

(Reprinted with amendments adopted on June 5, 2023)

THIRD REPRINT

S.B. 98

SENATE BILL NO. 98—COMMITTEE ON FINANCE

(ON BEHALF OF THE JOINT INTERIM STANDING
COMMITTEE ON EDUCATION)

PREFILED FEBRUARY 2, 2023

Referred to Committee on Finance

SUMMARY—Revises provisions relating to education.
(BDR 34-444)FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Contains Appropriation not included
in Executive Budget.

~

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~for mitted-m a t e r i a l~~ is material to be omitted.

AN ACT relating to education; revising provisions relating to annual reports of accountability for public schools; revising provisions relating to the Education Stabilization Account; revising provisions relating to the Commission on School Funding; requiring the Commission to conduct interim studies on school funding and accountability for school funding; making appropriations; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires the preparation of an annual report of accountability for each school district and sponsor of charter schools in this State, as well as for all public schools in the State as a whole. (NRS 385A.010-385A.520) Existing law imposes certain duties on the Superintendent of Public Instruction relating to the accountability of public schools. (NRS 385A.080) **Section 3.3** of this bill additionally requires the Superintendent to establish metrics of performance for public schools for each grade and, along with each school district and charter school, publish such metrics on their respective Internet websites and report data on such metrics to the Governor, State Board of Education and Director of the Legislative Counsel Bureau for transmission to the Joint Interim Standing Committee on Education.

Existing law creates the Education Stabilization Account in the State Education Fund and allows the Interim Finance Committee to authorize the transfer of money in the Account to the State Education Fund if actual enrollment growth in a fiscal year exceeds projected enrollment growth or if the collection of revenue in a fiscal year results in the State Education Fund receiving 97 percent or less of the money



authorized for expenditure from the State Education Fund. (NRS 387.1213) **Section 3.5** of this bill additionally authorizes the Interim Finance Committee to transfer money from the Account to the State Education Fund if: (1) money deposited in the State Education Fund was found by an audit to have been deposited in error; or (2) an error in the application of the Pupil-Centered Funding Plan by the Department of Education creates a shortfall in the State Education Fund.

Existing law creates the Commission on School Funding and authorizes the Commission to meet only between July 1 of an odd-numbered year and September 30 of the subsequent even-numbered year. (NRS 387.1246) **Section 4** of this bill: (1) requires the Commission to meet monthly; (2) authorizes the Commission to meet in person or, at the discretion of the Chair of the Commission, by use of a remote technology system; (3) authorizes the Commission to meet between July 1 of an odd-numbered year and December 31 of the subsequent even-numbered year; and (4) authorizes the Commission to also meet during any regular or special session of the Legislature, if requested to do so by the chair of the Senate Standing Committee on Education, Assembly Standing Committee on Education, Senate Standing Committee on Finance, Assembly Standing Committee on Ways and Means or Interim Finance Committee. **Section 4.5** of this bill expands the duties of the Commission by requiring the Commission to: (1) review the academic progress made by pupils in each public school; and (2) review and consider strategies to improve the accessibility and ensure the equitability of existing and new programs within and between public schools. **Section 7.5** of this bill: (1) expires the terms of incumbent members of the Commission on June 30, 2023; (2) requires the appointment or reappointment of members of the Commission on or before July 1, 2023, to staggered terms; and (3) requires the Commission to hold its first meeting during Fiscal Year 2023-2024 on or before September 1, 2023.

Section 7 of this bill requires the Commission to conduct interim studies on school funding and school accountability. **Section 7** requires the interim study on school funding to examine topics relating to: (1) the funding of building improvement and modernization projects by small school districts; (2) the number of professional educators graduating from institutions of higher education in this State; (3) the classification and compensation of professional educators and support personnel at public schools; and (4) changes to the laws governing sales and use tax and property tax to fully fund public schools in this State at an optimal level of funding. **Section 7** requires the interim study on school accountability to include recommendations for performance metrics to assess the impact of increased investments in K-12 public education and accountability measures to ensure the effective use of such investments. **Section 6** of this bill appropriates \$500,000 from the State General Fund to the Commission for the cost of the studies required by **section 7**. **Sections 6.3 and 6.5** of this bill appropriate money for the payment of travel and per diem expenses for members of the Commission on School Funding and employees of the Department of Education, respectively, for attending meetings of the Commission.

