

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE COMMISSION (775) 684-6800
STEVEN A. HORSFORD, *Senator, Chairman*
Lorne J. Malkiewich, *Director, Secretary*



INTERIM FINANCE COMMITTEE (775) 684-6821
DEBBIE SMITH, *Assemblywoman, Chair*
Rick Combs, *Fiscal Analyst*
Mark Krmpotic, *Fiscal Analyst*

CARSON CITY OFFICE:
Legislative Building, 401 S. Carson Street
Carson City, Nevada 89701-4747
Fax No.: (775) 684-6600

LORNE J. MALKIEWICH, *Director* (775) 684-6800
BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830
PAUL V. TOWNSEND, *Legislative Auditor* (775) 684-6815
DONALD O. WILLIAMS, *Research Director* (775) 684-6825

LAS VEGAS OFFICE:
555 E. Washington Avenue, Room 4400
Las Vegas, Nevada 89101-1049
Fax No.: (702) 486-2810
BRIAN L. DAVIE, *Legislative Services Officer* (702) 486-2800

MEETING NOTICE AND AGENDA

Name of Organization: COMMITTEE TO STUDY A NEW METHOD FOR FUNDING PUBLIC SCHOOLS (S.B. 11, 2011 LEGISLATURE)

Date and Time of Meeting: Friday, March 2, 2012, 9:00 a.m.

Place of Meeting: Grant Sawyer State Office Building
Room 4401
555 East Washington Avenue
Las Vegas, Nevada

Note: Some members of the committee may be attending the meeting and other persons may observe the meeting and provide testimony through a simultaneous videoconference conducted at the following locations:

Legislative Building
Room 4100
401 South Carson Street
Carson City, Nevada

If you cannot attend the meeting, you can listen to or view it live over the Internet. The address for the Nevada Legislature website is <http://www.leg.state.nv.us>. Click on the link "Live Meetings – Listen or View."

Note: Please provide the secretary with electronic or written copies of testimony and visual presentations if you wish to have complete versions included as exhibits with the minutes.

AGENDA

Note: Items on this agenda may be taken in a different order than listed. Two or more agenda items may be combined for consideration. An item may be removed from this agenda or discussion relating to an item on this agenda may be delayed at any time.

A. ROLL CALL.

B. PUBLIC COMMENT.

(Because of time considerations, the period for public comment by each speaker may be limited, and speakers are urged to avoid repetition of comments made by previous speakers.)

*For
Possible
Action*

- C. APPROVAL OF MINUTES OF THE JANUARY 24, 2012, MEETING.
- D. REPORT FROM CLARK COUNTY SCHOOL DISTRICT REGARDING FUNDING OBTAINED TO CONDUCT THE STUDY.

*For
Possible
Action*

- E. DISCUSSION REGARDING A CONSULTANT TO ASSIST THE COMMITTEE IN CONDUCTING THE STUDY:
 - 1. REVIEW AND APPROVE DRAFT REQUEST FOR PROPOSALS FOR A CONSULTANT.
 - 2. PROCESS FOR SELECTION OF A CONSULTANT.
- F. DISCUSSION OF TIMELINE FOR CONDUCTING THE STUDY.
- G. PUBLIC COMMENT.
(Because of time considerations, the period for public comment by each speaker may be limited, and speakers are urged to avoid repetition of comments made by previous speakers.)
- H. ADJOURNMENT.

Note: We are pleased to make reasonable accommodations for members of the public who are disabled and wish to attend the meeting. If special arrangements for the meeting are necessary, please notify the Fiscal Analysis Division of the Legislative Counsel Bureau, in writing, at the Legislative Building, 401 South Carson Street, Carson City, Nevada 89701-4747, or call the Fiscal Analysis Division at (775) 684-6821 as soon as possible.

Notice of this meeting was posted in the following Carson City, Nevada, locations: Blasdel Building, 209 East Musser Street; Capitol Press Corps, Basement, Capitol Building; City Hall, 201 North Carson Street; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was faxed for posting to the following Las Vegas, Nevada, locations: Clark County Government Center, 500 South Grand Central Parkway; and Grant Sawyer State Office Building, 555 East Washington Avenue. Notice of this meeting was posted on the Internet through the Nevada Legislature's website at www.leg.state.nv.us.

**MINUTES OF THE MEETING OF
THE COMMITTEE TO STUDY A NEW METHOD
FOR FUNDING PUBLIC SCHOOLS
Senate Bill 11, 2011 Legislature
January 24, 2012**

The first meeting of the Committee to Study a New Method for Funding Public Schools was held at 9:00 a.m. on Tuesday, January 24, 2012, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4401, Las Vegas, with videoconference to the Nevada Legislative Building, 401 South Carson Street, Room 4100, Carson City, Nevada

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblyman Marcus Conklin, Chair
Senator Moises Denis, Vice Chair
Senator Shirley A. Breeden
Senator Greg Brower
Assemblywoman Marilyn Dondero Loop

COMMITTEE MEMBERS PRESENT IN CARSON CITY:

Assemblyman Ira Hansen

STAFF:

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division
Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division
Julie Waller, Senior Program Analyst, Fiscal Analysis Division
Eileen O'Grady, Chief Deputy Legislative Counsel
Kristin Roberts, Senior Principal Deputy Legislative Counsel
Mindy Martini, Senior Research Analyst
Becky Lowe, Committee Secretary

EXHIBITS:

Exhibit A Meeting Packet and Agenda.

Exhibit B Nevada K-12 Funding Methodology and History, provided by Roger Rahming, Finance Director, Nevada Department of Education

Exhibit C Nevada K-12 Funding Study, Rural District Concerns, provided by Caroline McIntosh, Superintendent, Lyon County School District; President, Nevada Association of School Superintendents

Exhibit D A snapshot of Nevada School Districts, provided by Joyce Haldeman, Associate Superintendent, Clark County School District

Exhibit E The Committee to Study a New Method for Funding Public Schools in Nevada, provided by Michael Griffith, Senior Finance Analyst, Education Commission of the States

A. ROLL CALL.

Chairman Marcus Conklin called the meeting to order at 9:23 a.m. The secretary called roll; all members were present.

B. OPENING REMARKS.

Chairman Conklin welcomed the Committee members and the public. He introduced Committee staff. He noted that Senator Brower was involved in two meetings simultaneously, and may have to leave the meeting, but would be present for any vote taken by the Committee.

Chairman Conklin noted that Assemblyman Richard McArthur was in attendance.

Chairman Conklin said that Nevada's existing public school funding model, known as the *Nevada Plan*, was adopted by the Legislature in 1967 and has remained the primary funding method for the state's public schools since that time. In the meantime, the state has grown and changed significantly. A periodic review of the state's funding methodology for public schools is necessary to ensure that it accomplishes what it was originally designed to – ensure an adequate educational opportunity for all Nevada students regardless of individual school district wealth. He said the Committee, through the passage of Senate Bill 11, was tasked with studying the development of a new method for funding public schools that considers the differences in the needs and characteristics of individual students.

Chairman Conklin said the Committee must understand the existing funding model and whether inadequacies or inequities in the model exist. Then, develop recommendations for improvement, if necessary, to ensure the state's public school funding methodology equitably considers the individual needs and characteristics of Nevada's public school student population.

Chairman Conklin emphasized that the focus of this study was not the adequacy of public school funding, or how much funding was provided, but whether the funding for public schools was equitably distributed to meet students' educational needs. He said throughout the study, the Committee would rely on the expertise of staff from the Department of Education, school districts, state education organizations, and national experts. He noted that the Committee would be presented with an overview of the state's existing public school funding model, a discussion of the existing model from the districts' perspective and how other states fund public education. The Committee would then discuss the scope of the study, and begin the process of selecting a consultant.

C. PUBLIC COMMENT.

Craig Stevens, Nevada State Education Association, commented that the school districts and the teachers union were in agreement on their support for weighted enrollment, which would provide the ability for the funding to be coordinated with the

services that the child receives. He said the state was too diverse, and the needs too specialized, to fund K-12 education at a flat rate for every child. It hurt the kids who needed specialized services, as well as those who did not.

Chairman Conklin asked if there were specific weights that should be considered. Mr. Stevens replied that his organization has not looked into that, but he noted that the State of Florida did a good job in funding schools by using weights to consider the individual needs of the students.

Tina Quigley, the parent of two children in the Clark County School District (CCSD), said parents in Clark County were very concerned about the fairness and sufficiency of school funding. She said the Committee hearings would provide a critical point of contact between concerned parents and legislators. She said that the Committee would also hear testimony from constituents who supported the Nevada Plan as written with no changes.

Ms. Quigley noted that Nevada was one of only five states that had not been taken to court challenging the constitutionality of its K-12 funding. She said that was because nobody from Clark County has brought forward a case. She said it would be difficult to conclude that the educational experience for the typical Clark County student was equal to that of other districts, where higher per-student funding has allowed for higher class budgets and smaller classroom sizes. She reported that her daughter's 5th grade class had 36 students. She said the teacher was a very good teacher, but with that many children in the classroom, the teacher spent his time managing chaos rather than teaching.

Ms. Quigley said that nobody wants to hurt the schools and students in Washoe County or the rural areas. However, it is important that changes be made such that current inequities in the formula are righted and not made worse.

Toni Michener said she was a parent of two students in the CCSD. She agreed with the comments of Mr. Stevens and Ms. Quigley. She had been on parent teacher organization (PTO) boards for many years and has seen the teachers struggle with large class sizes. She asked the Committee to consider funding K-12 education based on weighted options for each child. She said it was difficult to watch a teacher struggle with a lack of books and equipment, so she purchased items for her child's classroom on her own.

Windom Kinsey said he was the parent of two children in the CCSD: one in middle school and the other in high school. He said his wife has been a teacher in the school district for almost 20 years, and teaches 5th grade. He has been following the K-12 funding issues for some time, and said the cuts from the 2011 Legislative Session had impact at the classroom level. He knew the Nevada Plan was a complicated formula, and he applauded the Committee's efforts to address the inequities. He realized that if money was reapportioned, it would have either a negative or positive impact on each school districts in the state. He did not hope to damage the funding of any other district, but looked forward to a formula that considered the needs of all children in the state.

Nina Sanchez, PTO president of Elise L. Wolff Elementary School, said she has been closely involved with the school for several years. She was thrilled to learn that the Committee would be reviewing the Nevada Plan funding formula. She said the formula was very complex. Much has changed in the education world since 1967 when the formula was implemented. She said the demographic characteristics of the state have changed significantly and should be considered as the formula is revised. The cost to education English Language Learners (ELL), Gifted and Talented Education (GATE), Individualized Education Program (IEP), homeless students and those living in poverty comes at a greater expense and must be considered if the funding distribution is to be equitable to all districts and students in the state.

Lindy Schumacher said she had two children who attend school in the CCSD, and a third child who will attend school there when she is old enough. She was proud that her children attended school in the CCSD, but she was not proud of the way the state operated its funding formula. She said Southern Nevada must have been asleep for the last 30 years, because the funding formula was skewed toward the rural areas and Northern Nevada. She said this was true for higher education as well as K-12. She said that many of the Committee members were elected from Southern Nevada districts. She said that the Southern Nevada voters would pay attention to the decisions of the Committee to make sure the funding formula was fair. She said most of the taxes in the state were paid for by Southern Nevada. She did not know how the state could create new industries with a work force that had not graduated from high school, because K-12 and higher education were not funded properly in Southern Nevada. She said that if the Committee members were elected in Summerlin, they should vote like they were elected in Summerlin. She said this is no longer a north versus south conversation; every child in the state deserves funding that makes sense.

D. REVIEW OF SENATE BILL 11 (CHAPTER 424, STATUTES OF NEVADA 2011), WHICH DIRECTS THE LEGISLATIVE COMMISSION TO APPOINT A COMMITTEE TO CONDUCT AN INTERIM STUDY CONCERNING THE DEVELOPMENT OF A NEW METHOD OF FUNDING FOR PUBLIC SCHOOLS.

Julie Waller, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau gave background on the original version of Senate Bill 11, as sponsored by the CCSD, which included revisions to the Nevada Plan to include the addition of a weighted value for certain categories of students and smaller school districts. While the bill was in the Senate Committee on Finance, the CCSD brought forward an amendment that changed the focus of the bill from revisions to the Nevada Plan funding formula, to requiring a study of the state's K-12 funding formula. Senate Bill 11, as approved by the 2011 Legislature, directs the Legislative Commission to appoint a committee to conduct an interim study concerning the development of a new method of funding for public schools.

Ms. Waller directed the Committee members to page 5 of Exhibit A to Senate Bill 11, as approved by the 2011 Legislature. She explained that Sections 1 through 20, included in the original version of the bill, were deleted by amendment. Section 21 describes the background of the Nevada Plan and the necessity to consider individual student needs and characteristics as part of the public school funding formula. Section 22 directs the Legislative Commission to appoint a committee comprised of six legislators to conduct an interim study concerning the development of a new method for funding public schools in the state. Subsection 3 directs the committee to consult with and solicit input from individuals and organizations with expertise in the area of school finance. She explained that may include contracting with an independent consultant to assist the committee in carrying out its duties. Subsection 4 directs that any new method of funding proposed by the committee must account for and be based on differences in the needs and characteristics of individual students. Subsection 5 directs the committee to submit a report on its findings and any recommendations for legislation to the 77th Session of the Nevada Legislature. Lastly, Ms. Waller explained that Subsection 6 states that the committee shall carry out these duties to the extent that money is available to do so from sources including gifts, grants and donations. There was no state appropriation included in the legislation. The legislation became effective July 1, 2011.

E. OVERVIEW OF NEVADA'S EXISTING PUBLIC SCHOOL FUNDING MODEL (THE NEVADA PLAN).

Roger Rahming, Director, Administrative & Fiscal Services, Nevada Department of Education (NDE), said the department was asked to provide a high level overview of the Nevada Plan and the equity allocation process and procedure.

Mr. Rahming said the equity allocation process and procedure is the means in which the department calculates the unique individual per-pupil funding amounts for each district. He said the Nevada Plan is the framework under which the individual per-pupil funding calculation and the equity allocation methodology exists. Quoting from NRS 387.121, he said, "the proper objective of state financial aid to public education is to ensure each Nevada child a reasonably equal educational opportunity," accounting for "wide local variations in wealth and costs [among school districts]."

