

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON EDUCATION**

**Eighty-Second Session  
February 7, 2023**

The Committee on Education was called to order by Chair Shannon Bilbray-Axelrod at 1:31 p.m. on Tuesday, February 7, 2023, in Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda [[Exhibit A](#)], the Attendance Roster [[Exhibit B](#)], and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/82nd2023](http://www.leg.state.nv.us/App/NELIS/REL/82nd2023).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Shannon Bilbray-Axelrod, Chair  
Assemblywoman Angie Taylor, Vice Chair  
Assemblywoman Natha C. Anderson  
Assemblyman Reuben D'Silva  
Assemblywoman Alexis Hansen  
Assemblywoman Melissa Hardy  
Assemblyman Gregory Koenig  
Assemblywoman Selena La Rue Hatch  
Assemblyman Richard McArthur  
Assemblywoman Erica Mosca  
Assemblywoman Clara Thomas  
Assemblywoman Selena Torres

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

None

**STAFF MEMBERS PRESENT:**

Alex Drozdoff, Committee Policy Analyst  
Asher Killian, Committee Counsel  
Cameron Newton, Committee Counsel  
Nick Christie, Committee Manager



Funmi Sheddy, Committee Secretary  
Gina Hall, Committee Secretary  
Ashley Torres, Committee Assistant

**OTHERS PRESENT:**

Guy Hobbs, Chair, Commission on School Funding, Department of Education  
Megan Peterson, Deputy Superintendent, Student Investment Division, Department of Education  
James Kirkpatrick, State Education Funding Manager, Office of Pupil-Centered Funding, Student Investment Division, Department of Education

**Chair Bilbray-Axelrod:**

[Roll was called.] Welcome to the first meeting of the Assembly Committee on Education of the 82nd Session. Welcome everyone. It is so nice to be in person.

Welcome to everyone in the audience in Carson City. First thing, silence your phones. If you wish to testify, please sign in at the table by the door and provide a business card to our committee assistant. For those of you joining online, be sure to mute your microphone when you are not speaking as to minimize background noise. When testifying, please turn on your microphone and clearly state your name and any affiliation that you have. Then, turn the microphone off each time you are done speaking. I will remind you to say your name each time. I know it seems strange at first, but it really does help our committee secretaries. Please provide 20 hard copies of handouts for members of the public. Please submit electronic copies for members of the Committee to our committee manager by 1:30 p.m. the day before the meeting.

We expect courtesy and respect in our interactions during the meeting. We might not agree with everything, but we can still be nice to each other. Committee members will be using our laptops to view handouts and other documentation. Do not view this as a sign of disrespect or inattention.

Today we are going to consider committee policies, review the Committee Brief, and hear a presentation on school funding from the Commission on School Funding and the Department of Education (NDE). Before we begin, I would like everyone to get familiar with each other and the committee members and staff. I will start by introducing myself. I am Shannon Bilbray-Axelrod. I represent Assembly District 34 in the northwest part of Las Vegas, and my district has expanded some to the east. I have a great, diverse district and I am happy to be here. This is my fourth session. I came in the 79th Session. This is my second time on the Education Committee and my second time chairing the Education Committee. We have a great Committee with a lot of new people who are going to bring a lot of robust conversations; I look forward to that. I am here for you.

**Assemblywoman Taylor:**

I am Angie Taylor, first-year legislator, so this is my first year on the Committee. I proudly represent Assembly District 27, the Reno university district, up north a little bit over to catch all of Sun Valley and then down to McCarran. I am excited to be here. Education is a passion of mine, and we know how important it is. You heard the conversation from yesterday; everybody is concerned and cares about education and doing the best we can for our students and for our staff. I am happy to be here to help make that happen.

**Assemblywoman Hansen:**

I am Assemblywoman Hansen of District 32. I live in the Spanish Springs area of Sparks and my district covers a large area of Washoe and five of the rural counties in the north. This is my third regular session. I have served in three special sessions. I am a mother of 8 and a grandmother of 20. It goes without saying that education is important to me, and to all of us, regardless of whether we have children or not. The children in our state are ours. I am here to listen, to learn, and to offer solutions. Hopefully we can better serve the needs of our children in public schools. Thank you for your time and for being here.

**Assemblywoman Torres:**

My name is Selena Torres and I proudly represent Assembly District 3, which is in west Las Vegas and northwest Las Vegas bordering our colleague's district, the Chair of this Committee. I am also an educator, so I work at a school. My mom is an educator, my grandfather was an educator. My siblings are both educators. You may notice a trend. At her pre-K presentation, my niece promised that she, too, was going to be an educator and a fixer like her papa. I am excited to return to the Education Committee; this will be my third time serving.

**Assemblywoman Anderson:**

My name is Natha Anderson. I represent Assembly District 30 which I call the heart of Truckee Meadows. My district includes Sparks and just a little bit of the Reno area. I am a fifth-generation teacher. Both my parents were teachers in the Washoe County area of Nevada. This is my first time serving on the Education Committee, and my second time serving as a legislator.

**Chair Bilbray-Axelrod:**

Next, we will go to the longest-serving member on our Committee, Assemblyman McArthur.

**Assemblyman McArthur:**

My name is Richard McArthur. I represent Assembly District 4, which is in the northwest part of Las Vegas. This is my fifth session and I have been on the Education Committee a few times too.

**Assemblywoman Hardy:**

I am Assemblywoman Melissa Hardy. I represent Assembly District 22, which is Henderson, in southern Nevada. This is my third session. I was elected in 2018 and have served on the Education Committee every session I have been here. I also served on the Joint

Interim Standing Committee on Education. My daughters and I are proud products of Clark County School District and the University of Nevada, Las Vegas. We have a rich tradition of education in Nevada, and I think one thing we all agree on is that there is a lot that can be done in education in all areas. During this session, if we can do even a few things to help the children in our state, I think we can count that as a success. I am proud and happy to be able to be a part of that.