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

Section 1. (Deleted by amendment.)

Sec. 2. (Deleted by amendment.)

Sec. 3. (Deleted by amendment.)



Sec. 3.3. NRS 385A.080 is hereby amended to read as follows:

385A.080 1. The Superintendent of Public Instruction shall:

(a) Prescribe forms for the reports required pursuant to NRS 385A.070 and provide the forms to the respective school districts, the State Public Charter School Authority and each college or university within the Nevada System of Higher Education that sponsors a charter school.

(b) Provide statistical information and technical assistance to the school districts, the State Public Charter School Authority and each college or university within the Nevada System of Higher Education that sponsors a charter school to ensure that the reports provide comparable information with respect to each school in each district, each charter school and among the districts and charter schools throughout this State.

(c) Consult with a representative of the:

- (1) Nevada State Education Association;
- (2) Nevada Association of School Boards;
- (3) Nevada Association of School Administrators;
- (4) Nevada Parent Teacher Association;
- (5) Budget Division of the Office of Finance;
- (6) Legislative Counsel Bureau; and
- (7) Charter School Association of Nevada,

➤ concerning the program adopted pursuant to subsection 1 of NRS 385A.070 and consider any advice or recommendations submitted by the representatives with respect to the program.

(d) Establish metrics of performance for public schools for each grade which include, without limitation, metrics for:

(1) The growth and proficiency of pupils in literacy, mathematics and science;

(2) The engagement and proficiency of pupils in courses for college and career readiness; and

(3) The retention and recruitment of teachers and education support professionals.

2. The Superintendent of Public Instruction may consult with representatives of parent groups other than the Nevada Parent Teacher Association concerning the program adopted pursuant to subsection 1 of NRS 385A.070 and consider any advice or recommendations submitted by the representatives with respect to the program.

3. The Superintendent of Public Instruction and each school district and charter school shall:

(a) Publish the metrics established pursuant to paragraph (d) of subsection 1 on their respective Internet websites; and



(b) On or before October 1 of each year, report data relating to each metric established pursuant to paragraph (d) of subsection 1 to the Governor, the State Board and the Director of the Legislative Counsel Bureau for transmission to the Joint Interim Standing Committee on Education.

Sec. 3.5. NRS 387.1213 is hereby amended to read as follows:

387.1213 1. The Education Stabilization Account is hereby created in the State Education Fund. Except as otherwise provided in subsections 3 and 4, each year after the close of the previous fiscal year and before the issuance of the State Controller's annual report, each county school district shall transfer from the county school district fund to the Education Stabilization Account any amount by which the budgeted ending fund balance of the county school district fund exceeds 16.6 percent of the total budgeted expenditures for the fund. The interest and income earned on the money in the Account, after deducting any applicable charges, must be credited to the Account.

2. Money transferred pursuant to subsection 1 to the Education Stabilization Account is a continuing appropriation solely for the purpose of authorizing the expenditure of the transferred money for the purposes set forth in this section.

3. The balance in the Education Stabilization Account must not exceed 15 percent of the total of all appropriations and authorizations from the State Education Fund, excluding the Education Stabilization Account, for the immediately preceding fiscal year. Any money transferred to the Education Stabilization Account which exceeds this amount must instead be transferred to the State Education Fund.