Mr. Rahming said the Nevada Plan encompasses the statewide formula-based funding for K-12 education. It has not markedly changed in approximately 40 years. Two minor changes came with the inclusion of the charter schools and the Davidson Academy of Nevada. The formula does not consider weighting for grades 1 through 12, but does consider weights for pre-kindergarten and kindergarten at 60 percent of the value of a 1st through 12th grade student. There is no targeted formula-based funding for individual school differences. Rather, that is accomplished through student-specific state categorical funding that is provided outside of the Nevada Plan, for example: adult education and full-day kindergarten.

Mr. Rahming said a simplified calculation for statewide basic support would subtract outside revenue from statewide K-12 operating expenses, divide that number by forecasted enrollment, to arrive at the statewide per-pupil funding. He said the statewide per-pupil funding amount is a byproduct of the Governor's recommended budget and the legislatively approved budget. He said the aggregated basic-support number is divided by the number of students to arrive at the per-pupil funding amount. He said for FY 2012, that amount was \$5,263.

Mr. Rahming explained that there were three sources of funding in the Nevada Plan:

1. General Fund
2. Local revenue
 - Local School Support Tax (LSST) of 2.6 percent of sales tax
 - One-third of the proceeds of the .75 cents on assessed value property tax
3. Outside revenue (local revenue outside of the Nevada Plan)
 - Government Services tax
 - Motor Vehicle tax.

Mr. Rahming said the equity allocation model allocates the Governor's recommended budget and Legislature approved amount among the various school districts. There is no mandated periodic review, and it was created by a committee in the period 2004-2006. It was the byproduct of a collaborative effort of district superintendents and department fiscal personnel. There was a five-year phase-in period where both models were in operation. He said the equity allocation model uses current and forecasted enrollment based on count day, which is the last day in September. It employs baseline cost ratios from 2004. It uses forecasted revenue from the State of Nevada Economic Forum and the Department of Taxation. He explained that transportation costs were allocated using a four-year average.

Mr. Rahming said the school districts are grouped by size, density and cost into five categories:

1. Large: Washoe and Clark
2. Centralized: Carson, Churchill, Douglas, Lyon
3. Rural: Elko, Humboldt, Nye, Lander, White Pine
4. Small: Lincoln, Mineral, Pershing, Storey
5. Very Small (high cost): Esmeralda, Eureka

Mr. Rahming said the model uses a teacher allotment table which uses the current enrollment data, and allots the number of teachers needed to service that number of students. Some attendance areas are considered to be rural and others urban. There is a divisor for the larger attendance areas. The smaller attendance areas are allocated a number of teachers. For example, a school with 28 to 45 students would receive 4 teachers.

Mr. Rahming described a simplified version the model as follows:

- Basic Support (according to Nevada Plan)
- Less Equalized transportation cost
- Times Cost ratio
- Plus Wealth factor
- Plus Transportation

Mr. Rahming said the model was composed of 12 modules in the areas of revenue, costs, and support. He referred to page 9 of the Nevada K-12 Funding Methodology and History (Exhibit B) to an example of the equity allocation per-pupil funding summary. He said the total outside revenue associated with the district was divided by the number of students. Referring to page 10, he said the average for the district was subtracted from the state average to arrive at the wealth equalization part of the model. The transportation costs were calculated using a four-year average. That average was divided by the number of students to arrive at a per-pupil transportation cost (page 11). For other expenses, all operating costs, net of transportation was brought to a per-pupil amount. That amount was used to show the cost ratio by district as shown on page 12.

Mr. Rahming said that the table on page 13 (Exhibit B) showed the equity allocation model calculations for several of the school districts. He said the model is driven by district unique costs and revenue characteristics, as that was part of the objective of the Nevada Plan. It is far more sensitive to changes in district revenue than to changes in district costs, because costs are driven from baselines and averages, and revenues are forecast. Over the past four years there was a tremendous oscillation in property taxes and sales taxes. He noted the model does not provide weighting by individual student characteristics such as low-income, ELL, or at-risk students. The only weights encompassed in the model are related to pre-kindergarten and kindergarten, which are a 60 percent value compared to grades 1-12.

Mr. Rahming concluded his presentation with an example of funding for one school district to illustrate how the variables contribute to the overall funding for a district (page 15, Exhibit B).

Chairman Conklin asked how the cost ratio is determined for the equity allocation model for non-transportation costs (page 12, Exhibit B). Mr. Rahming explained that the statewide average is divided into each district's per-pupil average. Chairman Conklin said there was no analysis of the costs, nor was there an incentive for the school districts to be efficient with the funding. Mr. Rahming said that statement was true, because the model was driven by historical data. He explained that the 2004 baseline amounts were determined by the school districts to be the steady state on which the model would be based.

Senator Denis asked about the equity allocation per-pupil funding summary on page 13 of Exhibit B. He asked if the wealth factor for the Eureka County School District was

from mining, and why the Elko County School District's wealth factor was so much smaller. Mr. Rahming said Senator Denis was correct that the property tax included net proceeds of minerals. He explained that Elko County School District's wealth factor was smaller because it was diluted by a much larger number of students in the district.

Assemblyman Hansen noted that the School Financing Adequacy Study of 2007 (Legislative Counsel Bureau Bulletin No. 7-07 pursuant to Assembly Concurrent Resolution No. 10 [A.C.R. 10] of the 73rd Session of the Nevada Legislature) was conducted at the direction of the Legislative Commission, to conduct an interim study on the adequacy of the system of school finance in Nevada. He noted that A.C.R. 10 required that the study must include an analysis of the Nevada Plan for school finance to determine whether that plan provides an opportunity for a meaningful public education with adequate educational opportunities, including, without limitation, an identification of any inadequacies or inequities in public education that are caused by the Nevada Plan. Mr. Hansen said that committee, which was made up of four southern legislators and two northern legislators, spent almost \$250,000, and hired an independent contractor, Augenblick, Palaich and Associates, Inc., to perform the study. The independent contractor found that the Nevada Plan provides a school finance system that is highly equitable in terms of inter-district spending, and no recommendations were made by Augenblick, Palaich and Associates, Inc. to alter the Nevada Plan for equity purposes. He asked if anything had changed between 2007 and 2012 that would result in the need for a new study.

Chairman Conklin understood that the subtle difference between the two studies was that one was a district-by-district comparison, while the other was a student-by-student comparison.

Mindy Martini, Senior Research Analyst, Research Division, Legislative Counsel Bureau, said the School Financing Adequacy Study of 2007 put forth by A.C.R. 10 (2005), considered two things. The study first looked at equity, and whether each student and each school district would receive the same amount of funding. She said that Mr. Hansen was correct that the consultant found that the state's system was highly equitable. The second part of the study was to review adequacy. She said adequacy meant sufficient funding so that the schools and school districts had a reasonable chance to meet state and federal student performance expectations. The adequacy study considered a different weighting system so that each population of students could meet the performance standards set by our state.

Chairman Conklin said that the difference between the two studies was whether or not the funding was equitable, and whether or not the student needs are being addressed, and Ms. Martini agreed. Chairman Conklin said it was the charge of the Committee to Study a New Method for Funding Public Schools to address whether weighting was necessary to reveal whether student needs were being addressed.

Mr. Hansen said he understood, but noted the School Financing Adequacy Study of 2007 addressed weighting extensively.

Chairman Conklin said that weighting was addressed, but the Legislature has never gone on to explore what those weightings should be.

Mr. Hansen asked if the School Financing Adequacy Study of 2007 could be expanded upon rather than hiring a new contractor to redo the study.

Chairman Conklin said that question could be addressed when the Committee discusses Agenda Item H. on the topics to examine as part of the study.

F. DISCUSSION OF THE NEVADA PLAN AND THE EXTENT TO WHICH IT ACCOUNTS FOR AND IS BASED ON DIFFERENCES IN THE NEEDS OF INDIVIDUAL STUDENTS.

Caroline McIntosh, Superintendent of Schools, Lyon County School District said she was also speaking as the President of the Nevada Association of School Superintendents. She had been asked to specifically address the rural issues, but she was also representing all 17 school districts. She introduced Brandon Creswell, Director of Business Services, Lyon County School District.

Ms. McIntosh referred to page 8 of Nevada K-12 Funding Study, Rural District Concerns (Exhibit C) and said that the Nevada Plan has been a tremendous help in understanding the uniqueness of the school districts. She noted that Nevada's school districts ranged in population from 66 to almost 310,000 students.

Ms. McIntosh said she understood the testimony of the parents in Clark County. As a parent, she was troubled by the enormous class sizes in many areas of the state. However, there was some uniqueness in the rural areas, mainly because of economies of scale. She explained that Lyon County School District has 8,500 students in five attendance areas spread over 2,200 square miles. Yearly transportation costs were about \$1,000 per student per year.

Ms. McIntosh noted that there were personnel issues that were unique to the rural areas. The rural school districts generally had to offer higher salaries. The rural districts served as a training ground for new employees; there was constant turnover because the newly-trained personnel were attracted by jobs in Clark and Washoe Counties. For example, school districts were required to provide the services of a speech language pathologist for the IEP students. Lyon County School District was unable to fill the position with a permanent employee, so the position was filled by a temporary employee, at a great expense.

Ms. McIntosh said the percentage of free and reduced lunch students in the state – a general indicator of poverty – was about 48 percent on average. She noted one rural area school district's free and reduced lunch students was 67 percent, and another was 64 percent. The level of poverty throughout the state was a tremendous challenge for all of the school districts. She noted that Clark County's free and reduced lunch

students made up 51 percent of the student population in that county. Meeting the needs of those impoverished students was an additional cost that was not considered by the Nevada Plan. Some of the school districts in the northeastern part of the state were enjoying a lower poverty rate due to employment activity in the mining industry. She noted that Lyon County was the third most economically stressed county in the nation due to foreclosure, bankruptcy and unemployment.

Ms. McIntosh said the IEP rates among the school districts varied tremendously. On average, it cost twice as much to educate IEP students. Getting the services of physical therapists and occupational therapist in a rural area is much more difficult, and the cost was much higher. She noted that the rural school districts had been working together to share services in order to economize.

In response to the previous question from Assemblyman Hansen, Ms. McIntosh noted that since the School Financing Adequacy Study of 2007, Nevada's economy has declined, as has the outside funding that was not necessarily captured in the Nevada Plan. She said growth in Lyon County was on an upward spiral in 2004, and the school district could not build schools fast enough; however, the decline has been equally dramatic.

Moving to page 11 of Exhibit C, Ms. McIntosh said there was a K-12 school of 200 students and a high school of 1,000 in Lyon County. Educational equity is a priority for the school board in Lyon County. The school district was being creative in making sure all of its students were prepared for college and career. One idea that the rural areas have developed was distance education, videoconferencing and partnering with higher education. If the district cannot afford an advanced placement teacher, because of the smaller number of students in the class, the district partnered with a college for dual credit.

In closing, Ms. McIntosh repeated her request that all of the school districts be included in the discussion of the funding formula.

Joyce Haldeman, Associate Superintendent of Community and Government Relations, Clark County School District (CCSD), said the Committee members may be aware that the Clark County School District is allowed to submit two bill draft requests each session. In 2011, S.B. 11 was one of the two measures CCSD brought forth, and the school district was pleased that the Committee was embarking upon this study.

Ms. Haldeman provided a brief history of how the Nevada Plan was developed. She said that in 1956, Nevada's 200 school districts were consolidated into the 17 county school districts that are in place today, and the state adopted a funding plan known as the Peabody Plan. Seven years later, in 1963, due to certain funding problems in the Peabody Plan, the Legislature passed A.C.R. 25, which formed a commission charged with conducting a study concerning the state support for public schools in Nevada and determining whether inequities existed in the Peabody Plan. In 1965, the commission reported to the Legislature that inequities in the law existed, but that corrective

legislation would not marshal support until such time as additional funds were made available. As a result, the 1967 legislature passed S.C.R. 8, requiring the commission to continue its study and make recommendations for specific corrective legislation to the 1967 legislature.

Ms. Haldeman said in January, 1967 - exactly 45 years ago this month - Bulletin Number 69 was delivered to the members of the 54th Legislative Session by the commission. The commission had solicited input from a number of individuals who had experience with budget and finance. The commission studied models from other states. But ultimately, they sought to create solutions for the specific problems facing Nevada. The commission identified six inadequacies of the Peabody Plan and recommended six remedies.

Ms. Haldeman quoted from the Legislative Commission Report:

The proposed formula is purely the result of the efforts of Nevada people. No outsiders were involved or consulted. It was not spun in an ivory tower. It is not perfection, but it does seek to recognize the diverse realities of Nevada's school districts. If the formula is adopted, future experience may dictate necessary changes not indicated by today's conditions. The subcommittee has had the temerity to label it the "Nevada Plan."

Ms. Haldeman said the first Nevada Plan funding formula provided Clark County's 54,000 students a basic per-pupil support guarantee of \$448, and Esmeralda's 46 students at a whopping \$888. Since that time, Esmeralda County School District has grown by 20 students, and Clark County School District has grown by 255,000. In addition to unprecedented growth, other striking differences must be considered. In 1967 there were 99,491 students in the entire state, and 95 percent of those students were white. At the time, the census indicated whether a student was white, black or "other." She said, when the commission stated "future experience may dictate necessary changes not indicated by today's conditions" she thought it would be more than a little surprised at the demographics of the state today, and that the formula has not been adjusted to meet the needs of the students.

Referring to page 9 of A Snapshot of Nevada School Districts (Exhibit D), Ms. Haldeman said the chart showed the changes in the ethnic distribution of the CCSD students since 1980. In 1980, the ethnic distribution of the CCSD was 76.2 percent Caucasian, 5.3 percent Hispanic, 15.2 percent Black, 2.4 percent Asian, and 0.5 percent American Indian. In 2012, the CCSD ethnic distribution is 30.2 percent White, 43.4 percent Hispanic, 12 percent Black, 6.6 percent Asian, and 0.5 percent American Indian. She noted two new categories were added in 2011, and 1.5 percent of the students are Hawaiian/Pacific Islander, and 5.8 percent are Multi-racial. She said the authors of the Nevada Plan had no way of predicting that in under 50 years the state's population would shift from 95 percent white to a minority-majority population.