**Assemblywoman La Rue Hatch:**

I am Assemblywoman Selena La Rue Hatch. I am from Assembly District 25, which is northwest Reno and includes a little bit of old southwest Reno as well. I am a high school teacher at North Valleys High School. I am also the parent of a kindergartner in Washoe County School District. I am here as both an educator and a parent, and I echo what everyone said. I am passionate about education and excited to talk about the many issues we need to address. I am excited about the movement we will make this session.

**Chair Bilbray-Axelrod:**

If anyone missed your daughter and her gorgeous, sparkly red dress yesterday, I pity them because she was a vision.

**Assemblywoman Thomas:**

I am Clara Thomas. I represent Assembly District 17 in beautiful North Las Vegas. There are some things I think you might be familiar with in the area that I represent. If you are familiar with the North Las Vegas VA Medical Center, that is in Assembly District 17. The Las Vegas Motor Speedway and over to Nellis Air Force Base are also included in Assembly District 17. I am proud to say I have a diverse community and that most of the schools are [Title I] Tier 1. I am not a teacher, but I am a grandmother, and it is important for me to let you know that teaching and education are the things that got me here because it is very important for our kids. I have always said that we need to invest in our children. If we do not do that, then we pack up and go away. Education is imperative. I have two children that I have raised in this valley. I have been here for 40 years. I came in with the United States Air Force and was stationed at Nellis Air Force Base most of my career. I am retired military, having served in the United States Air Force. Education is really important to me, and it should be important to every single person in the state of Nevada.

**Assemblyman Koenig:**

My name is Greg Koenig. I am a fifth-generation Fallonite. I represent a rural district, Assembly District 38. I have most of Lyon County, all of Churchill County, all of Mineral County, all of Esmeralda County, and a couple of districts in Tonopah. I served on the Churchill County Board of School Trustees for 12 years. I was President of the Board for 6 of those 12 years. I also served on the Nevada Association of School Boards with Assemblywoman Taylor. I not only saw 12 years of education at the county level, but also 6 years of education at the state level. Following that, I served as a County Commissioner in Churchill County, but my passion and my love is education. I want to do whatever we can to improve it.

**Assemblyman D'Silva:**

My name is Assemblyman Reuben D'Silva. I represent Assembly District 28 in northeast Las Vegas. My district includes parts of the city of Las Vegas, parts of North Las Vegas, and unincorporated Clark County. I am a schoolteacher. I teach at Rancho High School, the high school that I graduated from. I have been teaching there for nine years. Prior to that, I served in the United States Marine Corps. I saw action in Iraq, in the Fallujah, Ramadi, and Habbaniyah areas. Education has always been the front-and-center issue when it comes to our body politic, and I am hoping this can be the education session. I know this is my first term and I have been a member of the Education Committee for just 20 minutes or so, but I am very excited to be a part of this Committee and I know that we will do great things for our state if we can work together and make this happen.

**Assemblywoman Mosca:**

My name is Erica Mosca. I will be representing Assembly District 14 this session. I am a freshman and very proud to be representing East Las Vegas. I am also proud to be the first person in my family to graduate from college. I would not be here if it were not for equitable opportunities through education. I have been an educator for the past 15 years and I am very excited to be here.

**Chair Bilbray-Axelrod:**

We have such a great Committee and so many folks who are ready to get down, roll up our sleeves, and do what we need to do. At this time, I will introduce our Committee staff. We are lucky enough to have two committee counsels. Asher Killian, our first committee counsel, was born and raised in Midwest City, Oklahoma. After finishing his undergraduate degree and law degree at the University of Oklahoma, he came to the Legislative Counsel Bureau (LCB) in 2007. Asher currently serves as Chief Deputy Legislative Counsel in the Legal Division of the LCB during session. Asher has staffed both the Senate and Assembly Committees on Education and the Assembly Committee on Government Affairs. He has also staffed various interim committees on topics including education, health, commerce and labor, redistricting, affordable housing, and cannabis. He also staffed the Legislative Commission and Nevada Youth Legislature. I was so pleased when I saw that Asher was going to be our counsel. We really knocked it out of the park with that one.

We also have our next committee counsel, Cameron Newton. Cameron serves as Deputy Legislative Counsel with the LCB and began this role with the Legal Division in 2022. Cameron is originally from Frankfort, Kentucky. He received his bachelor's degree from the University of Kentucky and graduated from William & Mary Law School in beautiful Williamsburg, Virginia, in 2022. This is his first committee assignment. Our committee policy analyst is Alex Drozdoff. She grew up right here in Carson City. She earned her bachelor's degree from Pepperdine University and left Malibu to come back to Carson. Alex received her master's degree in English with an emphasis in rhetoric from the University of Nevada, Reno. This will be her first session with our Committee, although she did staff our Interim Education Committee, on which I had the pleasure of serving as vice chair. She is excited to be working with education. We are very excited to have her as well.

Our committee manager is Nick Christie. He is great. He is not in the room, but he is in my office if you want to come by and meet him. He was born in San Jose, California, but from the age of three until his mid-twenties, he grew up in the United Kingdom. After graduation from the University of Wales with a bachelor's degree in psychology, he decided to move back to the United States. After several months of traveling coast to coast, he finally landed in Las Vegas where he stayed for ten years. While there, he was extremely fortunate to meet his wife Marci, who is adorable. Marci was born and raised in Las Vegas, and in 2019 they had a son named Wesley. I met Wesley last session, and he is so cute. They decided to switch one extreme climate for another, and they moved to Lake Tahoe. Their second son, Felix, was born in late 2020. As far as having a hobby, Nick has two toddlers in the house, so that dominates most of his spare time. This is Nick's second session with the Nevada Assembly. He was the Education committee manager last time and he is beyond excited to be back working with the Committee and doing our important work. He thinks it is truly essential.