4. If the Interim Finance Committee finds that:

(a) Upon submission of a request from the Department, the actual enrollment growth for a fiscal year exceeds the projected enrollment growth by an amount that the Interim Finance Committee determines would make a transfer of money to the State Education Fund necessary to fund the excess enrollment; ~~for~~

(b) The collection of revenue in any fiscal year will result in the State Education Fund receiving 97 percent or less of the money authorized for expenditure from the State Education Fund ~~to~~;

(c) Upon submission of a request from the Department, any amount of money which was deposited in the State Education Fund is found by an audit to have been deposited in error; or

(d) Upon submission of a request from the Department, any error in the application of the Pupil-Centered Funding Plan by the Department has created a shortfall in the State Education Fund,

↪ the Committee shall by resolution establish an amount of money to transfer from the Education Stabilization Account to the State



1 Education Fund and direct the State Controller to transfer that
2 amount to the State Education Fund. The State Controller shall
3 thereupon make the transfer.

4 5. The balance remaining in the State Education Fund,
5 excluding the balance remaining in the Education Stabilization
6 Account, that has not been committed for expenditure on or before
7 June 30 of an odd-numbered fiscal year must be transferred to the
8 Education Stabilization Account to the extent that such a transfer
9 would not cause the balance in the Education Stabilization Account
10 to exceed the limit established in subsection 3.

11 **Sec. 4.** NRS 387.1246 is hereby amended to read as follows:

12 387.1246 1. The Commission on School Funding, consisting
13 of 11 members, is hereby created.

14 2. The Commission consists of the following members, who
15 may not be Legislators:

16 (a) One member appointed by the Governor, who serves as
17 Chair;

18 (b) Two members appointed by the Majority Leader of the
19 Senate;

20 (c) Two members appointed by the Speaker of the Assembly;

21 (d) One member appointed by the Minority Leader of the
22 Senate;

23 (e) One member appointed by the Minority Leader of the
24 Assembly;

25 (f) Two members appointed by the Governor, each of whom is
26 the chief financial officer of a school district in this State which has
27 more than 40,000 pupils enrolled in its public schools, nominated by
28 the Nevada Association of School Superintendents or its successor
29 organization; and

30 (g) Two members appointed by the Governor, each of whom is
31 the chief financial officer of a school district in this State which has
32 40,000 or fewer pupils enrolled in its public schools, nominated by
33 the Nevada Association of School Superintendents or its successor
34 organization.

35 ➤ In making appointments to the Commission, the appointing
36 authorities shall consider whether the membership generally reflects
37 the geographic distribution of pupils in the State.

38 3. Each member of the Commission must:

39 (a) Be a resident of this State;

40 (b) Not have been registered as a lobbyist pursuant to NRS
41 218H.200 for a period of at least 2 years immediately preceding
42 appointment to the Commission;

43 (c) Have relevant experience in public education;

44 (d) Have relevant experience in fiscal policy, school finance or
45 similar or related financial activities;



(e) Have the education, experience and skills necessary to effectively execute the duties and responsibilities of a member of the Commission; and

(f) Have demonstrated ability in the field of economics, taxation or other discipline necessary to school finance and be able to bring knowledge and professional judgment to the deliberations of the Commission.

4. Each member of the Commission serves a term of 3 years and may be reappointed to additional terms.

5. Each member may be removed by the appointing authority for good cause. A vacancy on the Commission must be filled in the same manner as the original appointment.

6. The Commission shall:

(a) Elect a Vice Chair from among its members at its first meeting for a term of 3 years. A vacancy in the office of Vice Chair must be filled by the Commission by election for the remainder of the existing term.

(b) Adopt such rules governing the conduct of the Commission as it deems necessary.

(c) ~~Hold its first meeting on or before October 1, 2019,~~ *Meet at least once each month* and hold such ~~additional~~ number of meetings as may be necessary to accomplish the tasks assigned to it in the time allotted.

(d) Meet in person or, at the discretion of the Chair in consultation with the Superintendent of Public Instruction based on the items on the agenda for a meeting, by use of a remote technology system, as defined in NRS 241.015.