Ms. Haldeman noted that just because a student was of Hispanic origin, did not mean he or she did not speak English. Referring to page 5 of Exhibit D, she pointed out that 17.6 percent of the CCSD students were enrolled in ELL programs. She said that was a far cry from the 43 percent Hispanic population, and Spanish is just one of more than the 125 first languages of the CCSD students. Even at 17.6 percent, ELL enrollment comprised 54,398 students, which was almost as large as the entire student enrollment of Washoe County.

Ms. Haldeman said another indicator that the Nevada Plan was missing was a measurement of poverty in the schools. She said students who live in poverty bring with them a host of challenges that must be addressed for them to achieve success. She referred to page 4 of Exhibit D to a chart showing the increase in the number of students eligible for free and reduced lunch, the indicator the federal government uses to determine the number of students living in poverty. She said 60.3 percent of CCSD students are enrolled in free and reduced lunch. That amounted to 185,905 students, or 60,000 more than the combined population of the rest of the students in the entire state.

Ms. Haldeman recalled that a couple of years ago a legislator from a different county made a reference to the Clark County School District by saying "we have one county in the state with 70 percent of the students and 90 percent of the problems." She wondered why Clark County only got to keep 67 percent of the funding it generates. She said Clark County subsidizes the education budgets of the rest of the state, and it is not the intent of the CCSD to change that. However, when the funding is being distributed, it is only fair to consider all of the essential factors. A formula that was more concerned with geography and the number of students per square mile was more important when the state had a fraction of the students that it has today. She said that a host of additional factors must be considered if we hope to have a formula that is equitable.

Ms. Haldeman said she was aware that equity was a big concern for everyone, but she reminded the Committee that the states that have lost equity law suits are states that had funding formulas specific to school districts rather than statewide formulas. She said the CCSD was not proposing that each district should be responsible for generating its own funds. However, if an equity lawsuit were brought against the state under the current funding formulas, the state would be hard-pressed to demonstrate how the county with "90 percent of the problems" was being funded equitably with a half-century old formula that did not anticipate current conditions.

Ms. Haldeman pointed out that the *Education Week* 2012 Quality Counts gave Nevada a D in school finance, based not just on the amount of money the spent on education, but also on the equity of that funding. She said that the Center for American Progress 2011 report called "Measuring Inequity in School Funding" ranked Nevada 47 out of 50 on "Baker's Report Card," a complex formula that measures the funding distribution in states.

Ms. Haldeman said that in a September 2010 report "Is School Funding Fair? A National Report Card," Nevada was given an overall score of F. Their report card was built on six core principles called "The Fairness Principles." Of note in that report is our ranking of 48 (out of 49) in the "funding distribution" category, which examines the distribution of funding to districts within states, relative to student poverty. For adequacy, Nevada ranked 39. For coverage Nevada ranked 15, which was how many students attended public schools versus private schools. Nevada and five other states were categorized as states that not only "dedicate a low proportion of their fiscal capacity towards their education system, they also have allocated that money in a way that does not systematically ensure that districts with higher poverty levels get more funding."

Referring to an article from the *Reno Gazette Journal* (page 6, Exhibit D), Ms. Haldeman said that Deborah Verstegen, a UNR professor of education finance, public policy and leadership, is recognized as a national expert in school finance. Her education equity statistic has been dubbed the "Verstegen Index" by scholars. In a study published in July 2011, she identifies elements of the various funding formulas used by states across the nation. Nevada is identified as one of four states that provide no additional funding for compensatory education or ELL. Ms. Haldeman quoted Dr. Verstegen, saying, "This may be a promising area to consider for these states - additional state funding for ELL and low income students. It could assist in reforming the system and upgrading support for those who need it most."

Continuing, Ms. Haldeman said the article quoted Dr. Verstegen as saying, "As the demographics and distribution of population has evolved in Nevada, the means by which K-12 school budgets are funded must also change." Dr. Verstegen's article points out that Nevada was nearly a rural state when the Nevada Plan was developed, and the formula funding was set up to address some of the issues prevalent then, but has not changed to match current demographics. Ms. Haldeman quoted Dr. Verstegen saying, "It almost punishes diversity. It was created in 1966 and needs a good review ... So what do you do when you have [low-income students and ELL] in your school district? It's sort of a false choice: Do you take money from the already poorly funded general fund, or do you ignore the needs of these students and let them fail?"

Ms. Haldeman reported that in 2011 the Las Vegas Chamber of Commerce commissioned a series of Education Briefings, prepared by Applied Analysis. She said Volume 2, Issue 3, "Education Funding in Nevada," is a meaningful examination of the mechanics of the Nevada Plan, specifically how it works in Clark County. She read from the study, "Despite the elegance of the Nevada Plan, questions may be posed regarding whether lock-step school financing according to self-fulfilling historical cost profiles with no local revenue options might be reexamined as part of a broader effort to address the concern most central to the public school debate - Nevada's relatively low national ranking in student achievement." Ms. Haldeman said it may be time to examine our funding mechanism in terms of how to improve student achievement rather than all of the other considerations.

Ms. Haldeman said although it is important that we not allow this study to turn into another adequacy study, we would do well to remember the findings of the 2007 School Financing Adequacy Study. She noted the weighted pupil formulas were provided by the authors of the study. Using a base cost per student, an additional funding weight was identified for students enrolled in Special Education (broken into mild, moderate, and severe categories, with a progressively larger weight for each), for students eligible for free and reduced lunch, ELL, and students enrolled in career-technical programs. She suggested that an additional weight for GATE students also be added.

Ms. Haldeman said she would address the belief that the CCSD intentionally enrolls its students in special education programs because they believe we receive more funding for them and thus we "make money." She said that myth was almost laughable because it was so far from the truth. She explained that Nevada's special education funding formula was not based on the number of students enrolled in special education, but was calculated on the number of units - or teachers - paid for by the state. There was no connection between the number of units provided and the number of students enrolled in special education. The method used to determine distribution of those special education teachers was murky, but CCSD received approximately \$70 million of state funding for special education students. She said the total cost of the CCSD special education program was \$327 million. She said an examination of how special education funding is allocated is imperative.

Ms. Haldeman said at the January 18, 2012, meeting of the Legislative Committee on Education, Daniel Thatcher from the National Conference of State Legislators provided a general briefing of education issues to the panel. She referred to page 8 (Exhibit D) to a page from Mr. Thatcher's presentation. In his presentation, Mr. Thatcher emphasized that NCSL was not advocating a position on any of these issues, but was providing a collection of lessons learned from across the nation related to finance formulas. She noted that the first "Do" on the list was to fund student and student types - exactly what the Committee was talking about today. She said she was certain that some of the "Don'ts" on the list would make many people uncomfortable.

Ms. Haldeman said she was painfully aware that her colleagues from other districts were deeply concerned about this study and the implications that changes to the formula could have for their budgets. She had nothing but admiration and respect for these educators and knew that often times Clark County was regarded as the "600 pound gorilla" in the state. However, it was not the intent of CCSD to do anything that would reduce the funding of any other district in the state. During the hearing on S.B. 11, she testified that the timing of the study was ideal since the state was struggling to recover from a horrendous economic situation. This was an excellent opportunity to carefully examine and improve the funding formula while not in "funding mode," with the idea that when the state's economy improves any new formula would be phased in as money allocated to education was increased. She said, just like your predecessors in 1967, it may take two years to study and another two years to implement. Rather than expecting one district to take money away from another district, it was our desire that "all boats will rise" - that is, funding will increase for everyone - as

we identify and equitably fund the needs of the students in our state. We are not proposing to eliminate any of the modules that are currently a part of the Nevada Plan, but are proposing to create additional modules that recognize the needs of Nevada's students in the 21st Century.

Ms. Haldeman concluded her presentation by reporting that Bulletin Number 69 became Senate Bill 15 of the 54th Session. During the 1967 Legislative Session, each of the 17 school superintendents was brought to the table one at a time to discuss their individual budgets. She said reading the minutes of that hearing was interesting, because the problems of 45 years ago were almost exactly the same as the problems we face today - only the dollar amounts had changed. The teachers were demanding more money, districts were being forced to make cuts to their budgets and legislators were worried about taxes.

Ms. Haldeman said all of the superintendents wanted to retain the Peabody Plan. They understood it and they were uncertain as to what their funding would be if the Nevada Plan were adopted. At that hearing, not a single person testified in favor of the Nevada Plan. The Legislature chose to adopt it into law anyway. She pointed that out to show that sometimes we are afraid of the unknown and we cling to the comfort of certainty, even at the expense of positive change.

Assemblyman Hansen asked which factors were weighted in the School Financing Adequacy Study of 2007, and what elements would CCSD like to be weighted. Ms. Haldeman said the CCSD would like for GATE students to be weighted. The factors that were weighted in the School Financing Adequacy Study of 2007 were special education, students eligible for free and reduced lunch, ELL, and students enrolled in career-technical programs.

Mr. Hansen asked if Ms. Haldeman agreed with the School Financing Adequacy Study of 2007 conclusion that no recommendation should be made to alter the Nevada Plan, and that the system was highly equitable. Ms. Haldeman did not agree with that conclusion. She said the reason it was not such a big deal at the time was that it was an adequacy study that was not designed to test the equity of the Nevada Plan. She attended the hearings and recalled some contentious discussion. She said the focus of the study was whether education was being funded adequately. The emphasis was on whether there was enough money given by the state. She recalled that the study found an additional \$1 billion would be needed to adequately fund Nevada's schools. She pointed out that S.B. 11 did not involve an adequacy study, but rather to address equity.

Mr. Hansen said the resolution charged that committee with performing an analysis of the Nevada Plan for school finance to determine whether that plan provides an opportunity for a meaningful public education with adequate educational opportunities, including without limitation, identification of any inadequacies or inequities in public education that are caused by the Nevada Plan. The committee concluded that there were no inadequacies or inequities. He wondered whether new weighted factors could be added to the School Financing Adequacy Study of 2007, or whether that study would be rejected as not having address the issues at all.

Ms. Haldeman said she was not rejecting the study. She thought the adequacy portion of the study was a good starting point to for considering the weights. The equity part could be addressed by adding those additional weights. She said it was ironic that the study found no inequities in the funding, then pointed out that weights should be added for the funding to be equitable.

Chairman Conklin asked Mr. Hansen to hold the discussion of this topic until Agenda Item H. regarding the topics the Committee wishes to examine as part of the study and Mr. Hansen agreed.

Lindsay Anderson, Director of Government Affairs, Washoe County School District, (WCSD) said the WCSD was glad these conversations were taking place. The WCSD was in agreement that individual student needs are not being addressed in the current Nevada Plan. She said it would be difficult to advocate for a plan that took resources away from the WCSD's already dwindling budget in the current economic times. Outside of that, the WCSD was willing to participate in a conversation about a weighted system.

Mike Schroeder, Interim Chief Financial Officer, Washoe County School District, said the other school districts have done a very good job of pointing out the value of the Nevada Plan, and some of its shortcomings. He said the WCSD would support a study to look at the reasonableness to provide an equal educational opportunity for each student. He said the key point was that the Nevada Plan did recognize characteristics of each individual school district, and those characteristics impact the ability of each district to provide an equitable educational opportunity for their students. Any new formula should include similar characteristics.

Mr. Schroeder said the demographic characteristics of the individual students are not necessarily identified directly in the current system, and a review of the formula should consider that. He said the input of each school district would be critical to accepting the funding methodology that is ultimately approved. He noted there are other sources of funding that the school districts receive, and he believed that those funds should be considered as part of the study. For example, the wealth adjustment in the Nevada Plan, class-size reduction, full-day kindergarten, and formula funded grants. Some school districts have the ability to generate revenue to fund capital projects. Mr. Schroeder said each district has distinct transportation needs that should be considered.

Mr. Schroeder said the discussion of individual student characteristics is something that has not been defined or measured. The categories of students should be clearly defined, and the guidelines to measure those student categories must be implemented to prevent manipulation to increase reporting into financially favorable categories. There must be lots of input as to how the costs for those particular categories are defined and how the weights are applied.

Mr. Schroeder said the study would ultimately result in an increase or decrease in per-pupil funding for each district. A decrease in funding could be dire to the ability of the school district to achieve its mission. All of the school districts have been subject to severe budget reductions over the years. He said the Washoe County School District was looking at further reductions in FY 2013 and FY 2014. It would be difficult to support any new methodology that would be financially harmful to the school districts. He suggested the study consider a funding mechanism to offset those unfavorable results.

In summary, Mr. Schroeder said the WCSD supported the concept and believed it was critical to get input from all districts. The formula must consider some of the essential components that are part of the current funding system to identify the distinct district characteristics along with the distinct student characteristics. He hoped there was a method to phase in the new funding method so that no school district is harmed.

Mr. Schroeder said the WCSD looked forward to working with the Committee.

Assemblyman Hansen noted there were already student categories for free and reduced lunch and ELL. He asked what other categories should be used to identify individual student characteristics.

Mr. Schroeder said the original BDR identified several categories, including special education, GATE, career and technical education and ELL. He thought it would be part of the charge of the Committee to identify which categories are pertinent to identifying which students cost more to educate.

G. OVERVIEW OF PUBLIC SCHOOL FUNDING MODELS IN OTHER STATES AND HOW DIFFERENCES IN THE NEEDS OF INDIVIDUAL STUDENTS ARE ADDRESSED.

Mike Griffith, Senior Policy Analyst, Education Commission of the States, said his organization represents 49 states, 3 territories and the District of Columbia. He said the Education Commission of the States was a nonpartisan, nonprofit organization that provides policy advice and recommendations to states about education issues. He said his expertise was in school finance, and he has worked in that area for the past 15 years. The organization was founded in 1965 to counterbalance the information coming from the United States Department of Education.

Mr. Griffith said he would focus on whether there was a need for a new formula; how Nevada's school funding system compares to other states; how other states address issues of special student populations or districts with unique needs; and, other funding issues such as transportation, capital costs, charter schools and large districts.