We have two committee secretaries. We have Funmi Shetty. Funmi grew up in the Seattle area and has been a Reno resident for the past decade. She is a mother to a fun, creative 13-year-old son and enjoys spending time with friends and family, reading, dancing, and being in nature. Long ago, she worked as a page for the House of Representatives in Washington state. She most recently worked as a registered behavior technician providing intensive one-on-one behavioral services to children diagnosed with autism in clinic, home, and school settings. She is currently working on a master's degree in behavior analysis in education and accruing hours towards a certification as a board-certified behavior analyst. This is Funmi's first session with the Nevada Legislature, and she is really excited to be here. We are happy to have you.

Our other secretary is Kathy Biagi. Kathy worked for the State of Nevada and was the Nevada Head Start State Collaboration Director around 2000. When she completed her master of arts for teachers of English to speakers of other languages, she became the State Literacy Coordinator. In 2009 she moved near Seattle to become Cascadia College's Director of English as a second language and adult basic education. She moved back to Nevada in 2020. After session, she will go back to watercolor painting.

Our committee assistant is Ashley Torres. Ashley was born in Huntington Park, California. She moved to Carson City after the birth of her second child in August 2014. Ashley and her family enjoy all the outdoor activities northern Nevada has to offer, such as hiking, kayaking, and sightseeing. This will be her first legislative session and she is very excited to be part of such an important committee. Ashley has the pleasure of assisting Education, Health and Human Services, and Judiciary Committees.

And finally, my attaché, Erinn Durmick. Erinn is the face of my office. She has a friendly, warm, welcoming face and that is what I wanted. Erinn is excited and honored to be working her first legislative session in this position. She grew up in Seattle, Washington, and graduated from Cornish College of the Arts with a bachelor's degree in fine arts education. She has worked as a store manager for several different retailers and as the deputy operations

director of a political campaign. In 2014, her work brought her to Reno, Nevada, where she met the love of her life, her wife, Kerry. They were married in 2017 at River School Farm, located on the banks of the Truckee River. They purchased their first home in Reno later that year. Erinn and Kerry moved to Las Vegas in March 2021 and own a home in the downtown-west area, where they enjoy their two cats and a French bulldog. They enjoy hiking, traveling, trying new restaurants, and being active in Nevada politics.

Last, but certainly not least, I would like to thank our Broadcast and Production Services staff for doing everything they do and helping our meetings run smoothly. I do not know what we would do without them. They are always available and there to assist. Thank you, legislative staff. We will thank you a lot and I just want to make sure to say thank you as much as possible because I know as much as we work, you guys are working even harder.

Now we are going to adopt the Committee policies. Members, you should all have those, and if not, they are also on the Nevada Electronic Legislative Information System (NELIS). Committee work is governed by the Assembly Standing Rules that were adopted on the first day of session. The proposed policies that are in front of every Committee member add more details about the meetings [\[Exhibit C\]](#).

Make sure you get your exhibits in on time. The best committees are run with a lot of daylight and openness. When we get those exhibits up and everyone can see them, it mitigates miscommunication or the thought that we are trying to hold something back. Typically, if I have an exhibit early, I will put it online early.

I know we do not really need to say this in this building because we have been really good about this, but we have seen, at times, an atmosphere where we are not the most respectful and courteous to each other. Let us make sure we are respectful and courteous to each other. We do not always have to agree, but we do not have to be mean about it. I keep thinking about that Abraham Lincoln quote Speaker Yeager shared yesterday. When Abraham Lincoln was asked about a rival he said, I do not like that man, I must get to know him better. That is how I want our Committee to act, especially as the Education Committee. This is how we want to teach our kids to act. Let us be courteous of each other's time and show up on time to get started.

Are there any questions about the policy, or any discussion we need to have? [There were none.] I will accept a motion to adopt the proposed Committee policies.

ASSEMBLYWOMAN TORRES MOVED TO ADOPT THE ASSEMBLY  
COMMITTEE ON EDUCATION 2023 COMMITTEE POLICIES.

ASSEMBLYWOMAN HARDY SECONDED THE MOTION.

THE MOTION PASSED UNANIMOUSLY.

**Chair Bilbray-Axelrod:**

Our committee policy analyst, Alex, will now review the Assembly Committee on Education Committee Brief [\[Exhibit D\]](#).

**Alex Drozdoff, Committee Policy Analyst:**

I am from the Research Division of the Legislative Counsel Bureau. As nonpartisan legislative staff, I can neither support nor oppose any measure that comes before the Committee. Chair Bilbray-Axelrod asked me to provide you an overview of our Committee Brief [\[Exhibit D\]](#). Each of you should have a copy of the brief. There are public copies available on the entry table and should also be available online. In the brief, you will see the committee staff, as well as topics generally under the jurisdiction of this Committee. In the 2021 Session, this Committee considered a total of 69 measures [page 4, [Exhibit D](#)]. Of those, 59 were voted out of the Committee and 51 were signed into law. The Committee can anticipate hearing a similar number of bills this session. I listed some of the major legislation passed during the 2021 Session, as well as the 2019 Session and the 31st Special Session [pages 4-9]. I will not go through each of these measures during this presentation, but I am more than happy to provide additional information on any of them following this meeting. I will mention a couple here, though. First will be under the umbrella of school funding, since the Committee will be hearing a couple of presentations on this topic later this meeting.