7. A majority of the members of the Commission constitutes a quorum and a majority of those present must concur in any decision.

8. The Department shall provide the Commission with meeting rooms, data processing services and administrative and clerical assistance. The Superintendent of Public Instruction and Office of Finance shall jointly provide the Commission with professional staff services.

9. While engaged in the business of the Commission, each member is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.

10. The Commission may meet only ~~between~~:

(a) Between July 1 of an odd-numbered year and ~~September 30~~ *December 31* of the subsequent even-numbered year ~~;~~ *;* or

(b) During any regular or special session of the Legislature, if requested to do so by the chair of the:

(1) Senate Standing Committee on Education;

(2) Assembly Standing Committee on Education;



- (3) Senate Standing Committee on Finance;*
(4) Assembly Standing Committee on Ways and Means; or
(5) Interim Finance Committee.

Sec. 4.5. NRS 387.12463 is hereby amended to read as follows:

387.12463 1. The Commission shall:

(a) Provide guidance to school districts and the Department on the implementation of the Pupil-Centered Funding Plan.

(b) Monitor the implementation of the Pupil-Centered Funding Plan and make any recommendations to the Joint Interim Standing Committee on Education that the Commission determines would, within the limits of appropriated funding, improve the implementation of the Pupil-Centered Funding Plan or correct any deficiencies of the Department or any school district or public school in carrying out the Pupil-Centered Funding Plan.

(c) Review the statewide base per pupil funding amount, the adjusted base per pupil funding for each school district and the multiplier for weighted funding for each category of pupils appropriated by law pursuant to NRS 387.1214 for each biennium and recommend any revisions the Commission determines to be appropriate to create an optimal level of funding for the public schools in this State, including, without limitation, by recommending the creation or elimination of one or more categories of pupils to receive additional weighted funding. If the Commission makes a recommendation pursuant to this paragraph which would require more money to implement than was appropriated from the State Education Fund in the immediately preceding biennium, the Commission shall also identify a method to fully fund the recommendation within 10 years after the date of the recommendation.

(d) Review the laws and regulations of this State relating to education, make recommendations to the Joint Interim Standing Committee on Education for any revision of such laws and regulations that the Commission determines would improve the efficiency or effectiveness of public education in this State and notify each school district of each such recommendation.

(e) Review and recommend to the Department revisions of the cost adjustment factors for each county established pursuant to NRS 387.1215 and the method for calculating the attendance area adjustment established pursuant to NRS 387.1218.

(f) Review the academic progress made by pupils in each public school since the implementation of the Pupil-Centered Funding Plan, including, without limitation, any changes to the academic progress of such pupils as the result of any additional money provided to each such school by the Pupil-Centered



Funding Plan. In performing such a review, the Commission shall:

(1) Use metrics to measure the academic achievement of pupils which include, without limitation:

(I) The rate of graduation of pupils from high school by type of diploma;

(II) The performance of pupils on standardized examinations in math, reading and science;

(III) The number of credentials or other certifications in fields of career and technical education earned by pupils;

(IV) The number of pupils who earn a passing score on an advanced placement examination;

(V) The number of pupils who earn a passing score on an international baccalaureate examination;

(VI) The percentage of pupils in each school who lack a sufficient number of credits to graduate by the end of their 12th grade year;

(VII) The percentage of pupils in each school who drop out;

(VIII) The number of pupils who enroll in higher education upon graduation;

(IX) The number of pupils who enroll in a vocational or technical school or apprenticeship training program;

(X) The attendance rate for pupils;

(XI) The number of violent acts by pupils and disciplinary actions against pupils; and

(XII) Any other metric prescribed by the Commission;

(2) Use metrics to measure the improvement of pupils enrolled in elementary school in literacy which include, without limitation:

(I) The literacy rate for pupils in first, third and fifth grades;

(II) The number of pupils in elementary school who were promoted to the next grade after testing below proficient in reading in the immediately preceding school year, separated by grade level and by level of performance on the relevant test;