Referring to page 4 of the handout, the Committee to Study a New Method for Funding Public Schools in Nevada (Exhibit E), Mr. Griffith said in 2011 there were almost three times as many kids in Clark County alone than there were in the entire state in 1967.

The number of students in ELL or special education were not even collected in 1967. He said expected outcomes have also changed since 1967. In 2011, there were many more students that graduate from high school and college than in 1967. The expectations for schools are completely different now.

Mr. Griffith said the Peabody Plan was a flat grant program, and a “first generation” formula. Each school district received \$80 per student and \$400 for every teaching position that it had. At the time about 20 percent to 30 percent of education funding came from the state. The remainder came from the school district. Wealthier school districts could afford more, and poorer school districts were barely getting by. The Nevada Plan was designed to equalize the school districts so that everyone would have an opportunity.

Mr. Griffith said the term “equity” in the context of school finance meant relative equity rather than perfect equity. Perfect equity would mean that every kid got \$8,500. Measures have been developed over the years to look at relative equity, which compared spending for the top 5 percent of kids to the lowest 5 percent, or to the middle percentages, or a certain base number amount to different student groups. In some of those measures Nevada did very well, but in others, results were mixed. The Nevada Plan was designed to do one thing: attempt to create equity in funding, not based on student dynamics or the type of student, but on a dollar amount per student. This type of plan is called an “equalization formula” and was a second generation formula.

Mr. Griffith said another type of second generation formula equalized the number of teachers, principals and superintendents. Some states adopted this approach to maintain funding for certain ratio of teachers, principals and assistant principals to students. This system intended to equalize opportunities, but did not take into account student needs.

Mr. Griffith said in the 1980s some states began adopting a funding formula that considered not only equal funding, but the needs of the pupils. These third generation formulas, called “foundation” formulas, not only attempted to equalize spending, but attempted to equalize spending based on need, taking into account special education, at-risk students, and other factors. Economies of scale were considered because smaller school districts and larger school districts were more expensive to run.

Mr. Griffith said the fourth generation formulas took those needs into account, and made sure that the money followed the child to the school level. If money was allocated to a school district for an at-risk child, that money would flow through the school district to the school to make sure that student received the additional funds. This type of formula has been adopted in Hawaii, which is a single school district. It has also been adopted in larger school districts, including Houston and San Diego.

Mr. Griffith said no state currently uses a first generation funding formula, which is a simple dollar amount per student. Nine states have a second generation formula – including Nevada – that does not take into account student needs as much as district

wealth. He said 33 states have foundation formulas that take into account both wealth and need, and 7 states use a combination of formulas.

Mr. Griffith said Dr. Verstegen defines Nevada's system as a foundation formula, but he did not agree. He would consider Nevada's system to be a power equalization formula that does not take into account student needs, but does take into account wealth, and attempts to equalize based on wealth. He said that Nevadans may feel that they have the most confusing funding formula in the county, but it does not. He noted that the state of Wisconsin has three separate formulas that work simultaneously, each of which is as complicated as Nevada's formula. He understood why people liked the Peabody Plan. It was simple to understand: the number of students was multiplied by \$80. However, complexity was not bad when trying to take into account relative wealth and relative need.

Mr. Griffith turned the discussion to the funding of high-need students, such as at-risk, special education or ELL. That group could include other students such as GATE, career and technical training, dual enrollment or others who may need assistance that requires additional funds over the general education students. There are two ways to deal with this funding. One way would be to provide a weight to the student within the funding formula. If it cost an extra 20 percent to educate an at-risk child, that student would be given an extra weight of 0.2. That student would count as 1.2 students compared to one general education student.

Mr. Griffith said another method would address the student needs outside of the funding formula. He said many states, like New York and California, fund a large number of categorical programs that direct money toward high-cost students either by providing a dollar amount, or money for programs. He noted that the majority of states had 6 to 12 categories. California has between 90 and 110 categories. He cautioned with that many categories it could be confusing, and it is best to keep the number of categories between 6 and 12, so that the school districts can understand where the money is coming from, and where it is targeted.

Mr. Griffith said the majority of states have some targeted funding for students who are at-risk, ELL and special education, and each year the number of states that add targeted funding for these students is growing. The only state that did not have special education targeted funding was Rhode Island.

Mr. Griffith said there are two questions to be asked when targeting money for at-risk students: who are they, and how much money do they need. He said the majority of states used the number of free and reduced lunch students as the mechanism to identify at-risk students. Other identifiers were students not achieving standards, for example, those who tend to fail tests, or who have dropped out and returned to school. Student pregnancy and involvement with issues such as suspension or expulsion are also identifiers. Regarding the amount of funding, studies have generally found that 20 percent to 25 percent additional funding for at-risk students was about right. Some states used a percentage, while other states used a dollar amount. Studies have found

the density of at-risk students matters. Density above 25 percent increases the cost-per-student, and density of 50 percent makes the cost even higher. He said school districts with more at-risk students would have a more difficult time getting all of those students up to state standards than a school district with two or three at-risk students.

Mr. Griffith said Augenblick, Palaich and Associates, Inc., studied special education funding as part of the School Financing Adequacy Study of 2007, and recommended three levels of funding: mild, moderate and severe. The mild category would be funded at 15 percent additional, the moderate category would be funded at approximately 50 percent additional, and the severe category would be funded around 100 percent additional. He recommended that the state consider using five or six categories, like the State of Texas, because some of the students in the mild category did not really cost an additional 15 percent, but some of the students in the moderate category might cost more than 50 percent. A system in which funding was targeted to specific disabilities made more sense.

Mr. Griffith said another issue with special education was the extremely high-cost students. He said more states were turning to an extremely high-cost student reimbursement program. Extremely high-cost students cost \$25,000 or more per student to educate. These students were not spread out equally among the school districts, and that put a very high burden on school district finances. Many states have come up with a separate pot of money to cover a certain percentage of expenses over the \$25,000 amount in recognition that the students put a disproportionate financial burden on the school district.

Mr. Griffith said some states fund special education outside of the primary formula through cost reimbursement wherein the school district totals its bills for special education costs, and the state provides a payment for a certain percentage. Another method is that for every special education student in the mild category, the state will pay for one-fifth of a teaching position. Or, for every 12 students, one full-time teacher will be partially or fully funded. A census-based method would be to take the average number of special education students, such as 3 percent of the student population being categorized as mild or moderate, and fund at that level. Other methods would be to provide weights or a flat dollar amount per special education student.

Moving to the topic of transportation funding, Mr. Griffith said some methods used by other states were allowable reimbursement; density formulas per pupil; full reimbursement; and equalized reimbursements. Allowable reimbursement is a method in which the state reimburses districts for a certain percentage of allowable transportation expenses. Other states use a density formula for districts with smaller student populations spread out over a larger area. The state would fund districts based on the number of district students per square mile. A per-pupil funding method would provide funding to each district based on a set amount per pupil. For full reimbursement the state reimburses each district the full cost of allowable transportation expenses. He questioned that, because some of the states that participate in this method reimburse up to a certain amount per pupil, which might not cover all of the school district's costs.

He said equalized reimbursements was similar to allowable reimbursement wherein the state and the school district shared the cost of transportation. The state provides reimbursement that is equalized based on a district's relative wealth.

Chairman Conklin asked why transportation would be excluded from the base-per-pupil funding mechanism. Mr. Griffith said it was common for states to remove transportation and capital construction, because they differed so greatly from district to district. When they are included in the formulas, the numbers just do not work. For instance, one school district in Nevada has transportation costs equal to \$1,000 per student. The norm for transportation is about 3 percent of per pupil spending, which would be about \$240 in Nevada. He said the cheapest districts for population were usually fairly densely populated suburban districts. The most expensive districts were sparsely populated, remote rural districts. He said there was no good way of dealing with that in the per pupil formula, so it had a formula of its own. The same was true for capital construction, because the need depended on population growth and the age of the schools. He explained that the population growth could be level, but the schools could be too old, and need replacement, or the population could be shifting to new areas.

Mr. Griffith said funding for capital expenses was either in an allocation, with a certain amount per student, and the school districts decide how to spend the funds, or project grants based on need. He said only one state, Arizona, funds 100 percent of capital costs. That was due to litigation that occurred about 10 years ago. He explained that every new building or remodeling project was paid 100 percent by the State of Arizona. He recalled a court case in Washington State where the state paid 100 percent only for the low income areas, and a certain percentage for other school districts. He said the states provide grants based on available funds and need, so the school districts may have to wait for an extended period for funding. Some states provide guarantees for bonds or loans, which lowers the cost of capital expenses, because the state is not putting up a sizeable amount of cash on its own. He said two states use debt services grants wherein the school district gets a loan, and part of the payments are covered by the state according to a formula based on need and relative wealth.

Mr. Griffith said he would quickly address the funding of charter schools, which was becoming an issue more and more around the country. He said the State of Michigan covers the cost of the charter schools from the state budget. In Arizona, it is completely the responsibility of the student's home school district to cover the cost of the charter program. In some states the state and the district share the cost. In New York, the first year is paid 100 percent by the state, the second year is split evenly, and the third year is paid 100 percent by the school district. He said in most cases the home school district is allowed to retain some form of administrative cost oversight.

Mr. Griffith said that because of the size of the Clark County School District, Nevada is like two completely different states. He said there is no example of another state like Nevada. However, in other states, when a district is so large that it throws off the funding formula, that district is removed from the funding formula and funded in a different way. For example, the State of Illinois funds the Chicago's school system

separately. On the contrary, Texas has 1,100 school districts, and all are funded under the same formula. He said Houston is a large school district, but there hundreds of school districts in Texas with fewer than 300 students.

On the topic of density, and economies of scale, Mr. Griffith noted that studies have found that districts with under 2,500 students tend to have a higher cost-per-student, with even more increases below the 500 student level. The cost-per-student increases in school districts with over 30,000 students as well. There are states with provisions in their funding formulas that provide additional money to school districts with fewer than 2,500 students or more than 30,000 students. He noted that the density of the student population played a part in cost-per-student as well. For example, in Lyon County, there were 6,000 students who were spread out over a vast area.

Mr. Griffith said recent state school funding studies were performed by California, New Mexico, North Carolina and Vermont. He noted that the 2007 study of Nevada's school funding adequacy performed by Augenblick, Palaich and Associates, Inc., considered multiple issues, including equity, adequacy and what a new formula would look like in general. He thought the Committee could use the findings from that study as a starting point. One issue was that the study was performed in 2007, so it probably used data from 2004-2005 or 2005-2006.

Mr. Griffith said to completely redesign Nevada's funding system would be an expensive and time consuming prospect. He noted New Mexico did that in 2008. Over an 18 month period there were 30 different meetings around the state. That study cost about \$1 million, and recommended a level of funding that was not affordable to the State of New Mexico – an increase in spending of about \$2 billion. He said North Carolina's 2010 study did not look at the amount of funding needed in the system, but how to distribute the current level of funding more equitably. That study was performed for about \$300,000 and took about 6 months to perform. He reported that he took part in a study in the State of Vermont to determine whether the current funding was adequate and equitably distributed. That study was completed for about \$200,000 over a period of 6 months.

Mr. Griffith said for the study that the State of Nevada is proposing, the original timeline was to award the contract at the end of March 2012, with the final report due June 6, 2012, for an amount of \$125,000. He said the money was not a concern, because the previous studies could be used as a starting point. However, to begin at the end of March and conclude by June 6 would probably not be sufficient time to perform the study of the funding system. He noted that would allow the consultant about 10 weeks. The final week would be used for formatting and editing of the report, so there would only be 9 weeks for the actual study. The Committee would probably want specific recommendations to show how weighting for ELL, special education and at-risk students would impact funding in Nevada. He said if the study was pushed back by a couple of months, it would be more likely that the study would produce good solid information and numbers with which to move forward.

Senator Denis asked if the length of time of the study increased, would the cost increase as well. Mr. Griffith said increasing the length of time could actually decrease the cost in some ways. Given a shorter period of time, the consultant would have to start putting their own numbers together. If there was a longer period of time, they could work with the Department of Education to collect the numbers and the data. Some other items that affect costs were the number of times the consultant is asked to travel to Nevada. The fewer visits, the quicker the consultant can do the study. One of the difficulties is if the consultant is not touching base on a fairly consistent basis, they might be studying something that the Committee does not want. The Committee wants to be in touch with the consultant enough, but not have them come to the state when they should not. This is one of the tricky things: the Committee wants input from the school districts and the public to the consultant. However, each meeting takes time and has a cost. The fewer number of meetings, the cheaper the study, but the less input from the public and school districts.

Chairman Conklin asked Mr. Griffith to confirm that the 2007 School Funding Adequacy Study discussed equity in terms of wealth distribution to the districts for educational purposes, but did not take into consideration individual student needs. Mr. Griffith agreed that was correct.

H. DISCUSSION REGARDING THE TOPICS THE COMMITTEE WISHES TO EXAMINE AS PART OF THE STUDY FOR INCLUSION ON FUTURE AGENDAS.

Julie Waller, Senior Program Analyst, Fiscal Analysis Division, Legislative Counsel Bureau, referred to page 9 of Exhibit A to a list of potential topics for the scope of the study. She mentioned that the list was not all inclusive, and welcomed other ideas from the members.

Ms. Waller said the original version of S.B. 11 included recommendations to modify the existing Nevada Plan formula to account for the different needs and characteristics of individual students. There were eight categories suggested in the original bill as follows.

1. Pupils with disabilities;
2. Gifted and talented pupils;
3. Pupils enrolled in career and technical education;
4. English Language Learners;
5. Pupils who are eligible to receive free or reduced-priced meals;
6. Pupils who are homeless;
7. Pupils who are transient; and
8. Pupils in foster care.

Ms. Waller said recommendations from Committee members for other weighted categories would be welcome. She noted that some of the categories are subcategories of at-risk student populations.

Ms. Waller said the original version of S.B. 11 asked whether virtual charter schools received the same per-pupil funding as traditional brick and mortar schools. The study could examine whether the state should differentiate funding based on the delivery model of instruction. She recalled that this was brought up by the 2009 Legislature, but the bill did not pass.

