

**NEVADA DEPARTMENT OF EDUCATION  
COMMISSION ON SCHOOL FUNDING  
FORMULA AND DISTRIBUTION WORK GROUP  
JANUARY 10, 2020  
9:00 A.M.**

**Meeting Location:**

<b>Office</b>	<b>Address</b>	<b>City</b>	<b>Meeting Room</b>
<b>Department of Education</b>	700 E Fifth St	Carson City	Board Room

**SUMMARY MINUTES OF THE WORK GROUP MEETING**

**WORK GROUP MEMBERS PRESENT**

**In Carson City**

Dr. David Jensen  
Paul Johnson  
Mark Mathers  
Punam Mathur

**By teleconference**

Guy Hobbs

**DEPARTMENT STAFF PRESENT**

Jhone Ebert, Superintendent of Public Instruction  
Heidi Haartz, Deputy Superintendent of Business and Support Services  
Jessica Todtman, Chief Strategy Officer  
James Kirkpatrick, Administrative Services Officer III  
Sarah Nick, Management Analyst III

**LEGAL COUNSEL PRESENT**

Greg Ott, Chief Deputy Attorney General

**SUBJECT MATTER EXPERTS PRESENT**

Justin Silverstein, APA Consulting  
Amanda Brown, APA Consulting

**AUDIENCE IN ATTENDANCE**

Jimmy Lau, Imagine Schools  
Jim Penrose, R & R Partners  
Dr. Karlene McCormick-Lee, NewLeef, Inc.  
Michael Ashton, Nevada State Education Alliance  
Phil Sorensen, Nevada State Education Alliance  
Victor Salcido, Charter School Association of Nevada

## **1: CALL TO ORDER; ROLL CALL**

Meeting called to order at 9:00 A.M by Formula and Distribution Work Group Lead David Jensen. Quorum established.

## **2: PUBLIC COMMENT #1**

Phil Sorensen, Nevada State Education Alliance, spoke regarding the Hold Harmless provision. Unfortunately, the microphone was not on and no recording was captured for Mr. Sorensen's statement.

Michael Ashton, Nevada State Education Alliance, spoke regarding the Hold Harmless provision. Unfortunately, the microphone was not on and no recording was captured for Mr. Ashton's statement.

## **3: APPROVAL OF NOVEMBER 15, 2019 MEETING MINUTES**

**Member Mathur moved to approve. Member Johnson seconded. Motion passed.**

## **4: REVIEW OF THE HOLD HARMLESS PROVISION OF SENATE BILL 543**

Heidi Haartz, Deputy Superintendent of Business and Support Services, Nevada Department of Education, and James Kirkpatrick, Administrative Services Officer III, Office of District Support, Nevada Department of Education, conducted a PowerPoint presentation on the Hold Harmless Provision of Senate Bill (SB) 543 and the preliminary allocation estimates for Fiscal Year 2020 (FY20). Deputy Superintendent Haartz noted that the presentation is not available online but can be furnished upon request.

The Hold Harmless Provision in SB 543 indicates that if a school district experiences a decrease in funding due to a decline in enrollment, the legislature will determine how to mitigate the impact; it does not provide further specifics. Member Punam Mathur requested historical data on school districts that have experienced enrollment decline over the past several years.

Member Paul Johnson voiced concern that the Hold Harmless Provision does not allow for inflation; instead, he supported each district having a fixed amount equal to inflation, which may better align with the intent of the Hold Harmless Provision.

Member Guy Hobbs noted that the issues associated with the Hold Harmless provision ultimately reside with the adequacy of funding in the formula. Member Mathur agreed that adequacy was the goal.

Lead Jensen supported the need to focus on adequacy and echoed concerns that the Hold Harmless Provision does not include inflation measures, which are particularly necessary when most expenses are people-oriented and districts already struggle with meeting class-size requirements.

Member Paul Johnson cited historical attempts to reach adequacy and indicated his belief that funding must increase by at least inflation – if not more than inflation and hyperinflation – to reach adequacy.

Member Mathur inquired about the timeline of the model. Deputy Superintendent Haartz noted that NDE will likely be running the model for Fiscal Years 2022 and 2023 in early summer of this year.

Members Mathers and Hobbs expressed that SB 543 seems to indicate that the Hold Harmless Provision is an aggregate dollar figure that is fixed, and current implementation must align with that intent. Deputy Superintendent Haartz confirmed this, but noted that the Commission may provide recommendations and input to the Governor and Legislature on or before July 15<sup>th</sup>, 2020 regarding changes that may be necessary to ensure the effective implementation of the Pupil-Centered Funding Plan.

Member Johnson and Lead Jensen sought feedback regarding a recommendation to the Legislature on the inclusion of inflation in the Hold Harmless Provision.

Member Mathur expressed hesitance around the timeline, noting her belief that the Commission had not yet received enough data to make informed recommendations.

Member Hobbs stated that the current Hold Harmless Provision will lead to a loss of purchase power over time and a solution to this would require legislative action. He suggested that the recommendation to the Commission go forward under the current model and further consideration be given to a recommendation to the Legislature.

Member Mathers suggested using a placeholder and having further discussion as a future agenda item, to which the Work Group agreed.