Assembly Bill 495 of the 81st Session provided for the imposition of a new mining excise tax and directed that it was to be deposited to the State General Fund for the 2021-2023 biennium and then to the State Education Fund beginning July 1, 2023. Additionally, beginning July 1, 2023, the portion of the tax on the proceeds of minerals currently deposited in the State General Fund will instead be deposited in the State Education Fund. Furthermore, the bill required the Commission on School Funding to investigate sources of revenue to fund public education in Nevada and required certain related reporting. Other topics of note during the 2021 Session include, but are not limited to, legislation related to the COVID-19 pandemic, such as Senate Bill 173 of the 81st Session which required submission of certain learning loss plans. Also included in this list is legislation related to bullying and discipline, such as Assembly Bill 371 of the 81st Session which extended provisions related to bullying and cyberbullying, and Assembly Bill 67 of the 81st Session which revised provisions related to pupil discipline.

There were several postsecondary education bills as well, such as Assembly Bill 450 of the 81st Session which concerned a study of workforce training and the programs offered by community colleges, and Senate Bill 347 of the 81st Session which created the Sexual Misconduct Task Force at institutions of higher education. This is not intended to be an all-inclusive list, but again, if the members would like more information on any legislation within this list, I am happy to provide that.

I have included a list of potential topics the Committee may hear during this session. Many of these topics were also heard by the Joint Interim Standing Committee on Education during this previous interim. The brief also outlines a few of the many education-related reports submitted to the Legislature. The *Nevada Revised Statutes* requires over 100 different



reports about education. I have not included references to all of them here, but I have linked to the statutory requirements of a few examples in the electronic version of the brief. If there is a report you are interested in, I am happy to provide that.

Furthermore, I have provided links to a couple of publications relevant to the work of the Committee [page 11, [Exhibit D](#)]. The first is the final report of the Joint Interim Standing Committee on Education. This report outlines the work of the committee over its 11 meetings this past year. It also details the 66 proposals heard by the committee during its work session on August 30, 2022, which resulted in eight bill draft requests and multiple letters and statements from the committee. Additional information can be found within that report.

This section also provides a link to the final report of the Committee to Conduct an Interim Study Concerning the Use of the Name, Image, and Likeness of a Student Athlete. Assembly Bill 254 of the 81st Session created this interim study committee which was tasked with studying existing laws and bylaws related to compensating a student athlete for the use of their name, image, and likeness. The committee considered five proposals at its work session, including the suggestion of a bill draft request related to name, image, and likeness deal disclosures, which the Joint Interim Standing Committee on Education later voted in favor of.

Also in the brief, the Committee will find listed several select educational entities such as the State Board of Education, the Superintendent of Public Instruction, the State Public Charter School Authority, the Commission on School Funding, and the Nevada System of Higher Education Chancellor with brief descriptions of each body [page 12]. The Committee will likely be hearing from or about these entities throughout session. Finally, the Committee will find a glossary of common education acronyms for your reference [pages 13 and 14].

**Chair Bilbray-Axelrod:**

Because we have a lot of new people, I want to go over where we are finding all these documents being referenced. Most of the Committee members have the Committee Brief printed out, but I will share where you can find these documents online. Go to NELIS and navigate to this Committee meeting. You will see it says "agenda," "minutes," "work session documents," and "exhibits" on the right side. If you open the "exhibits" link, you will find seven of them for this meeting. On these electronic versions of the exhibits, you will notice many things are hyperlinked. If you follow the hyperlinks, you can learn a lot.

Committee, do we have any questions? [There were none.]

We are ready to move to our two presentations for today's meeting, both of which will discuss school funding. First the presentation from the Commission on School Funding. Those of us who were on the Interim Education Committee heard this before, but I thought it was important that we all hear it, and that it stays front of mind. The presentation was very well done, and I am happy to have Guy Hobbs, Chair of the Commission on School Funding.

He is down in Las Vegas and is here to discuss the background and findings of the Commission.

**Guy Hobbs, Chair, Commission on School Funding, Department of Education:**

The first legislative session where I had the pleasure of testifying was 1981. Since that time, I have appeared fairly regularly in front of what used to be called the Taxation Committee and what is still called the Committee on Government Affairs. This is my first opportunity to work directly with the Committee on Education, and I am quite excited about that. I wanted to give you a little bit of background before going into some slides. I hate to go through some of these slides and bring down the mood you have created, Madam Chair, but I think that it is important to bring you all up to date on where the work of the Commission stands at this point [[Exhibit E](#)].

Just by way of background, the Commission on School Funding was initially established by legislative act in 2019 by way of Senate Bill 543 of the 80th Session. Some of the tasks assigned to the Commission were further augmented in the 2021 Session by Assembly Bill 495 of the 81st Session. What we were asked to do was go through the, at that time, new Pupil-Centered Funding Plan and work on some technical aspects. Many of those were dealt with in the 2021 Session and incorporated into the Pupil-Centered Funding Plan, which you will be hearing about from the Department of Education (NDE) a little bit later today.

We were also tasked with identifying optimal funding for education in the state of Nevada. If we identified optimal funding for education, we were further tasked with identifying ways in which those targets could be funded over a ten-year period. All in all, three years of work by your Commission on School Funding has taken place. We went into hiatus this past October and are not scheduled to reconvene until after your session is concluded.

The first part of our existence was focused on the elements of the Pupil-Centered Funding Plan. The second part of it was focused on identifying optimal funding. I will talk about that process for a few moments, particularly the second part of it. The Pupil-Centered Funding Plan has been worked through well and is working as intended at this point. As we embarked on ways to identify what optimal funding may look like, we used several different measures. One of them was asking the question, What does the average state in the country spend on education per pupil? Another measure we used was provided by a subject-matter expert that the state has used several times over the years, Augenblick, Palaich and Associates, which is a consulting firm that goes by the initials APA. They provided the state with at least two reports on what funding adequacy or optimality should be. Those became two metrics we used to evaluate where Nevada currently is, compared to what the national average is and where the subject matter experts believe we should be.