Ms. Waller said another issue originally included in S.B. 11 is whether the needs and challenges of small school districts are addressed within the state's funding formula. The study could examine the appropriate weighted funding mechanism to address such needs.

Ms. Waller noted enrollment is currently reported statewide based on a single count day (NRS 387.1233). The study could examine whether the "count day" method was the most appropriate, and examine methods used by other states to calculate enrollment.

Ms. Waller recalled an earlier discussion of how the state currently funds special education through a "unit formula" to support a licensed teacher. When it was originally adopted, the cost covered the salary of an instructional personnel, but over the years, the funding has eroded, and now covers only a portion of the costs. That left the districts with the burden of providing the remaining costs for that special education teacher.

Ms. Waller said the Nevada Plan included a "hold-harmless" provision. Over the years, as the economy has declined, and enrollment has stagnated and declined, the state continued to provide funding to hold the school districts harmless. The study could examine school district and charter schools' use of the state's hold-harmless provision to determine if any modifications to the provision should be made.

Ms. Waller explained there were many moving parts to the school funding model. Senate Bill 11, as enacted, was very broad in saying that the Committee would study the development of a new school funding method. Again, in the short timeframe available, and the possible funding available through grants and donations, the Committee would probably need to narrow the scope of the study, rather than request a broad overhaul of the school funding model.

Ms. Waller continued with the potential topics for the study, noting that class-size reduction, full-day kindergarten and early childhood education programs are currently funded separately from the state's formula funding methodology. The study could examine whether funding for these programs should continue to be separate categorical items or whether the funding should be included in the state's formula funding model.

Ms. Waller pointed out that, currently, the allocation of Adult High School Diploma (AHSD) program funding is not based on enrollment. The study could examine the current funding methodology for the AHSD program to determine whether the program was funded properly, and how the funding model could be improved.

Lastly, Ms. Waller noted that, currently, the biennial budget for K-12 education does not reward efficiencies in spending. If a district does not spend the funding that was budgeted in the biennia, funding would be reduced going forward. As a result, the current structure does not incentivize efficiencies in spending, but instead penalizes future budget allocations. The study could examine how to incorporate efficiencies into the formula.

In summary, Ms. Waller said that the original S.B. 11 proposed to evaluate the Nevada Plan, and tailor it to meet today's needs. The specific charge, as approved, was that the Committee must consider individual student needs and characteristics as part of the funding formula. It is up to the Committee to determine the scope of the study. She asked the members to propose their own ideas.

Chairman Conklin noted that the work of the Committee needed to be completed in June, however, the Legislative Commission could grant an extension to give a consultant more time to analyze the questions that the Committee wants to ask.

In addition, Chairman Conklin said if the study is to move forward, the Committee must determine its scope and whether it would be broad or narrow. He said that replacing the Nevada Plan could take a decade, but making needed changes to the current Nevada Plan could be accomplished in one interim cycle and one legislative cycle. Given the circumstances that we know exist, he wondered whether the Committee would be doing better justice to the students making the changes that can be made now. He recalled that Mr. Griffith suggested that the previous study could be built upon. Chairman Conklin said adding another five or six years of data to that study would be incredibly helpful in understanding the trend over the last five years. He preferred that option to a broader study. He asked the Committee for their comments.

Assemblyman Hansen asked the amount of the budget for the study. He noted that if the budget was inadequate, the scope would have to be narrowly limited.

Chairman Conklin said the budget would be discussed under Agenda Item I. He thought the scope would set the tone for the amount of the budget. He said the Legislature has not allocated funds for this study. Those funds would be raised privately. After the Committee determined the scope of the study, a clear target for raising the funds could be set. If the funds were not raised, there would be no study. He thought it was pointless to allow the level of funding to dictate the scope of the study. That is why he thought it was important to discuss the study's scope before the budget.

Assemblyman Hansen agreed with the concept of using the 2007 School Funding Adequacy study as a base, and suggested that study be updated with new data, including individual student needs.

Chairman Conklin noted that the measures of individual student need that were mentioned several times in the meeting were ELL, poverty, special education and

GATE. He did not know whether the Committee wanted to include transportation. He suggested sticking to the factors that are common amongst all of the school districts.

Assemblyman Hansen noted that in many areas of the state there are private psychiatric hospitals to which students are sent by judges. There is an educational responsibility to the hospital, but there is no funding. He said other states do provide this funding. He suggested that be included in the formula under special needs.

Chairman Conklin said that could be explored by the consultant under special education. He thought the consultant should be directed to speak with each school district to find out their needs and views.

Senator Brower noted that there was no appropriation made by the state for the study. He asked how the study would be paid for.

Chairman Conklin said Clark County School District has agreed to assist in raising the money for the study, and Joyce Haldeman, Assistant Superintendent, would give and update on the fundraising efforts under Agenda Item I.

Senator Brower asked how the Committee could determine the scope of the study without first knowing how much has been raised to pay the consultant. He would hesitate to make that decision until the funding amount was determined; otherwise the Committee may face the prospect of starting the study, but not finishing the study. He noted that had been an issue for one of the interim studies in 2009.

Chairman Conklin said he sat on that committee, and reported that was not a funding issue, but rather an issue with the consultant. He was concerned that basing the scope of the study on the funding available would limit the type of questions that could be asked. He wondered, if the Committee cannot fund the study to answer those questions, was it worth having a narrower study?

Senator Brower asked if the Committee members believed it was necessary to hire a consultant to evaluate the issues that we all agree are important. He noted that interim committees routinely meet and do good work without hiring consultants.

Chairman Conklin believed it was essential to hire a consultant to study this topic, because a certain expertise would be required. He noted that the LCB staff was quite capable, but he did not want to put that burden on top of their other duties. He noted that staff would still be providing the Committee with their knowledge and expertise, but the consultant would provide information from other states relative to our questions.

Senator Brower said he would be happy to continue the discussion of the scope of the study, but he had never been part of a process that put forth a Request for Proposals (RFP) before it knew whether it had the funds to pay the consultant that won the RFP.

Chairman Conklin said he was not suggesting that the Committee put forth the RFP, and an RFP could not be put forward without a confirmation of the funding amount available. He said the Committee only had a certain amount of time to meet, and decisions must be made so that everything is in place when the funding is acquired.

Chairman Conklin said he did not anticipate the Committee would meet again until it absolutely had to. He noted that the meetings cost money and take time. He would like for the Committee to make the decisions, so that when funding came in, staff could move forward without having to meet again.

Assemblywoman Dondero Loop agreed that the 2007 School Funding Adequacy study should be built upon. She observed that GATE and special education were mentioned as two areas, but under the funding model, GATE was under special education. She asked whether the private donors would have a say in the focus of the study, or whether the funds would be provided with no strings attached.

Chairman Conklin did not know whether special education and GATE were considered together, but he was not opposed to considering them together. On the other question, he said the focus of the study must be wholly determined by the Committee. The donor providing the funding would not determine the questions asked in the study.

Assemblywoman Dondero Loop agreed, and thought that should be made clear.

Ms. Waller clarified that the Committee can go forward on carrying out its duties pursuant to S.B. 11 as long as there is funding made available through grants, gifts or donations. She said that funding would be transferred to the state, which would then pay for the cost of the study. She said there was no link between the donor and the actual study.

Senator Denis said he thought it was important to determine the topics that needed to be studied before the amount of funding was determined. He noted the number of free and reduced lunch students in Clark County was almost 186,000, and there were 54,398 ELL students. He said the state's biggest educational challenges were in those two areas, and wanted those to be included in the study.

Chairman Conklin asked the Committee to consider whether it wished to perform a narrower study that enhanced the Nevada Plan, or a broader study to find whether the Nevada Plan needs to be considered for a total overhaul.

Chairman Conklin noted that ELL, poverty, and special education, including GATE, had been mentioned as areas of concern. He asked Mr. Griffith if there was something the Committee was missing in the broader scale, to make a positive adjustment to the Nevada Plan, to better reflect the needs of the state's individual students.

Mr. Griffith replied that those were the main categories of students with higher-cost needs. He thought GATE should be separated from special education. He noted that

additional funding was provided to categories of students to get them up to standards. The GATE kids were above standards. It would have to be defined what the formula wanted for those GATE kids. There are different GATE programs over the country. Some provide a little additional funding, others allow students to enroll in dual and concurrent enrollment course to earn college credit while in high school. The states that provide extra funding tend to provide 5 percent to 10 percent extra per student.

Mr. Griffith said that it was much easier for a consultant to understand targeted funding toward free and reduced lunch program students, than to at-risk students in general. While the free and reduced lunch program number is the most normal marker for at-risk students, there are a myriad of other markers for at-risk students. If the Committee thinks free and reduced price lunch is the best marker, then the consultant will not spend time and energy to run the numbers for the other at-risk indicators to determine the real impact on funding.

In addition, Mr. Griffith said a hold-harmless provision that any new changes would not negatively impact the school districts may be requested. If so, the Committee would want for the consultant to provide two separate number runs: one with the hold-harmless and another without. These are all little things that take time. Because Nevada has fewer school districts, the consultant will be able to run the numbers more quickly. The clearer the Committee's instructions are to the consultant, the quicker it can perform the study, at a lower cost.

Mr. Griffith pointed out that any study of transportation would need to be done by a separate company, which would add to the cost of the study. The school finance consultant would hire a logistics company, which would come up with a formula based on where the students are transported from and to, and the routes.

Chairman Conklin said because transportation is already dealt with in the Nevada Plan, and individual student needs have not been addressed in the Nevada Plan, he would prefer to not include transportation as part of the study. In addition, while he thought GATE needed appropriate funding, he was uncomfortable with the Committee giving the consultant a benchmark for that funding without the authority to make that decision.

Assemblywoman Dondero Loop said the list of potential study topics on page 9 (Exhibit A) included several items that were indicators of poverty, for example, homelessness and transience. In addition, unless she was mistaken, GATE was under the Special Student Services Division in the Clark County School District. She did not know if that made any differences for the purposes of the Committee.

Senator Denis suggested the Committee prioritize the topics of the study, so that, depending on what happens with the funding, the Committee will have already selected the topics to cover. He was certain that the GATE program needed more funding, but he did not know that was an issue that needed to be studied. He asked Mr. Griffith if it could be estimated that each piece of the study would cost a certain amount of money.

Assemblyman Hansen asked whether it would be redundant to study the topics that were addressed in the 2007 School Funding Adequacy Study. He noted that if the Committee was limited on time and money, and if the topics had been studied in a previous report, the consultant may be able to update the previous report with the new data. He suggested Augenblick, Palaich and Associates, Inc. as the logical choice of contractor to extend the report.

Mr. Griffith agreed that if the same topics were being studied, then it would make sense to update those numbers and then find out how that would impact the funding. He said that the Committee could contract with Augenblick, Palaich and Associates, Inc., to update the study, unless the state's rules required an RFP.

Chairman Conklin noted that individual characteristics of students was not the primary focus of that study, rather, it was a tertiary point. He said that study was informative, and he thought the Committee was looking for more analysis based on that information. He thought that the study would have to be put out to bid by statute. It may be a benefit that Augenblick, Palaich and Associates, Inc., performed the School Financing Adequacy Study of 2007, but it would clearly not be simply an extension of that study.

Mr. Griffith noted that some other states came up with a prioritized list of study topics. Some issues would be required to be addressed in the study, and preference would be given to the contractor who addressed certain other issues. He said some contractors would respond to the RFP with a proposal that only addressed the required study topics, and others would address the remaining study topics as well.

Chairman Conklin said the primary individual student characteristics are the ones that create greatest amount of the diversity in our school districts. He emphasized that the funding formula did not take into account the diversity of the school districts, just the wealth of the school districts. If the study addressed the individual characteristics that appear to be the most common amongst all of the states, and the ones our own school districts have identified as issues, he would suggest that this study will address, at a minimum, ELL, poverty and special education. He believed that GATE students were important, but without a mandate from the Legislature as to what that level of funding should be, the Committee could be overstepping its charge. He said GATE funding could be addressed outside of the funding formula or added to the funding formula by Legislature during the 2013 Session. Another question for the study would be best practices for weighted categories - specifically, how the categories are weighted.

Assemblywoman Dondero Loop said the Committee was discussing the lack of funding for areas that needed funding due to many reasons, but we are also talking about keeping kids in school and increasing graduation rates. She thought career and technical education could be a priority in increasing graduation rates. She thought the Committee may be "putting the cart before the horse." Maybe the amount of funding raised would allow the consultant to study all of the topics. She realized that the Committee had to narrow the focus, but for every one of the eight items listed, she could give a reason why it was important to study.

Chairman Conklin asked to table the discussion until Clark County gave an update on the funding.

I. DISCUSSION REGARDING A CONSULTANT TO ASSIST THE COMMITTEE IN CONDUCTING THE STUDY.

J. DISCUSSION OF TIMELINE FOR CONDUCTING THE STUDY.

Joyce Haldeman, Associate Superintendent, Clark County School District, recalled that on December 12, 2011, Superintendent Dwight D. Jones sent a letter to Chairman Conklin stating that a pledge of \$125,000 had been received from a foundation for the purposes of the study. She said that on January 23, 2012, the foundation notified the Superintendent that the rules of the organization had changed, and it would no longer fund the study, because it was considered to be political.

Ms. Haldeman said that a number of other sources have been contacted to help pay for the study and there was strong interest. She said the Superintendent's goal was to raise at least \$125,000 dollars for the study. She said it would be important for the Clark County School District to have an idea of the topics of the study.

Chairman Conklin said that the Committee does not have state funds to move forward with the study. The Committee cannot move forward until the money for the study is raised. He said narrowing the focus of the study would create an attainable goal to address some of these issues during the 2013 Legislative Session. He said \$125,00 to \$150,000 would give the opportunity to address a limited number of topics in an advanced capacity. He noted that the Committee to Study the Funding of Higher Education was performing its study for \$150,000.

Chairman Conklin said that if the Clark County School District raised the funds by February 21, 2012, the Committee would move forward with a meeting on February 28, 2012, to continue with the work on the RFP.

Senator Brower asked whether the Committee to Study the Funding of Higher Education was hiring a consultant for its study, and whether the funds were allocated by the state, or raised privately.