(III) The number of schools that employ a licensed teacher designated to serve as a literacy specialist pursuant to NRS 388.159 and the number of schools that fail to employ and designate such a licensed teacher; and

(IV) Any other metric prescribed by the Commission;

(3) Use metrics to measure the ability of public schools to hire and retain sufficient staff to meet the needs of the public schools which include, without limitation:



(I) The rate of vacancies in positions for teachers, support staff and administrators;

(II) The attendance rate for teachers;

(III) The retention rate for teachers;

(IV) The number of schools and classrooms within each school in which the number of pupils in attendance exceeds the designed capacity for the school or classroom;

(V) The number of classes taught by a substitute teacher for more than 25 percent of the school year; and

(VI) Any other metric prescribed by the Commission;

(4) Use metrics to measure the extent to which schools meet the needs and expectations of pupils, parents or legal guardians of pupils, teachers and administrators which include, without limitation:

(I) The results of an annual survey of satisfaction of school employees;

(II) The results of an annual survey of satisfaction of pupils, parents or legal guardians of pupils and graduates; and

(III) Any other metric prescribed by the Commission;

(5) Identify the progress made by each school, school district and charter school on improving the literacy of pupils enrolled in elementary school;

(6) Make recommendations for strategies to increase the efficacy, efficiency, transparency and accountability of public schools; and

(7) Make recommendations to the Department, school districts and charter schools to improve the reporting, tracking, monitoring, analyzing and dissemination of data relating to pupil achievement and financial accountability, including, without limitation, revisions to the metrics identified in subparagraphs (1) to (4), inclusive.

(g) Review and consider strategies to improve the accessibility and ensure the equitability of existing and new programs for pupils within and between public schools, including, without limitation, open zoning.

2. The Commission shall present any recommendations pursuant to paragraphs (a) to (d), inclusive, of subsection 1 at a meeting of the Joint Interim Standing Committee on Education for consideration and revision by the Committee. The Joint Interim Standing Committee on Education shall review each recommendation of the Commission and determine whether to transmit the recommendation or a revised version of the recommendation to the Governor or the Legislature.

Sec. 5. (Deleted by amendment.)



Sec. 6. 1. There is hereby appropriated from the State General Fund to the Commission on School Funding created by NRS 387.1246 the sum of \$500,000 for the cost of conducting the studies required by section 7 of this act.

2. Any remaining balance of the appropriation made by subsection 1 must not be committed for expenditure after June 30, 2025, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 19, 2025, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 19, 2025.

Sec. 6.3. 1. There is hereby appropriated from the State General Fund to the Department of Education the sum of \$10,000 in Fiscal Year 2024-2025 for the payment of travel and per diem expenses for members of the Commission on School Funding created by NRS 387.1246.

2. Any remaining balance of the appropriation made by subsection 1 must not be committed for expenditure after June 30, 2025, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 19, 2025, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 19, 2025.

Sec. 6.5. 1. There is hereby appropriated from the State General Fund to the Department of Education for the payment of travel and per diem expenses for employees of the Department to attend meetings of the Commission on School Funding created by NRS 387.1246 the following sums:

For the Fiscal Year 2023-2024.....	\$6,200
For the Fiscal Year 2024-2025.....	\$6,200

2. Any balance of the sums appropriated by subsection 1 remaining at the end of the respective fiscal years must not be committed for expenditure after June 30 of the respective fiscal years by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 20, 2024, and September 19, 2025, respectively, by either the entity to which the money was appropriated or the entity



to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 20, 2024, and September 19, 2025, respectively.