We actually looked at a third measure, as well, and that was provided to us by the Nevada Association of School Superintendents. They were tasked with identifying the ways that additional provided monies would be deployed and how much may be needed in order to reach some of the various objectives of the state, including things like class size and those

sorts of items. We worked using these three measures. All of this was included in a report that we filed on November 14, 2022. The main body of the report was approximately 50 pages, and with attachments it hit the 401-page mark. We apologize for the thickness of that report, but I believe in the first 50 or so pages, you will get a lot more detail than I will be able to deliver today. We also delivered an executive summary that is in a more digestible four- or five-page form. Hopefully that is available to all of you, and you have had a chance to review that.

I am going to get into a few numbers relative to some findings of the Commission on School Funding [page 2, [Exhibit E](#)]. This is a comparison I spoke about earlier. We wanted to look at where Nevada was. We are using the year 2020 because, at the time of our report preparation, that was the most recent year available from our data source, National Center for Education Statistics (NCES). The NCES produces national average statistics for all states in the country. You will notice these are all in 2020 dollars. These are apples to apples in terms of dollars, and I can assure you that they are apples to apples in terms of composition. In the past, I believe you all have received numbers that sometimes included capital, and sometimes did not include capital, sometimes included federal funding, and sometimes did not include federal funding. The numbers that you see here are all exclusive of federal funding and capital and are presented to you on an apples-to-apples basis. Using 2020 as a base, we were able to see that Nevada spent \$9,548 per pupil compared with the national average of \$13,489, compared again with the subject matter expert's recommendation of \$14,337 [page 2]. A reminder, these are 2020 dollars. One of the next tasks would be to bring the numbers up to date by taking the 2020 dollars and advancing them forward to the next fiscal year.

What we have done here, as you can see on the top part of this slide, 2020 is identical to the slide you saw previously [page 3]. That is a comparison of where we were in 2020. Now comparing to where we are in 2024 for the national average and we have inflated these numbers. The NCES has not yet come out with next fiscal year's values at this point, so we took the liberty to inflate those forward. The national average spending would be \$15,503. The recommendation of APA similarly inflated forward would be \$16,478. What we did was show what Nevada spent and committed in the fiscal year (FY) 2023. That was an actual value based on Nevada's appropriations for FY 2023. If we inflate the numbers the Commission on Education Funding put forward, in 2024 dollars, the amount would be \$11,785 [page 5]. Now, I would draw your attention back to the first number we looked at, \$9,717, as we move forward with this. With the filing of the *Executive Budget*, the amount of per pupil spending contained within that budget would increase spending to \$11,785, which is approximately \$2,000 more than that \$9,717 number that you saw a bit earlier. That represents a commitment of just under a billion dollars going into the next fiscal year. As I understand it, the budget also includes a similar amount inflated a bit forward for the second year of the biennium. You can see how those comparisons still line up with the national average and subject matter expert recommendations [page 5].

Despite the fact that there are significant gains being made in terms of per-pupil funding by virtue of the *Executive Budget*, there is still a bit of work to be done. What we are trying to

show in this next slide is for purposes of comparison with other numbers that will follow [page 6, [Exhibit E](#)]. This shows what the Commission on School Funding's report identified as per pupil spending and it is inflated forward through 2033. Why are we going that far forward? Because the guidance we are given through Senate Bill 543 of the 80th Session and Assembly Bill 495 of the 81st Session was to consider this over a ten-year period. These are inflated forward based on a 20-plus year average inflation rate over the past 20 years. Current inflation certainly may be higher than that, but we were a bit more conservative and used average inflation over a period of time. If we compare that to what was included in the *Executive Budget*, we can see that the *Executive Budget* is applying more dollars on a per-pupil basis than what we originally anticipated. From the Commission on School Funding's perspective, that is very, very good news. The actual funding that is included in the *Executive Budget* is a bit higher than what we were anticipating.

This is an important chart and we do have some other numbers that would back this up [page 8]. On the left side, this is from the Commission on School Funding's report. We identified that in order to reach the national average we would need to be spending \$18,500 per student by FY 2033. Given the fact that a ten-year implementation was considered, we looked at this as a phase in over that period of time. The dark blue areas of the graph are the areas that were identified by the Commission on School Funding report. The light blue areas up at the top were the amounts above and beyond that, that would be needed in each one of those years to achieve the annual funding goal. Moving to the right side, and you can compare that again to the left side, using the *Executive Budget*, you can see that with the increase in per pupil funding, FY 2024 and FY 2025 are largely already at the levels that were identified in the report, and the remaining levels of funding needed in the balance of the years through 2033 are also smaller per year, which is again, very good news because these are somewhat daunting values [page 8].

The graph labeled "CSF Report" shows the data on an aggregate basis [page 9]. Looking at 2033, that would have suggested that by 2033 the amount of additional expenditure required to reach the national average would be another \$2.8 billion in that year alone. All the years that you see to the left are the amount of additional spending that would be required in each one of those years to achieve the target of the ten-year phase in. On the graph labeled "Governor's Budget," you can see that with the funding that has been committed in the *Executive Budget* to this point, it has driven those bars downward. The influx of committed funds has moved the funding challenge from \$2.8 billion to \$2.1 billion.