Chairman Conklin said state funds were appropriated for the Committee to Study the Funding of Higher Education to hire a consultant to perform its study. Ms. Waller reported that the Committee to Study the Funding of Higher Education was to examine the formula funding for higher education. She said the state appropriated \$150,000 for the study, and the Committee has issued an RFP for a consultant to assist the Committee in evaluating the current practices, what other states are doing, and to make recommendations for best practices. In addition to the state funding of \$150,000, there is potential for a consultant to receive more money if gifts and donations are received. That RFP has been issued, and the responses are due on February 21, 2012.

Senator Brower said he thought the Committee members agreed about the importance of the issues, but he hoped that the Committee did not select a process that was not going to work. He asked Ms. Haldeman where the money would come from.

Ms. Haldeman said the money would be aggregated from various donors. She did not want for the Committee to feel they were responsible for the funding. It was very clear from the beginning that S.B. 11 was not going forward due to lack of funding. Superintendent Jones made a pledge to Senator Horsford that he would find the funding for this study, and that was why the bill was allowed to progress. If the Clark County School District was unable to find the funding, it was not any fault of the Committee. She would notify the Committee if the funding was not raised, and the study would be abandoned. If the study cannot be presented in the 2013 Legislative Session, perhaps it can be presented in the 2015 Legislative Session.

Assemblyman Hansen noted Augenblick, Palaich and Associates, Inc., had been paid \$225,000 to perform the 2007 School Financing Adequacy study on whether the Nevada Plan was fair, and whether the funding was sufficient. If the Committee limited the current study to the question of whether the Nevada Plan was distributing the funding in a fair, equitable fashion, and expanded that to include the individual characteristics of ELL, free and reduced lunch, and special education, \$125,000 would seem to be a very reasonable sum.

Chairman Conklin said that the Committee could agree that the RFP was acceptable to move forward with at such time the money had been raised for the study. He asked the Committee for permission to make technical adjustments to the RFP, so that another meeting would not be necessary between the time the money was raised, and the RFP was released. The next time the Committee would meet would be to review the results of the RFP. He said another option would be to allow the CCSD a certain amount of time to raise the money, and confirm that the money was available to transfer to the state. He noted that that scenario might not allow enough time to address the study during the interim. Either way, the Chairman said he would need to ask the Legislative Commission for an extension. He hoped the members of the Committee would support that action.

Senator Brower suggested that the latter option be pursued. He recommended that the Committee meet again after the funding was obtained so that the Committee can better formulate the RFP. He thought the Committee would be better off not "putting the cart before the horse," even if that meant having another meeting.

Chairman Conklin asked Fiscal Analysis Division staff how that would affect the timing of the Committee.

Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division, said the June 30, 2012, deadline was in place so that if the Department of Education agreed with the Committee's recommendations, the recommendations could be incorporated into the department's agency request for K-12 funding. If the timing was pushed back a couple

of months, the agency request period would be over, but the recommendations could be included in the Governor's recommended budget if he supported the changes to the funding formula. If the timing was pushed back further, it would be up to the 2013 Legislature to decide whether to change the Governor's recommended budget to incorporate the recommendations of the study. In addition, if those recommendations took money from one district and added money to another, that would be a difficult decision for the full Legislature. He said pushing the timeline out a couple of months would be a good idea from the standpoint of giving a consultant enough time to do the work. He cautioned that if the Committee waited one month, then pushed the date out two months, it would be difficult to meet the Governor's recommended budget target, but the Legislature could still consider the recommendations during the 2013 Session. He cautioned that would allow very little time for the Executive Budget Office or the Governor's Office to evaluate the recommendations in the context of the Governor's recommended budget.

Chairman Conklin asked if it would be possible for the Committee to meet in one month, only if funding was secured. At that meeting, the Committee would finalize the RFP, and be prepared to move forward with a budget that is solid and sound. He noted that would add an extra meeting above the four that the Committee was budgeted for. He suggested that the Committee meet in February to finalize the RFP, and a third meeting would be scheduled to evaluate the responses to the RFP and select a consultant. There would be another meeting to gather information on what the consultant has done, and a final meeting to be presented with the final report.

Mr. Combs recommended that the Chairman request the additional meeting from the Legislative Commission when asking for an extension on the timeline. He did not know whether the Committee would need additional money to be added to the budget for the additional meeting.

Senator Brower agreed with that timeline. He said it was not realistic to expect that the Committee's recommendations would make it into the Governor's recommended budget. He noted the problem was big and complicated, and the recommendations would not become law unless the Governor wanted for them to become law.

Chairman Conklin said he would like to allow until February 21, 2012, for the CCSD to raise a minimum of \$125,000 for the study. The Committee meeting would be scheduled for February 28, 2012, to approve the scope of the study and the RFP. He said the meeting would be cancelled if the funding had not been raised by February 21, 2012. He said there would be no need for a second meeting unless the funding was available to move forward with the study.

Ms. Waller noted that staff could also likely study one or two topics if the Committee so desired. She said it was up to the Committee whether or not the focus should be entirely restricted to a study provided with assistance from an outside consultant, or if there are other topics the Committee wanted for staff to provide information and recommendations.

Chairman Conklin asked Fiscal Analysis Division staff to add that request for extension to the agenda of the February 15, 2012, meeting of the Legislative Commission. Mr. Combs said he would ask the Director to add that to the agenda, and suggested that Chairman Conklin speak with the Chairman of the Legislative Commission as well.

SENATOR DENIS MOVED THAT THE COMMITTEE TO STUDY A NEW METHOD FOR FUNDING PUBLIC SCHOOLS REQUEST THE LEGISLATIVE COMMISSION TO EXTEND THE COMMITTEE'S TIMELINE, AND ALLOW THE COMMITTEE TO MEET ONE ADDITIONAL TIME. THE MOTION WAS SECONDED BY SENATOR BREEDEN.

THE MOTION CARRIED UNANIMOUSLY.

K. PUBLIC COMMENT.

Glenn Trowbridge introduced himself as a parent, a taxpayer and a voter. He said he did not envy that the Committee was taking on the task of studying the funding formula for K-12 education. He noted Nevada is only one of five states in the country that has not been subject to litigation concerning the constitutionality of the funding mechanism of its schools. This was probably because nobody has taken the initiative to file such a case. Looking at the facts, he said, it was difficult to conclude that the educational experience of the typical CCSD student was equal to that of students in other Nevada districts where the current funding mechanism provides for smaller class sizes as well as larger school and classroom budgets. He said it was common knowledge that the a disproportionate number of CCSD students were expensive to educate. These facts should be considered when determining the components of the equity allocation model, and the resulting funding allocation. If a lawsuit were filed, a strong argument could be made that the existing Nevada Plan provided funding that did not reflect current conditions. The current funding methodology placed CCSD at a considerable disadvantage in efforts to enhance student achievement in the area that is known as the economic engine for the state.

Mr. Trowbridge noted that that Mr. Griffith provided many suggestions for consideration in the study. He asked the Committee to take a fresh look at the method for allocating the state's limited educational resources.

Ray Bacon, Nevada Manufacturers Association, said he agreed with the comments of Craig Stevens of the Nevada State Education Association and Joyce Haldeman of the CCSD. He asked the Committee to consider using existing staff to collect the data to make the consultant's job easier and save money on the study.

Mr. Bacon said the 2007 School Funding Adequacy Study prepared by Augenblick, Palaich and Associates, Inc., was the only study in his 20 years of working in this process that came out of the committee with no recommendation to the legislature. He

noted there were flaws in the study, and suggest not using that contractor in the current study, because of some of the conflicts that were in that study.

Mr. Bacon said there were some areas that needed to be clarified at the Committee's next meeting. He said that in Clark County a program called "Imagine Learning" from Utah was used. It was not cheap, but the students became functional in English in about one year. He said the students should be defined as either language encumbered or proficient enough to no longer be language encumbered. He said there was money to be saved if that number could be provided by the school districts.

Mr. Bacon said that as a legislative entity, the Committee could only look at the equity of the distribution of K-12 funding to the school districts. He suggested that the school districts be requested to show whether there was equity of funding distribution within the school district.

Mr. Bacon said GATE was important, but there were other options for GATE funding.

Mr. Bacon suggested the Committee discuss digital learning. He noted the State of Idaho added a graduation requirement that a student must take at least one digital learning class. He noted there were three digital schools in the state: Las Vegas Digital High School at Channel 10; Connections Academy; and Nevada Virtual. Mr. Bacon said that Channel 10 was providing digital formats to the school district, but received no funding for that. He said one of the ideas of the Race to the Top grant was that the Department of Education would solicit quotes for courses available online at a fixed cost. That would create competition in digital learning, which would be the wave of the future, and may affect the state's funding formula.

Mr. Bacon thought that these topics could be studied by LCB staff, or the school districts in cooperation with LCB staff.

There was no further public comment.

L. ADJOURNMENT.

Chairman Conklin asked the Committee members to mark their calendars for a meeting on the morning of February 28, 2012. He said that either he or Fiscal Analysis Division staff would be in touch by February 22, 2012, as to the decision of the Legislative Commission and the progress of the funding. Should something go awry, the meeting would be cancelled.

Chairman Conklin thanked everyone who provided testimony on the issues, and he looked forward to continuing to attempt to address those issues.

The meeting was adjourned at 12:50 p.m.

Respectfully submitted,

Becky Lowe, Secretary

APPROVED:

Assemblyman Marcus Conklin, Chairman

Date: _____

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE COMMISSION (775) 684-6800
STEVEN A. HORSFORD, *Senator, Chairman*
Lorne J. Malkiewich, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821
DEBBIE SMITH, *Assemblywoman, Chair*
Rick Combs, *Fiscal Analyst*
Mark Krmpotic, *Fiscal Analyst*

CARSON CITY OFFICE:
Legislative Building, 401 S. Carson Street
Carson City, Nevada 89701-4747
Fax No.: (775) 684-6600

LORNE J. MALKIEWICH, *Director* (775) 684-6800
BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830
PAUL V. TOWNSEND, *Legislative Auditor* (775) 684-6815
DONALD O. WILLIAMS, *Research Director* (775) 684-6825



LAS VEGAS OFFICE:
555 E. Washington Avenue, Room 4400
Las Vegas, Nevada 89101-1049
Fax No.: (702) 486-2810
BRIAN L. DAVIE, *Legislative Services Center* (702) 486-2800

MEMORANDUM

DATE: March 7, 2012

TO: Prospective Consultants

FROM: Julie Waller, Senior Program Analyst
Fiscal Analysis Division

SUBJECT: **Request for Proposals for a Consultant(s) to Assist in the Study of a New Method of Funding for Public Schools in Nevada**

Senate Bill 11, as enacted by the 2011 Legislature, created a committee to study the development of a new method for funding public schools in Nevada. In conducting the study, the Committee will:

1. Consider a new funding method that considers individual student needs and characteristics inherent in an increasingly diverse student population in the state;
2. Examine other states' methods of funding public schools and the extent to which individual student needs and characteristics are addressed;
3. Consult with and solicit input from individuals and organizations with expertise relevant to the purpose of developing a new method for funding public schools in the state; and
4. Submit to the Legislative Commission a report of its findings and any proposed methods for funding public schools in the state and any recommendations for legislation before the commencement of the 77th Session of the Nevada Legislature in February 2013.
5. Carry out its duties to the extent money is available from sources including, without limitation, gifts, grants and donations.

Pursuant to subsection 3, of Section 22 of Senate Bill 11 (Attachment A), the Committee is requesting proposals from consultants to assist the Committee in conducting the study. The resultant contract(s) will be effective from approximately **April 27, 2012, through September 30, 2012, with the deliverables contained within the Scope of Work primarily completed by August 31, 2012.**

March 2, 2012

Page 2

The Request for Proposals is attached. Proposals may be submitted on paper or electronically. All proposals must be received by the Fiscal Analysis Division on or before **5:00 p.m. PST, on Friday, April 6, 2012**. If a proposal is submitted on paper, one (1) original and six (6) copies must be submitted by the deadline date. **No allowance will be made for late submission.**

All questions pertaining to the Request for Proposals must be made in writing to Julie Waller at jwaller@lcb.state.nv.us. Questions will be accepted until 5:00 p.m. PST, on **Monday, March 19, 2012**. To the extent possible, responses to all vendor questions will be posted publicly by 5:00 p.m., PST, on or by **Monday, March 26, 2012**, on the legislative website at <http://www.leg.state.nv.us/App/rfp/A/Default.aspx>.

draft

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

LEGISLATIVE COMMISSION (775) 684-6800
STEVEN A. HORSFORD, *Senator, Chairman*
Lorne J. Malkiewich, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821
DEBBIE SMITH, *Assemblywoman, Chair*
Rick Combs, *Fiscal Analyst*
Mark Krmptic, *Fiscal Analyst*



CARSON CITY OFFICE:
Legislative Building, 401 S. Carson Street
Carson City, Nevada 89701-4747
Fax No.: (775) 684-6600
LORNE J. MALKIEWICH, *Director* (775) 684-6800
BRENDA J. ERDOES, *Legislative Counsel* (775) 684-6830
PAUL V. TOWNSEND, *Legislative Auditor* (775) 684-6815
DONALD O. WILLIAMS, *Research Director* (775) 684-6825

LAS VEGAS OFFICE:
555 E. Washington Avenue, Room 4400
Las Vegas, Nevada 89101-4949
Fax No.: (702) 486-2800
BRIAN L. FULTON, *Legislative Services Officer* (702) 486-2800

**REQUEST FOR PROPOSALS FOR A CONSULTANT(S) TO ASSIST IN THE STUDY
OF A NEW METHOD FOR FUNDING OF PUBLIC SCHOOLS IN NEVADA**

Release Date: March 7, 2012

Closing Date: April 6, 2012 Time: 5:00 p.m. PST

For additional information, please contact:

Julie Waller, Senior Program Analyst, Fiscal Analysis Division
Legislative Counsel Bureau, 401 South Carson Street, Carson City, NV 89701-4747
Telephone: (775) 684-6821 Email: jwaller@lcb.state.nv.us

Firm Name: _____

Address: _____

City: _____ State: _____ Zip Code: _____

Telephone: (____) _____ Federal Tax ID #: _____

Signed: _____ Date: _____

Print Name and Title: _____

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I. GENERAL INFORMATION

The Legislative Counsel Bureau (LCB) is the nonpartisan, centralized agency serving both houses and all members of the Nevada Legislature. The Fiscal Analysis Division of the LCB provides the Legislature with independent reviews and analyses of budgetary and fiscal matters.

