewide base per pupil funding amount for the immediately preceding biennium increased by an amount not less than the combined rate of inflation and the growth of enrollment in the public schools in this State unless the amount of money contained in the State Education Fund, excluding the Education Stabilization Account, decreases from the immediately preceding biennium, in which event the Governor must recommend a proportional reduction to both the statewide base per pupil funding~~



~~amount and the multiplier for each category of pupils pursuant to paragraph (b);}~~ and

(b) The multiplier for each category of pupils ~~. {, which must not be less than the multiplier for the immediately preceding biennium unless:~~

~~—— (1) The amount of money contained in the State Education Fund, excluding the Education Stabilization Account, decreases from the immediately preceding biennium, in which event the Governor must recommend a proportional reduction to both the statewide base per pupil funding amount pursuant to paragraph (a) and the multiplier for each category of pupils; or~~

~~—— (2) The amount of money contained in the State Education Fund, excluding the Education Stabilization Account, increases from the preceding fiscal year but in an amount which, after recommending the statewide base per pupil funding amount pursuant to paragraph (a), is insufficient to fund the multiplier for each category of pupils, in which event the Governor must recommend the remaining money in the State Education Fund, excluding the Education Stabilization Account, be used to provide a multiplier for each category of pupils which is as close as practicable to the multiplier for the preceding fiscal year.~~

~~—3.}~~ **4.** When determining the amount of money ~~{to reserve for transfer from the State General Fund to}~~ **in** the State Education Fund pursuant to subsection 1, the Governor shall consider the recommendations of the Commission, as revised by the Joint Interim Standing Committee on Education, if applicable, for an optimal level of funding for education and may reserve an additional amount of money for transfer to the State Education Fund that the Governor determines to be sufficient to fund any recommendation or any portion of a recommendation that the Governor includes in the proposed executive budget.

~~{4.}~~ **5.** As part of the proposed executive budget, the Governor may recommend to the Legislature a revision to any appropriation made by law pursuant to NRS 387.1214, including, without limitation, the statewide base per pupil funding amount, the adjusted base per pupil funding for any school district, the multiplier for weighted funding for any category of pupils or the creation or elimination of a category of pupils to receive additional weighted funding. The Governor may recommend additional funding for any recommendation made pursuant to this subsection.

~~{5.—If the Governor determines that it would be impracticable to prepare the proposed executive budget as described in subsection 1 or 2, the Governor may instead include in the proposed executive budget a recommendation for such funding for the public schools in this State as he or she determines to be appropriate. If the Governor~~



~~includes in the proposed executive budget recommendations pursuant to this subsection, the recommendations must be accompanied by such recommendations for legislation as the Governor determines to be appropriate to improve the method by which funding for the public schools in this State is determined.]~~

6. As used in this section, “rate of inflation” means the percentage of increase or decrease in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the United States Department of Labor for the immediately preceding calendar year or, if that index ceases to be published by the United States Department of Labor, the published index that most closely resembles that index, as determined by the Governor.

Sec. 2. This act becomes effective upon passage and approval.