I mentioned that we looked at APA as another metric for determining the gap between current spending and the objective level of spending. You can see on both the left and right side of this slide, the target amount for FY 2033 on a per pupil basis was \$19,700 [page 10], compared to \$18,500 simply to reach the national average. This is an important point because had the national average been the only measure that was used, there might be some question as to whether or not reaching the average was above or below where Nevada should be heading. I think with the subject matter expert pointing out a number that is higher than the national average, it suggests that reaching the national average would be on the lower end of what the target funding should be. With the Nevada Association of School

Superintendents having a higher value, even than APA, it suggests to me that again, reaching the national average is at the lower end of the target spectrum, and of course, as you would imagine, to reach APA's value on an aggregate basis. Again, looking at each year, these numbers would be quite a bit larger than those required simply to reach the national average.

That is an introduction to the identification of the funding targets, as they were when we filed the report, and as they may be at this point with the filing of the *Executive Budget*. The report was obviously prepared this past November without the advantage of knowing what was going to be included in the *Executive Budget*. It took us a little bit of effort over the past few weeks to update the numbers which simplified the way that we look at the gaps between where current funding is and what the objective levels of funding should be. Of course, the second part of what we were tasked to look at was methods of funding, and that is probably beyond the scope of your meeting today. As was suggested by the charge that you saw, the next biennium, particularly FY 2024 and FY 2025, by virtue of the appropriations that are included in the *Executive Budget*, those target funding levels for the first two years of the ten-year phasing period have been met, and to some extent, exceeded.

I suppose the urgency of having to look at additional funding is something which could certainly be considered this session. That is up to all of you and certainly will need to be considered by your next session, as we move forward and try to stay on target with each of the annual funding amounts which have been identified. I was not prepared to go into all of the different funding methodologies which we identified in the report, but I would certainly be happy to address those or answer any questions which you may have. In addition to the materials that I just went over, I was also asked to provide some information about various recommendations made by the Commission on School Funding which I believe are directed to us by the Legislature, and that we also addressed over the past couple of years.

There was a series of recommendations that were made by the Commission on School Funding at the request of the Legislature [[Exhibit F](#)]. Most of these dealt with some of the finer points in the Pupil-Centered Funding Plan. I will go over those as briefly as possible. Whether all or some of these have been included in the *Executive Budget* is not something that the Commission itself has had an opportunity to review, as the Commission went into hiatus this past October. I have had some discussions with NDE staff and I know they are present up in Carson City, in the event any questions come up about whether or not they have been included within the *Executive Budget*.

There was a series of recommendations made with respect to auxiliary services. Auxiliary services are essentially food services and transportation. The first recommendation was that those should be based upon a four-year average of actual expenditures. I believe the four-year average of actual expenditures has been incorporated into the Pupil-Centered Funding Plan (PCFP) and into the *Executive Budget* [page 2, [Exhibit F](#)].

The second one, a hold harmless adjustment, similar to that used for payments based on average daily enrollment data, should be applied in the event expenditures decrease. That is



a contingent situation that, at the moment, has not arisen. Those expenditures are going up. It is difficult to say whether something like that has been included or not.

The third item, charter schools and university schools for profoundly gifted pupils should be included in the calculation of the PCFP, using the same methodology established for school districts [page 2, [Exhibit F](#)]. I think as you all are aware, the auxiliary portion of school spending is on the top tier prior to funding the statewide base per pupil. Again, it is based on a four-year average. As a consequence of it being based on a four-year average of expenditures that have already been made, it will always be lagging current cost because it is reaching four years backwards. That is an interesting point and led to the consideration of applying an inflation adjustment against those.

Item five [page 3, [Exhibit F](#)]*—*an inflation adjustment factor for auxiliary services should be established that mirrors the inflationary factor for the PCFP—I am not certain, but I do not believe that has been included in the *Executive Budget* up to this point. Moving back up to number four, if charter schools or university schools for profoundly gifted pupils have not incurred expenditures for auxiliary services for a total of four years, the average should be based on the number of years for which data is available [page 3]. In other words, the basis will be for the actual number of years they have provided service. This was a topic of discussion with the Commission, that if charter schools have not provided something, but they intend to, or if they have only provided it for a short period of time, they should not be excluded from the same benefits that other schools that have had these services in place for some time enjoy. I think the idea was to treat charter schools and public schools the same way in terms of the allocation of resources.

Item six relates to the same discussion: allowing charter schools offering auxiliary services for the first time to develop a line-item budget based upon projected needs that would be submitted to NDE for consideration. Again, if there is a situation where a charter school is contemplating providing auxiliary services going forward and does not have historical spending for the past four years, there should be a method available to appeal to NDE to be able to participate on a forward basis [page 3].

The seventh item is lengthy. The four-year average of transportation costs would exclude any capital cost. District capital costs would be initially funded on a per-pupil basis, which is based upon the number of active buses in operation, using a 15-year useful life per bus, a cost of \$150,000 per bus, and total enrollment. The funding of a district's bus replacements and acquisition would be contingent upon an equivalent increase in the State Education Fund such that base funding is not impacted. I think there is a very important point in this one. That additional funding for transportation, as an element of auxiliary services, would not take place if it were at the expense of the State Education Fund, overall. Charter schools without an existing fleet would indicate their desire to begin transportation operations to NDE. Each charter school should receive the same amount of per-pupil funding as the district they are located within. Unspent dollars would be returned to the State Education Fund at the end of the school year [page 4]. This recommendation is largely based on removing the capital cost

for transportation from the four-year average and trying to come up with a uniform method of applying transportation costs between and among districts, schools, and charter schools.

In regard to inflation, the Commission on School Funding recommended that the Consumer Price Index (CPI) for West Urban Consumers, currently included in the *Nevada Revised Statutes*, should be replaced with a Nevada-specific CPI should a reliable Nevada CPI become available [page 5, [Exhibit F](#)]. If there was a Nevada-specific CPI at some point in the future, and if it was as reliable as the CPI data has been on a western regional basis, then we would recommend shifting to something that is more Nevada-specific. At this point in time, such a statistic does not exist, so this would not have been included in the *Executive Budget*. I think what we were trying to say here is, as something that is more specific to Nevada becomes available, we should be able to migrate over to that in the future.