The Nevada Plan for School Finance is the existing model that provides for the financial support of the school districts, charter schools and university schools for profoundly gifted pupils in the state. In order to ensure an adequate educational opportunity for all Nevada students, regardless of individual school district wealth, the 1967 Legislature adopted the Nevada Plan as the primary mechanism to finance elementary and secondary public education.

Under the Nevada Plan, the state determines a guaranteed amount of funding (statewide average basic support per pupil) for each of the local school districts and charter schools. The revenue, which provides the guaranteed funding, is derived both from state and local sources. The formula in the Nevada Plan is expressed as: state financial aid to school districts equals the difference between school district basic support guarantee and local available funds produced by mandatory taxes minus all the local funds attributable to pupils who reside in the county but attend a charter school or a university school for profoundly gifted pupils (NRS 387.121).

From the statewide average basic support per pupil, the Nevada Department of Education calculates a separate basic support per pupil figure for each school district, using a formula that considers the economic and geographic characteristics of each district. The dollar amount of basic support differs across school districts due to variations in the cost of living, differences in the costs of providing education based on school size, and the cost per pupil of administration and support services. A wealth adjustment, based on each district's ability to generate revenue in addition to the guaranteed level of funding, is also included in the formula. Varying levels of categorical funding, outside of the funding formula, are available to support public schools in the state.

The state's public school finance funding model was last reviewed as a result of the 2005 Legislature's adoption of Assembly Concurrent Resolution No. 10, which directed the Legislative Commission to conduct an interim study on the adequacy of the system of school finance in Nevada. The study was conducted during the 2005-2006 interim period by an independent, nationally-recognized consultant, though recommendations from the study were not ultimately implemented by the 2007 Legislature. An electronic copy of the committee's report can be obtained at:

<http://www.leg.state.nv.us/Division/Research/Publications/InterimReports/2007/Bulletin07-07.pdf>

Actions of the 2011 Legislature

The state's K-12 education budgets include the Distributive School Account (DSA), the School Remediation Trust Fund, the Grant Fund for Incentives for Licensed Educational Personnel, the State Supplemental School Support Fund, and the Other State Education Programs account.

The total required state support of school district and charter school expenditures within the DSA totals \$2.505 billion and \$2.564 billion for FY 2012 and FY 2013. The state's share of funding in the approved budget is largely provided by General Fund appropriations of \$1.088 billion in FY 2012 and \$1.111 billion in FY 2013, totaling \$2.199 billion for the 2011-13 biennium. The 2011 Legislature approved guaranteed basic support of \$5,263 per pupil in FY 2012 and \$5,374 per pupil in FY 2013, an increase of \$386 and \$496 per pupil in FY 2012 and FY 2013. Total approved General Fund for K-12 education (excluding the Department of Education budgets) represents approximately 37.3 percent of the state's General Fund for the 2011-13 biennium.

An electronic summary of the state's legislatively approved K-12 education budgets for the 2011-13 biennium can be obtained at:

http://www.leg.state.nv.us/Division/fiscal/FISBU210/BASN210_2011-13/020_EDUCATION_SUMMARY.pdf (pages 1 through 11).

Senate Bill 11 of the 2011 Legislative Session

Pursuant to Senate Bill 11 of the 2011 Legislative Session, a committee comprised of six (6) Legislators of which three (3) members are appointed by the Majority Leader of the Senate and three (3) are appointed by the Speaker of the Assembly, will:

1. Consider a new method for funding public schools that effectively addresses the variety of individual student needs and characteristics inherent in an increasingly diverse student population in the state;
2. Examine other states' methods of funding public schools and the extent to which individual student needs and characteristics are addressed;
3. Consult with and solicit input from individuals and organizations with expertise relevant to the purpose of developing a new method for funding public schools in the state;
4. Submit to the Legislative Commission a report of its findings and any proposed methods for funding public schools in the state and any recommendations for legislation before the commencement of the 77th Session of the Nevada Legislature in February 2013; and
5. Carry out its duties only to the extent money is available from sources including, without limitation, gifts, grants and donations.

II. SCOPE OF WORK

1. Inventories of States that Address Individual Student Needs and Characteristics

The consultant shall provide the Committee with a list of the states that presently incorporate individual student needs and characteristics in their methods for financing public schools. The consultant must note which states factor in individual student needs and characteristics as part of the funding formula for public education or through other funding mechanisms such as, but not limited to, categorical grants. For purposes of this list, individual student needs and characteristics must include:

1. Pupils with disabilities, including mild, moderate and severe classifications;
2. English Language Learners;
3. Pupils who are at-risk as defined by certain metrics such as, but not limited to, test scores or students eligible to receive free or reduced-priced meals; and
4. Any other individual student needs and characteristics addressed in the funding models of other states that are deemed notable by the consultant.

The list provided by the consultant must identify the individual student needs and characteristics addressed and a brief description of the manner in which each identified student need or characteristic is incorporated into the state's funding model for public education. In addition, the consultant shall identify how other funding sources available for each identified student need or characteristic (federal, local or other) are accounted for, or are incorporated into, the state's funding model for public education.

2. Analysis of Methods Used in Selected Comparable States for Addressing the Individual Student Needs and Characteristics

- A. The consultant shall select five states most comparable to Nevada in terms of demographics and the existence of urban and rural regions and provide an analysis of the methods of public school finance in those states. The analysis must focus on, but not be limited to:

The manner in which the methods for financing the public schools in those states address the individual needs and characteristics of students including, but not limited to;

1. Pupils with disabilities, including the classifications of mild, moderate and severe;
2. English Language Learners;
3. Pupils who are at-risk, as defined by certain metrics such as, but not limited to test scores or students eligible to receive free or reduced-priced meals; and

4. Any other individual student needs and characteristics addressed in the funding models of other states that are deemed notable by the consultant.

If a selected state does not specifically address one of the above categories of students, the consultant shall make notation to that effect.

The analysis must provide the similarities and the differences between the method of public schools finance in the states selected for analysis and the Nevada Plan. The consultant shall provide the Committee, in addition to the written analysis, with a matrix, table or other summary level format that identifies the primary components of the funding methods used in Nevada and the primary components of the funding methods used in the five other selected states.

- B. In the delineation of the components or characteristics of each selected state's method of funding public schools, the written analysis prepared by the consultant must identify those formula components or characteristics that the consultant considers to be a "best practice" for ensuring the individual needs and characteristics of students are addressed.

The consultant shall define the criteria, such as an accepted national standard, used to determine whether a component or characteristic is a "best practice."

3. Based upon the results of the study, the consultant shall provide written recommendations to improve Nevada's existing school funding model to incorporate those formula components or characteristics that the consultant considers to be a "best practice" for ensuring that the individual needs and characteristics of students are addressed.

For each written recommendation, the consultant shall:

- A. Show the fiscal impact to each school district in the state and the state as a whole; and
- B. Propose options for implementation, including a basis and time interval for updating the school formula funding model in the future.

4. Deliverables and Attendance at Meetings of the Committee

The consultant shall submit a preliminary written report that includes the results of the consultant's study for the deliverables (1) to (3) inclusive, set forth in this Scope of Work, which must include any recommended changes to Nevada's school funding model or any recommendations for improvement to that model. The preliminary written report must be required to be submitted on or before August 1, 2012, with a final written report due on or before August 28, 2012.

As part of the Scope of Work, the consultant must be prepared to attend at least two (2) meetings of the Committee to Study a New Method of Funding for Public Schools in Nevada. At the first meeting, the consultant shall provide the Committee with a preliminary written report based upon the results of the study that includes the findings of the consultant's study for the deliverables (1) to (3) inclusive, and must be available to answer questions from the Committee. At the second meeting, the consultant shall present a final report with any recommendations for changes or improvement to Nevada's school funding model and shall assist the Committee with any final questions pertaining to the study. The cost of attending Committee meetings must be included as part of the proposal's budget as no additional funding will be made available for consultant travel costs.

Staff from the LCB and Nevada Department of Education (NDE) will be available to assist the consultant in the gathering of Nevada-specific information and data needed to complete the Scope of Work. However, the amount of time and resources necessary to assist the consultant should not interfere with the daily workload or require overtime by the staff of the LCB or the NDE. Proposals should include an anticipated schedule for LCB and NDE staff and resources necessary to assist the consultant in completing the project.

III. PROPOSAL PREPARATION AND SUBMISSION

Proposals shall be prepared in accordance with this Request for Proposals and must incorporate this document. Proposals may be submitted on paper or electronically. All proposals must be received by the Fiscal Analysis Division on or before **5:00 p.m. PST, on Friday, April 6, 2012**. If a proposal is submitted on paper, one (1) original and six (6) copies must be submitted by the deadline date. If submitted in paper form, consultants who do not submit the required number of copies may be disqualified. **No allowance will be made for late submission.**

Proposals on paper must be submitted to:

Julie Waller, Senior Program Analyst
Fiscal Analysis Division
Legislative Counsel Bureau
401 South Carson Street
Carson City, Nevada 89701-4747

Proposals in electronic format must be submitted to:

jwaller@lcb.state.nv.us

The consultant's company name shall appear on each page of the proposal. The person signing the proposal must initial any erasures, cross-outs, alterations, or other changes.

The person signing the proposal must be authorized to legally commit the consultant and conduct negotiations or discussions if requested and/or required.

Proposals that are incomplete, appear unrealistic in terms of technical commitments, demonstrate a lack of technical competence, or are indicative of a failure to comprehend the complexity and risk of a contract may be rejected.

The LCB reserves the right to alter, amend, or modify any provision of this Request for Proposals, or to withdraw this Request for Proposals at any time before awarding the contract. Any revision will be sent to all known interested parties and posted in the same places as the original Request for Proposals.

The LCB reserves the right to reject any or all proposals, to waive any informalities and/or minor irregularities, and to make the award in the best interest of the Nevada Legislature, with or without further discussion or negotiations.

The LCB assumes no liability for any cost incurred by consultants in the preparation, delivery, or any subsequent meetings relative to responses to the Request for Proposals, or any costs incurred by consultants for travel and other expenses if an oral presentation is requested in the evaluation of proposals.

Proposals may be modified by the consultant at any time, in written or electronic form, prior to the closing date at 5:00 p.m. PST, on **April 6, 2012**. If modified in written paper form, one original and six copies are required for each modification submitted.

Proposals may be withdrawn at any time, by written notice to the LCB. Proposals or modifications received after the closing date of 5:00 p.m. PST, on **April 6, 2012**, will not be considered.

Responses to this Request for Proposals will be the primary source of information used in the evaluation process. Therefore, consultants are requested and advised to be as complete as possible in the initial response. However, the LCB may 1) contact any consultant to clarify any response, 2) contact any current users of a consultant's services, 3) solicit information from any available source concerning any aspect of the proposal, and 4) seek and review any other information it deems pertinent to the evaluation process.

IV. USE OF SUBCONTRACTORS

If necessary due to the specific skills or tasks required to complete the Scope of Work in this Request for Proposals, the consultant may subcontract with one or more individuals or groups to perform those specific tasks or duties. If a consultant intends to subcontract for services to perform any portion of the Scope of Work, the proposal submitted to the LCB must include the name of the individual or group with which the consultant intends to subcontract, the portion of the Scope of Work for which the subcontractor is to be utilized, the qualifications and prior experience of the

subcontractor relative to the specified tasks or duties, and the costs required for the subcontractor to perform these duties.

V. CONFIDENTIALITY OF PROPOSALS

Proposals submitted in response to this Request for Proposals will be kept confidential by LCB staff until the day following the deadline for submission of proposals at which time the proposals will be made available to the public upon request.

VI. EVALUATION OF PROPOSALS

The Committee to Study a New Method of Funding Public Education in Nevada will evaluate the proposals, but reserves the right to delegate the review of proposals to a subcommittee or to staff of the LCB. Proposals will be evaluated on all factors, including, but not limited to:

1. Responsiveness of proposal to the Request for Proposals.
2. Functional and technical merits of proposal.
 - A. Qualifications of consultant.
 - B. Qualifications of assigned staff.
 - C. Prior experience.
 - D. Project work plan and timeline to complete the specific components of the Scope of Work.
 - E. Understanding of technical requirements.
 - F. Understanding of Nevada's K-12 education funding methodology.
3. Use of subcontractor (if applicable).
 - A. Scope of Work to be completed by subcontractor.
 - B. Qualifications of subcontractor to complete the specified Scope of Work.
 - C. Prior experience of the subcontractor related to the specified Scope of Work.
 - D. Project work plan and timeline for the subcontractor to complete the specified Scope of Work.
 - E. Understanding of the technical requirements of the specified Scope of Work to be completed by the subcontractor.
 - F. Itemized cost associated with the services provided by the subcontractor.
4. Proposed method to accomplish the Scope of Work.
5. Itemized cost associated with the specific components of the Scope of Work.
6. An oral presentation to the Committee by the consultant may be requested.

(The order listed above is not necessarily an indication of the relative importance of these factors.)

VII. PUBLICITY

No announcement concerning the awarding of the contract as a result of the Request for Proposals can be made by the successful consultant without the prior written approval of the LCB. Additionally, the successful consultant shall not use in its external advertising, marketing programs or other promotional efforts, any data, pictures, or other representations of the state of Nevada, the Nevada Legislature or the LCB, except on the specific advance written authorization by the LCB.

VIII. LIABILITY INSURANCE

1. During the term of the agreement, the successful consultant shall maintain comprehensive public liability and property damage insurance coverage of not less than \$1,000,000 in a form and with an insurer or insurers acceptable to the LCB. The policy shall be a combined single limit, bodily injury and property damage, against liability arising out of the services of the successful consultant, its officers, employees, subcontractors and agents, on the project. The successful contractor agrees to name the state of Nevada, the Nevada Legislature, its officers, employees and agents as additional insureds on the policy. The successful consultant may comply with the requirements of this section by endorsement to any blanket policy of insurance carried by the successful consultant provided that the blanket policy meets the requirements of this section. The cost to provide the liability insurance required by this section must be stated separately in the response to this Request for Proposals.
2. Evidence of the policy or policies required by paragraph 1 must be furnished to the LCB at the time of the signing of the agreement and thereafter from time to time as reasonably requested by the LCB. Such evidence must show that the policy or policies shall not be modified or terminated without at least 30 days prior, written notice to the LCB.