## **5: PRESENTATION AND RECOMMENDATION REGARDING THE COMPARABLE WAGE INDEX AND OTHER COST ADJUSTMENT FACTORS**

Justin Silverstein and Amanda Brown, APA Consulting, conducted a PowerPoint presentation regarding the [Comparable Wage Index](#) (CWI) and other cost adjustment factors related to the implementation of SB 543.

Lead Jensen noted that the states with the greatest similarity to Nevada are not utilizing CWI and questioned why the discussion continues to include CWI when it appears to be a factor unrepresentative of Nevada. He indicated that the utility of the CWI is limited in Nevada because it only factors in workers with a bachelor's degree only, which excludes indices that are relevant to many rural communities. Ms. Brown supported attempting to use all worker adjustments to apply to all salaries in order to more accurately reflect Nevada's communities.

Mr. Silverstein indicated that CWI and Hedonic models outline not only cost of living differences, but also attempt to illustrate attractiveness, which is more than cost differentials and the purchasing of goods.

Member Mathers said that the data does compensate for wages relative to amenities and that wages move slowly relative to changes in cost and other relevant factors in communities. Member Mathers expressed that the hybrid approach of "better of" regional price parities (RPP) seemed like a compromise.

Mr. Silverstein suggested that if cost of living is used as the model, cycles such as the mining industry and its impact would be taken into consideration and accounted for with a rolling average for stability. In such a case, those counties which fell below a 1.0 would remain rounded up to a 1.0 standard.

Member Hobbs expressed that as they consider weights and adjustments, wage differentials must be considered, and the methodology for that factor must be responsive to change.

Member Mathers stated that this topic needed further data gathering and stakeholder input prior to making a recommendation; Lead Jensen and the Work Group agreed to put a placeholder on this topic pending further discussion.

## **6: PRESENTATION AND RECOMMENDATION REGARDING THE SMALL DISTRICT EQUITY ADJUSTMENT**

Justin Silverstein and Amanda Brown, APA Consulting, conducted a PowerPoint presentation regarding the Small District Equity Adjustment included in the Pupil-Centered Funding Plan.

This item was presented and discussed in combination with item seven, the Recommendation Regarding the Necessarily Small School Adjustment.

## **7: RECOMMENDATION REGARDING THE NECESSARILY SMALL SCHOOL ADJUSTMENT**

Justin Silverstein and Amanda Brown, APA Consulting, conducted a PowerPoint presentation regarding the Necessary Small School Adjustment included in the Pupil-Centered Funding Plan.

Member Johnson noted that some states have Necessarily Existent Small Schools (NESS), which provide additional funding for remote schools which are not within the size threshold. He inquired if the Necessary Small School Adjustment would include this allotment.

Mr. Silverstein clarified that APA Consulting has been working with economies of scale defined by the necessary setting for both the small school and small district adjustments and hopes to model them so that small schools within small districts receive a combined factor.

Lead Jensen inquired if the student-to-teacher ratio was seven-to-one across both elementary and secondary schools, as the Wyoming model does not differentiate between them in their small school model. Ms. Brown stated that they have not found a state that differentiates in such way.

## **8: RECOMMENDATION REGARDING THE WEIGHTS FOR STUDENT POPULATIONS**

Lead Jensen stated that the Work Group is interested in hearing further public testimony before making recommendations regarding weights for student populations, and that such opportunity would be provided during the February 2020 meetings of the Commission and its Work Groups.

## **9: OVERVIEW OF WORK PLAN FOR MAXIMUM ADMINISTRATIVE EXPENSES FOR SCHOOL DISTRICTS**

Justin Silverstein and Amanda Brown, APA Consulting, conducted a PowerPoint presentation regarding their proposed work plan for recommending the maximum amount of money that each school district may deduct for its administrative expenses from the adjusted base per-pupil funding.

Lead Jensen supported that Chief Financial Officers across the school districts should be involved in the review process of the plan. He further noted that a definition of administrative costs can be problematic, yet is increasingly necessary to move forward.

Member Mathers suggested that functional categories within the state chart of accounts may be helpful in identifying and defining administration and central services.

## **10: FUTURE AGENDA ITEMS**

The Work Group agreed that additional public comment, particularly regarding weights, is a necessary future agenda item.

## **11: PUBLIC COMMENT #2**

Victor Salcido, Charter School Association of Nevada, spoke regarding the Hold Harmless Provision. Specifically, he shared that charter schools are not currently eligible for the Hold Harmless Provision, despite that they together enroll over 55,000 students who would be potentially affected.

The Work Group confirmed that charter schools are excluded from the Hold Harmless Provision under SB 543 and that the Commission is unable to change the law, but that they would take this matter into account for further consideration as a potential recommendation to the legislature.

Michael Ashton, Nevada State Education Alliance, spoke regarding the Hold Harmless Provision. He noted a discrepancy in biennium versus annual report alignment in the basic support amounts, which furthermore range widely between districts largely dependent upon size. Furthermore, he stated that five districts experienced a 5% or greater decrease going into Fiscal Year 2020.

**12: ADJOURNMENT**

Meeting adjourned at 11:08 A.M.