Regarding at-risk students, the Commission on School Funding affirmed its previous recommendation to utilize the alternative definition by the State Board of Education to allocate weighted funding [page 6]. That has been, to my knowledge, included in the *Executive Budget*.

The Nevada Cost of Education Index was a topic for many, many meetings during the course of our discussions. The Nevada Cost of Education Index is an element of the PCFP that attempts to identify that there are cost differences between and among the various counties in the state. Some things are more expensive in the rural areas. Some things are more expensive in some of the urban areas. The development of a statistic that would recognize that and help with the allocation of monies between the districts, that is partially based on a recognition of differences in costs, would be something that would be helpful. A couple of years back, a floor of 1.0 was put into the equation. It is statistically inappropriate to cap the relationship of the upper end of costs with the lower end of costs and consequently that was recommended for removal [page 7]. I believe that was also incorporated into the *Executive Budget*.

The recommendation on virtual schools was to fund online district and charter schools at the statewide base per-pupil amount [page 8]. I believe in large part that has been included in the *Executive Budget*, certainly for charters and for online, I believe on a mildly adjusted basis. The Department of Education could probably better address that than I could.

The recommendation on dual enrollment was to maintain funding at the adjusted base per-pupil amount for students taking dual enrollment courses. Our understanding is that has been incorporated into the *Executive Budget* [page 9]. That brings us to the conclusion of the summary of recommendations and the conclusion of my presentation.

**Chair Bilbray-Axelrod:**

We do have some questions from Committee members. I will remind the Committee that we are a policy committee and not the money committee. Do not let the numbers hold you up too much. We are talking policy.

**Assemblywoman Anderson:**

I have two questions. The first has to do with the auxiliary services. You mentioned that the unspent money must be returned by the end of the school year. Is that because sometimes we have things that happen at the end of the school year that the bills do not come in for, or is that only for the auxiliary services? Or is that for all funds?

**Guy Hobbs:**

The context in which I was referring to the unspent money being returned to the State Education Fund was solely within the area of auxiliary services.

**Assemblywoman Anderson:**

Thank you. I do have a second question. It has to do with the definition of the at-risk students. I believe that there was a very lengthy discussion about that. If you could please go into what exactly is meant by "at-risk students"? Is it that they are at risk of not graduating? Or is it that the environment might be at risk, meaning there are other areas that make it difficult for a student to attend school?

**Guy Hobbs:**

I can assure you that I am certainly not the best person to address that particular question. I would refer that to NDE, if they are available.

**Chair Bilbray-Axelrod:**

We have folks right here in Carson City.

**Megan Peterson, Deputy Superintendent, Student Investment Division, Department of Education:**

We do plan to address that in our next presentation.

**Assemblywoman Torres:**

Could you talk a little bit about the dual enrollment funding and how that works? A lot of our students will register for dual enrollment courses that year, or they might register at semester. At what point are those funded? Are they funded throughout the year, or are they funded prior to the school year? What does that look like for a school that has more students that registered for dual enrollment than what is expected?

**Guy Hobbs:**

I believe NDE would be in a position to address that with a lot more detail than I might be able to. The Commission on School Funding was primarily looking at aggregate funding for education and I am not a professional educator, unlike some of the other members of the Commission. I would think that Megan Peterson and James Kirkpatrick with NDE might be better positioned to address that.

**Assemblyman D'Silva:**

I had a text coming from a constituent. Can you please go over the actual makeup of the Commission, the individuals who are part of that board?



**Guy Hobbs:**

The Commission is composed of individuals who were appointed based on criteria that is in Senate Bill 543 of the 80th Session. I do not know that I could recite it for you verbatim, but it includes the chief financial officers from the two larger school districts in the state, so both Clark County and Washoe County. It also includes two chief financial officers from rural school districts that included by appointment, White Pine County and Carson City School District. In addition to that, we had the superintendent from the Humboldt County School District. A representative from charter schools was a part of the Commission. We also had two other members who had experience and knowledge within the areas required by the legislation. The last member was the chair, who was appointed by the Governor. The initial chair was Karlene McCormick-Lee. She chaired through the first couple of years of the Commission's work. I had been the vice chair and assumed the position of chair about a year and a half ago, for the fun part to do with the identification of funding targets and funding methods. It has been a very good commission. Everyone on that commission serves as a volunteer. It is a noncompensated board and, as you can tell from what I mentioned to you, a number of people bring a wealth of expertise from a financial and administrative perspective within education. During the course of our meetings, we heard from a number of other people who are very passionate about education. It was well represented and well suited to the tasks over the first three years of its existence.

**Chair Bilbray-Axelrod:**

I am noticing a trend that a lot of these questions will probably be better answered with our next presenter from the Department of Education. For those viewing online or in Las Vegas, you actually can read all about the Commission on School Funding on the Department website. It is [doe.nv.gov/Commission\\_on\\_School\\_Funding/](http://doe.nv.gov/Commission_on_School_Funding/). Or, if you just google "Nevada Commission on School Funding," you can find the members and pretty much everything you need to know and more.

Thank you very much, Mr. Hobbs, for coming. I know you had to do a lot of work to get that information up from the *Executive Budget*. I thought it was important to get this information out again, so I really appreciate your taking time out of your day to come down to the Grant Sawyer State Office Building.

Now we will move to NDE. We will talk about the implementation of the Pupil-Centered Funding Plan (PCFP) that we just talked about.