IX. INDEMNIFICATION

1. The successful consultant agrees to hold harmless, indemnify and defend the state of Nevada, the Nevada Legislature and their officers, employees and authorized agents against any claim, action, loss, damage, injury, liability, cost and expense of any kind or nature arising from the consultant's breach of the representations, warranties or obligations under the agreement or from the consultant's negligent acts or omissions in performing the agreement.
2. In any claim against the state of Nevada or the Nevada Legislature, their officers, employees and authorized agents by any employee, any subcontractor of the successful consultant, or any person directly or indirectly employed by any of them, or any person for whose acts any of them may be liable, this indemnification shall not be limited in any way by any limitation on the amount or type of damages, compensation, or benefits payable by or for the successful

consultant or any subcontractor under workers' compensation acts, disability benefits acts, or other employee benefit acts.

3. The remedy provided by the indemnification set forth in this section is in addition to, and not in lieu of, any other remedy. This indemnification must not be diminished or limited in any way to the total limit of insurance required by the agreement or otherwise available to the successful consultant.

X. TERMINATION

1. The LCB may at any time, for its convenience and without cause, terminate all or part of the agreement. To terminate the agreement pursuant to this paragraph, the LCB must deliver a notice of termination without cause. Termination of the agreement pursuant to this paragraph shall be within the sole discretion of the LCB and shall become effective upon receipt by the contractor of the notice of termination without cause. The LCB's liability to the contractor with respect to termination without cause is limited to the reasonable costs incurred by the contractor before the effective date of the termination, but not to exceed the maximum fixed fee for the agreement. If requested, the contractor shall substantiate any cost submitted for payment with proof satisfactory to the LCB. This paragraph does not apply to termination for cause.
2. The contractor is in default of the agreement and the LCB may terminate the agreement for cause if the LCB determines any one of the following:
 - A. The quality of the work performed by the contractor is unacceptable;
 - B. The contractor fails to comply with the terms of the agreement to the satisfaction of the LCB;
 - C. The project is more than 30 days behind schedule;
 - D. The contractor has breached the agreement in any other respect; or
 - E. The contractor has sought, or been forced to seek, protection under the Federal Bankruptcy Act.
3. The LCB is in default of the agreement if, at any time, the LCB materially breaches any term of the agreement.
4. To terminate the agreement for cause, the non-defaulting party shall send to the defaulting party a notice of default. Termination shall become effective ten (10) days after the defaulting party receives the notice of default unless during those ten (10) days the defaulting party cures the default.
5. If the LCB terminates the agreement for cause, the LCB is not liable for any costs incurred by the contractor and the LCB may procure the services from other sources and hold the contractor liable for any excess cost occasioned thereby.

XI. PAYMENT

The consultant will be required to submit monthly progress reports and will be allowed to submit itemized bills to the LCB with those reports. The LCB will pay each bill within 30 days after approval of the bill and any associated progress report by the LCB. The LCB will not approve a bill which includes the final payment on any deliverable until the LCB accepts the deliverable as meeting the specifications of the contract. Ten percent (10%) will be withheld from each payment and will be paid within 30 days after the consultant has completed all of the deliverables and services set forth in the contract between the parties.

XII. NO ASSIGNMENT, TRANSFER OR DELEGATION

The successful consultant shall not subcontract, assign, transfer or delegate, or otherwise dispose of any rights, obligations or duties under the contract without the prior written consent of the LCB.

XIII. INDEPENDENT CONTRACTOR

The parties agree that the successful consultant is an independent contractor and is not a state employee and there will be no:

1. Withholding of personal income taxes by the state of Nevada;
2. Industrial insurance coverage funded by the state of Nevada;
3. Participation in group insurance plans which may be available to employees of the state of Nevada;
4. Participation or contribution by either the independent contractor or the state of Nevada to the Public Employees' Retirement System;
5. Accumulation of vacation leave or sick leave; or
6. Unemployment compensation coverage provided by the state of Nevada.

XIV. CONFIDENTIALITY OF INFORMATION

The successful consultant must agree to maintain the confidentiality of any information, records, and data obtained for the purpose of performing its duties under the contract. The successful consultant must further agree not to use such information for any purpose other than its performance under the contract and that it will require its employees and subcontractors to comply with the confidentiality requirements of this section.

XV. STATE OWNERSHIP

All work performed and all reports, materials, work products and deliverables prepared for the LCB and the Committee to Study a New Method of Funding Public Schools in Nevada pursuant to the contract are the property of the state of Nevada and all title and interest therein shall vest in the LCB and shall be deemed to be a work made for hire and made in the course of the services rendered hereunder. To the extent that title to any such reports, materials, work products and deliverables may not, by operation of law, vest in the LCB or such reports, materials, work products and deliverables may not be considered works made for hire, all rights, title, and interest therein must be irrevocably assigned to the LCB. All such reports, materials, work products and deliverables shall belong exclusively to the LCB, with the LCB having the right to obtain and to hold in its own name copyrights, registrations or such other protection as may be appropriate to the subject matter, and any extensions and renewals thereof.

The successful consultant shall agree not to use, willingly allow, or cause to have such reports, materials and work products used for any purpose other than the performance of its obligations under the contract without the prior written consent of the LCB.

Further, the successful consultant shall agree to give to the LCB and any person designated by the LCB, reasonable assistance, at the expense of the state of Nevada, required to protect the rights defined in this section. Unless otherwise requested by the LCB, upon the completion of the services to be performed, the successful consultant shall immediately turn over to the LCB all reports, materials, work products and deliverables developed pursuant to the contract.

XVI. PROJECT RECORDS

The consultant must agree that the books, records, documents and accounting procedures and practices of the consultant relevant to the agreement are subject to inspection, examination, audit and copying by a person designated by the LCB, at reasonable times and with reasonable notice. The LCB may request at any time, and the consultant shall provide, any such documentation in a form acceptable to the LCB at a location determined by the LCB.

The successful consultant must further agree to preserve and make available any books, records and documents relevant to the performance of the contract for a period of three (3) years after the date of final payment under the contract. If the contract is completely or partially terminated, the books, records and documents relating to the work terminated shall be preserved and made available for a period of three (3) years after the date of any resulting final settlement.

XVII. COMPLIANCE WITH LAWS

The successful vendor shall comply with all applicable federal, state, county, and local laws, ordinances, regulations, and codes in the performance of its duties under the contract.

XVIII. REQUEST FOR PROPOSALS APPLICATION

INSTRUCTIONS: Thoroughly complete all information requested starting as follows (1 through 6). Provide any additional information regarding your company that would be helpful in evaluating your proposal. Proposals may be submitted on paper or electronically. **If the proposal is submitted in paper form, please submit ONE (1) ORIGINAL AND SIX (6) COPIES with your proposal.**

All proposals must be received by the Fiscal Analysis Division of the LCB on or before **5:00 p.m. PST, on Friday, April 6, 2012.** **No allowance will be made for late submission.**

QUESTIONS: All questions pertaining to this Request for Proposals must be made in writing to Julie Waller at jwaller@lcb.state.nv.us. Questions will be accepted until 5:00 p.m. PST, on March 19, 2012. To the extent possible, responses to all vendor questions will be posted publicly on the legislative website at <http://www.leg.state.nv.us/App/rfp/A/Default.aspx> by 5:00 p.m. PST, on or before March 26, 2012.

1. CONSULTANT SUMMARY INFORMATION

- A. FIRM NAME
- B. ADDRESS
- C. TELEPHONE
- D. CONTACT PERSON
- E. FEDERAL TAX ID #

2. DESCRIPTION OF COMPANY

Describe your company, including organizational structure, age, location of offices, experience, financial stability, and qualifications of key personnel assigned to the project.

3. COMPANY OWNERS

If not a publicly held company, provide a complete list of owners and officers of company.

4. PROJECT WORK PLAN AND TIMELINE

The proposed work plan must include a detailed plan and time schedule identifying the work activities that must occur, responsibilities of the consultant and the final products that will be produced.

5. COST – INCLUDING ITEMIZATION OF SCOPE OF WORK COMPONENTS

The cost proposal must include an itemization of the cost associated with Sections 1 through 4 of the Scope of Work and the itemized cost of each component specified in subsections (A) through (B) of Sections 2 and 3.

6. CURRENT REFERENCES FOR THE LEGISLATIVE COUNSEL BUREAU

List a minimum of four (4) references, including the name of a contact person, name of company, address, and telephone number who the LCB may contact. References which can speak to prior work engagements with similar scopes of work and higher education are preferable.

draft

ATTACHMENT A

Senate Bill No. 11–Committee on Finance

CHAPTER.....

AN ACT relating to public school finance; directing the Legislative Commission to appoint a committee to conduct an interim study concerning the development of a new method for funding public schools in this State; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Under existing law, the Nevada Plan for School Finance provides for the financial support of the school districts, charter schools and university schools for profoundly gifted pupils. The formula in the Nevada Plan is expressed as: State financial aid to school districts equals the difference between school district basic support guarantee and local available funds produced by mandatory taxes minus all the local funds attributable to pupils who reside in the county but attend a charter school or a university school for profoundly gifted pupils. (NRS 387.121) **Section 22** of this bill directs the Legislative Commission to appoint a committee to conduct an interim study concerning the development of a new method for funding public schools in Nevada.

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

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

Sections 1-20. (Deleted by amendment.)

Sec. 21. The Legislature hereby finds and declares that:

1. In 1967, the Legislature, as a response to circumstances prevailing at the time and to allow the State to fulfill its responsibility to appropriately fund public schools, adopted a new method, known as the Nevada Plan, for funding public schools;
2. By considering and adopting the Nevada Plan, the Legislature recognized that changing circumstances in the State and changes in the student population in the State would necessitate changes to the Nevada Plan;
3. In 2011, the State and its public schools face remarkably different conditions than in 1967;
4. Nevada is home to both one of the largest school districts in the nation and one of the smallest school districts in the nation;
5. The educational needs and demographic characteristics of students in the public schools vary widely and have disparate impacts on the ability of each student to have a quality education;
6. The fundamental purpose of the State’s public education system is to ensure a reasonably equal opportunity for each student to have a quality education;



7. The needs and characteristics of each student have a direct influence on the ability of that student to take advantage of an opportunity for a quality education;

8. Recent education reforms, including the adoption of common core standards, the advancement of empowerment schools and charter schools, the creation of the Teachers and Leaders Council of Nevada and other important advancements in the public education system will enhance the ability of public schools to meet the needs of individual students;

9. Such reforms are specifically designed to improve and advance the purpose of the State's public education system and to help prepare students for higher education and for careers;

10. The success of these reforms depends on a funding method that effectively meets the variety of individual student needs and characteristics inherent in an ever-growing and increasingly diverse student body;

11. Recent economic problems in the State have illustrated the necessity of using every public dollar to its maximum benefit;

12. Many other states use funding systems based on individual student needs and characteristics to advance their goals regarding student achievement; and

13. A new method for funding public schools in this State is necessary to continue to improve and advance the purpose of the State's public education system.

Sec. 22. 1. The Legislative Commission shall appoint a committee to conduct an interim study concerning the development of a new method for funding public schools in this State.

2. The committee must be composed of six Legislators as follows:

(a) Three members appointed by the Majority Leader of the Senate, at least one of whom must be appointed from the membership of the Senate Standing Committee on Education during the 76th Session of the Nevada Legislature; and

(b) Three members appointed by the Speaker of the Assembly, at least one of whom must be appointed from the membership of the Assembly Standing Committee on Education during the 76th Session of the Nevada Legislature.

3. The committee shall consult with and solicit input from individuals and organizations with expertise in matters relevant to the purpose of developing a new method for funding public schools in this State.



4. Any such method proposed by the committee must:
 - (a) Be consistent with the constitutional responsibility of the Legislature to provide for a uniform system of common schools; and
 - (b) Account for, and be based on, differences in the needs and characteristics of individual students.
 5. The committee shall submit a report on its findings, including, without limitation, any proposed methods for funding public schools in this State and any recommendations for legislation, to the 77th Session of the Nevada Legislature.
 6. The committee shall carry out the duties of this section only to the extent that money is available to do so from sources including, without limitation, gifts, grants and donations.
- Sec. 23.** This act becomes effective on July 1, 2011.



**Committee to Study a New Method for Funding Public Schools in Nevada
(Pursuant to Senate Bill 11 of the 2011 Legislature)**

Proposed Committee Work Timeline
(Agenda Item F)

	DATE	ACTION / ACTIVITY
1.	Friday, March 2, 2012	Second meeting of the Committee to Study a New Method for Funding Public Schools in Nevada.
2.	March 7, 2012	Request for Proposals (RFP) released.
3.	April 6, 2012	Consultant responses to the RFP are due to the Fiscal Analysis Division.
4.	April 16, 2012	Evaluation of Consultant responses completed.
5.	Friday, April 20, 2012	Third Committee Meeting: Select consultant and authorize staff to negotiate contract for Director of the Legislative Counsel Bureau to sign by April 27, 2012. Provide direction to staff.
6.	August 1, 2012	Preliminary written report due that includes the results of the consultant's study for the deliverables (1) to (3) inclusive, set forth in the Scope of Work, which must include any recommended changes to Nevada's school funding model or any recommendations for improvement to that model.
7.	Thursday, August 9, 2012	Fourth Committee Meeting: Receive and review consultant's preliminary report. Discuss consultant's findings and any recommendations for changes or improvements to Nevada's public school funding model. Provide direction to staff and consultant.
8.	Tuesday, August 28, 2012	Final Committee Meeting: Receive final information from consultant and staff. Formulate Committee findings and recommendations, possible bill draft requests (BDRs) for 2013 Session. Provide direction to staff to prepare Committee's final report (bulletin).