

Legislative Testimony **Senate Bill 508: Revisions to the Nevada Plan**

May 29, 2015

Testimony before the Assembly Committee on Ways and Means
Prepared Statement of the Kenny Guinn Center for Policy Priorities

Introduction

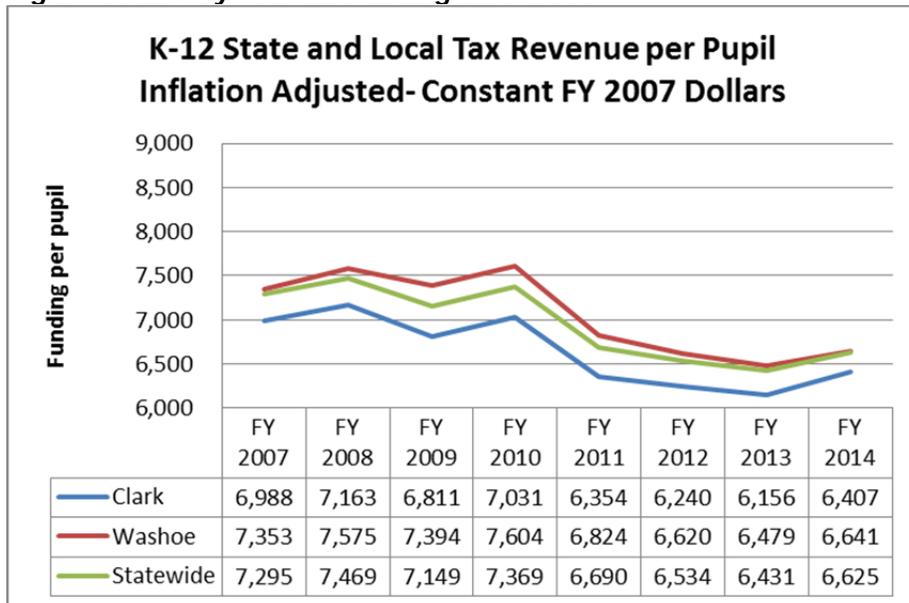
In February 2015, the Guinn Center released two reports addressing modernization of the Nevada Plan: *Nevada K-12 Education Finance* and *Examining Nevada's Education Priorities: Which Initiatives are Worth the Investment?* (in collaboration with Nevada Succeeds). Based on our findings, we offer the following for consideration.

Current State of K-12 Funding in Nevada

Figure 1 reveals that funding from state and local tax revenue decreased due to the Great Recession and has not fully recovered. In FY 2014, per pupil revenue was still 11 percent below the peak in FY 2008.

Individual school districts had very different experiences over this time period. Districts that receive high amounts of revenue from net proceeds of minerals taxes (Eureka and Lander counties), experienced increases in revenue during years that other school districts had funding decreases.

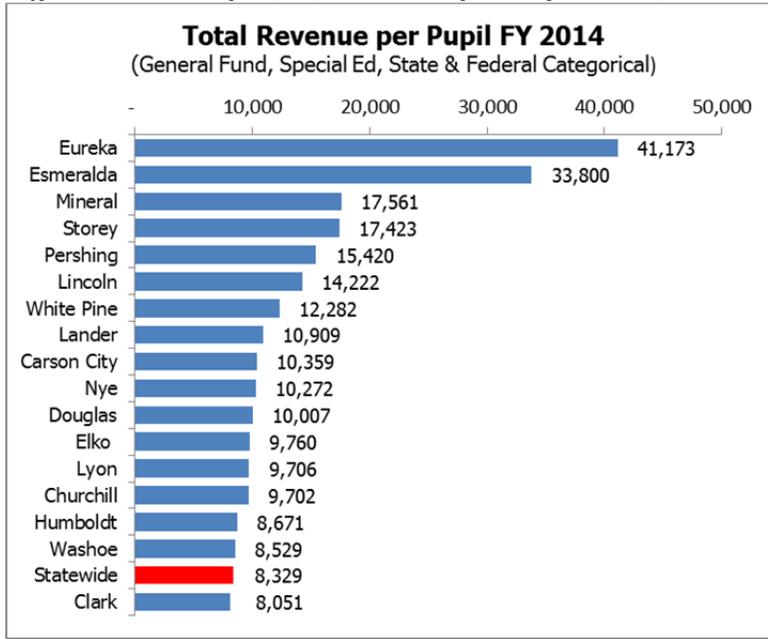
Figure 1: History of K-12 Funding in Nevada