Sec. 7. 1. The Commission on School Funding created by NRS 387.1246 shall conduct an interim study concerning school funding. The study must include, without limitation, an examination of:

(a) Methods to enable small school districts to acquire capital and engage in building improvement and modernization projects, including, without limitation:

(1) The creation of a revolving fund to make loans to small school districts;

(2) The allocation of additional funding to the Nevada State Infrastructure Bank and implementation of changes to statute or regulation as necessary to permit the Nevada State Infrastructure Bank to provide financial assistance to smaller school districts; and

(3) Financial assistance through the Municipal Bond Bank pursuant to NRS 350A.010 to 350A.210, inclusive.

~~(b) Recommendations for performance metrics to assess the impact of increased investments in K-12 public education and accountability measures to ensure the effective use of such investments in K-12 public education.~~

~~—(c)~~ The number of teachers graduating from institutions of higher education in this State each year relative to the number of teacher positions sought to be filled by school districts in this State each year.

~~(d)~~ (c) The classification and compensation of teachers and support personnel at public schools in this State and whether insufficient compensation is contributing to the difficulty in attracting and retaining teachers and support personnel at public schools.

~~(e)~~ (d) Recommendations for changes to the laws governing sales and use tax and property tax to fully fund public schools in this State at an optimal level of funding.

2. The Commission on School Funding created by NRS 387.1246 shall conduct an interim study concerning school accountability. The study must include, without limitation, recommendations for performance metrics to assess the impact of increased investments in K-12 public education and accountability measures to ensure the effective use of such investments in K-12 public education.

3. On or before November 15, 2024, the Commission shall submit a report of its findings ~~from~~ from the studies performed pursuant to subsections 1 and 2, including, without limitation, any recommendations for legislation, to the Governor and the Director



of the Legislative Counsel Bureau for transmittal to the 83rd Session of the Nevada Legislature.

Sec. 7.5. 1. The terms of the members of the Commission on School Funding appointed pursuant to NRS 387.1246 who are incumbent on June 30, 2023, expire on that date.

2. Notwithstanding the provisions of subsection 4 of NRS 387.1246, as amended by section 4 of this act, on or before July 1, 2023:

(a) The Governor shall:

(1) Appoint to the Commission on School Funding to serve initial terms that expire on July 1, 2025:

(I) One member described in paragraph (f) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(II) One member described in paragraph (g) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(2) Appoint to the Commission on School Funding to serve an initial term that expires on July 1, 2026:

(I) One member described in paragraph (a) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(II) One member described in paragraph (f) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(III) One member described in paragraph (g) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(b) The Majority Leader of the Senate shall:

(1) Appoint to the Commission on School Funding to serve an initial term that expires on July 1, 2025, one member described in paragraph (b) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(2) Appoint to the Commission on School Funding to serve an initial term that expires on July 1, 2026, one member described in paragraph (b) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(c) The Speaker of the Assembly shall:

(1) Appoint to the Commission on School Funding to serve an initial term that expires on July 1, 2025, one member described in paragraph (c) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(2) Appoint to the Commission on School Funding to serve an initial term that expires on July 1, 2026, one member described in paragraph (c) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

(d) The Minority Leader of the Senate shall appoint to the Commission on School Funding to serve an initial term that expires on July 1, 2026, one member described in paragraph (d) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.



(e) The Minority Leader of the Assembly shall appoint to the Commission on School Funding to serve an initial term that expires on July 1, 2025, one member described in paragraph (e) of subsection 2 of NRS 387.1246, as amended by section 4 of this act.

3. The Governor, Majority Leader of the Senate, Speaker of the Assembly, Minority Leader of the Senate and Minority Leader of the Assembly may reappoint a member of the Commission on School Funding whose term expires on June 30, 2023, if that member meets the qualifications for membership prescribed by subsection 2 of NRS 387.1246, as amended by section 4 of this act.

4. The Commission on School Funding shall hold its first meeting during Fiscal Year 2023-2024 not later than September 1, 2023.

5. As used in this section, “Commission on School Funding” means the Commission on School Funding created by NRS 387.1246, as amended by section 4 of this act.

Sec. 8. This act becomes effective on July 1, 2023.