Source: NRS 387-303 Reports

To provide more information on the disparities in funding between school districts, Figure 2 shows per pupil funding each school district received from local, State, and Federal sources in FY 2014. The statewide average in FY 2014 was \$8,329. Students in Clark and Washoe Counties received the least amount of funding per pupil at \$8,051 and \$8,529 respectively. The districts with the highest funding rates were Eureka and Esmeralda, which received over \$30,000 per pupil. Over 94 percent of Eureka County School District's funds came from local sources while Esmeralda received a mix of local (55 percent), State (39 percent), and Federal funds (6 percent).

Figure 2: Total Operational Funds per Pupil: FY 2014



Source: NRS 387-303 Report for 2014

Issues the Legislature should consider regarding the K-12 funding formula

1. Historic expenditures vs adequacy formula:
 - a. *Should Nevada move from a school financing system built on historic expenditures to a funding formula based on the cost to adequately educate students? An adequacy study conducted by Augenblick, Palaich and Associates (2015) recommended base funding of \$8,251 per pupil from all sources plus adjustments for district size.*
 - b. SB 508 maintains a formula based on historic costs and does not place the details of the formula in statute.

2. Differential funding for specific populations:
 - a. *Should the Nevada Plan be amended to include weights to account for the extra costs required to educate populations such as English Language Learners, low-income students, and Special Education students?*
 - b. SB 508 articulates the Legislature's intent to move to a weighted formula but does not specify weights. It requires the Department of Education to develop a plan during the 2015-2016 interim, to be implemented by FY 2022.

3. Special Education:
 - a. *Should special education funding be based on the number of Special Education students or the total number of students?*
 - b. SB 508 creates a formula based on the number of Special Education students, up to a cap of 13 percent of enrollment. This could encourage over-identification of students for Special Education.

4. Categorical Funds:
 - a. *Should the State fold existing categorical programs into the main funding formula and make these monies flexible? Should the proposed weights be funded as categorical programs or should they be*



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folded into the main funding formula? Should charter schools receive a direct allocation of State categorical funding to achieve parity with school districts?

- b. SB 508 does not address categorical funds such as Zoom Schools or Victory Schools, which the Governor has articulated will become the future weights for English Language Learners and low-income students.

5. Outside Tax Revenue:

- a. *Should any tax revenues outside the Nevada Plan be incorporated into the funding guarantee? Should outside revenues be considered when calculating weights for special needs?*
- b. SB 508 continues current law, which excludes some outside tax revenues from the formula. This leads to less transparency regarding the actual amount of funding schools receive. In addition, the weights would be multiplied by the basic support guarantee, which is different for each school district and does not include outside tax revenue.

6. Enrollment:

- a. *Should Nevada move from a single count day for enrollment to multiple count days?*
- b. SB 508 moves to quarterly reports of average daily enrollment. This would increase revenue for school districts that experience enrollment growth during the school year and decrease revenue for school districts that experience enrollment declines during the school year.

7. Implementation:

- a. *Given limited availability of State revenues, how should the State implement a new funding formula? Should it be phased in over time and should districts be held harmless?*
- b. SB 508 requires a new funding formula to be implemented by FY 2022 but does not address whether school districts should be held harmless.

Recommendations

1. Adopt a weighted funding formula during the 2015 Legislative Session for school districts and charter schools, with a base funding goal and weights for English Learners, at-risk students, and Special Education students.
2. Establish a multi-year plan for phasing in the new funding formula.
3. Create a hold harmless formula to ensure that districts do not receive less funding per pupil.
4. Ensure charter schools receive a proportionate share of any categorical funding outside the formula by providing charter schools with a categorical block grant, thus moving toward per capita funding.

See full reports:

1. ***Nevada K-12 Education Finance*** <http://guinncenter.org/wp-content/uploads/2015/02/Guinn-Center-K-12-Education-Finance-Fact-Sheet.pdf>
2. ***Examining Nevada's Education Priorities: Which Initiatives are Worth the Investment?*** <http://guinncenter.org/wp-content/uploads/2015/02/Guinn-Center-Nevada-Succeeds-Education-Priorities-FINAL.pdf>

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