**Megan Peterson, Deputy Superintendent, Student Investment Division, Department of Education:**

Today we will be reviewing the mechanisms of the PCFP as it currently stands with inclusion of recommendations from the Governor's recommended budget. Included under the PCFP is the State Education Fund, where the PCFP account and Education Stabilization Account are located. We will be discussing the fiscal and administrative implementation of the Pupil-Centered Funding Plan since 2019. As we go through the presentation today, I am going to use an analogy to help connect the pieces with the PCFP to situations that you are more familiar with. For example, how the state builds their budget. That way you can see how the

pieces are connected and how they flow. I will also be referring to school districts and charter schools respectively, but collectively I will refer to them as local education agencies (LEAs) so that we are inclusive of not only our charter schools and our school districts, but also the university school for profoundly gifted students. It is with intention that I will refer to them as such.

The PCFP codified the 2019 Legislature's intentions for allocating funding for K-12 education in Nevada [page 3, [Exhibit G](#)]. It identifies specific revenues intended to pay for public education which identifies a basic level of support for each pupil. That is then adjusted at the district level to account for local variations in costs. It provides supplemental funding for identified weighted categories of students for additional services beyond what the base would ordinarily pay for. What makes this model different from any other budget in the state is that it is revenue-driven rather than expenditure-driven. Expenditure-driven budgets mean budgets are built based on prior year expenditures. With the PCFP being revenue-driven, we are looking at projected revenues and then allocating accordingly. It created some interesting situations as we tried to build the budget that we were gifted to learn about this last budget-build cycle.

With the previously implemented Nevada Plan, funding was determined based on prior expenditures and increased by caseload and inflation. With the Pupil-Centered Funding Plan, all increases in funding are directly tied to revenue projections and increases. This change in funding allows us to send these dollars to the intended audience quicker.

The Pupil-Centered Funding Plan combines multiple revenues, including local school support tax, property taxes, cannabis taxes, as well as other revenues that are not necessarily identified on this slide, totaling 20 different sources of revenue [page 4]. The funds are received in the State Education Fund and then allocated through four tiers of funding. It is important to note that the state allocates funds to school districts, but that the Pupil-Centered Funding Plan specifically provides flexibility to school districts and charter schools and how they need to invest these dollars specifically for their students. Within the Pupil-Centered Funding Plan, we have four tiers of funding which includes school operations, local special education, the base-per-pupil amount that I mentioned, and weighted funding.

Also within the State Education Fund is the Education Stabilization Account [page 5]. This account is established to receive unobligated revenues from the PCFP account, either through higher than projected revenues during the year, or lower than projected enrollment [page 6]. It is additionally funded through district-level excess funds identified to be 16.6 percent or more of their ending fund balances. At the end of the biennium, if the funds that are identified for the Education Stabilization Account reach or exceed 15 percent of the State Education Fund's projected revenues, the funds are transferred in order to reallocate those funds within the funding formula for the next year [page 7].

As we just mentioned, there are four tiers of funding that are identified for the Pupil-Centered Funding Plan [page 8]. These tiers are added together to calculate the total amount of funding available which is allocated to school districts or LEAs. Within the first tier of

funding, food services and transportation are allocated through the auxiliary services level [page 9, [Exhibit G](#)]. As Guy Hobbs mentioned earlier, these are funded on a four-year average, based on actual expenditures incurred by school districts. It is currently flat-funded and has no inflation added.

The second tier is allocated for local special education [page 10]. These dollars are associated with the funds that school districts or LEAs transfer from the General Fund to augment and support special education services for their students. Because it does have a maintenance of effort requirement, the state does fund this without inflation to prevent creating maintenance of effort situations for school districts which they would not ordinarily be able to manage otherwise.

Moving to Tier 3, we have the statewide base [page 11]. Similar to the state's budgeting process, this is exactly that. It is a base to which we would add in adjustments to account for changing costs of doing business. There are a couple of different options for calculating this. One of them could be tied to inflation or revenue adjustment. There are also options for tying these increases to enrollment growth. Within the Governor's recommended budget, he tied this to a revenue adjustment due to the significant increase that we had not necessarily anticipated otherwise. This recommendation did allow us to increase funding at a rate that exceeded what would have been tied to enrollment growth.

Moving to the next phase of calculating the Pupil-Centered Funding Plan payment, in addition to accounting for increases in revenue, inflation, or enrollment growth, that amount is then adjusted by two other adjustments, which include an attendance area adjustment and the Nevada Cost of Education Index (NCEI) [page 12]. These adjustments could be compared to the M150 adjustments that you see in other budgets and account for the cost of doing business and in this case, it is the cost of providing education services.

Taking a closer look at the first adjustment, our attendance area adjustment adds funding to school districts who have population centers that are lower density than in other areas, such as Reno or Las Vegas, and increases funding as a result [page 13]. Generally speaking, attendance areas are equated to population centers. Using Elko County as an example, they have a total of 11 attendance areas that include areas such as Carlin, Elko, Independence, and Mound Valley. In the case of Nye County, we have attendance areas associated with Amargosa Valley, Beatty, Duckwater, and so on.

We get a lot of questions about the second adjustment, the Nevada Cost of Education Index [page 14]. It is a district-specific adjustment, meaning that there are 17 different adjustments that result, which are tied to each district. These are identified to account for variations between counties for the cost of living and labor for classroom-based instruction. The adjustments were intended to account for the attractiveness of recruiting professionals to those areas and have two components as part of the calculation. They include a wage measure and a cost of goods measure [page 15]. Subject matter experts APA specifically identified these components. They have worked nationally with multiple states on a similar adjustment. As part of that research, they contemplated the cost of housing within that

adjustment. However, when that housing data was taken into account, what they found was that the adjustment responded by allocating more funding to affluent neighborhoods, which was not the intended outcome of the adjustment.

Within these two adjustments, we have two components: a wage measure and a cost of goods. The wage measure is based on the comparable wage index, and the cost of goods measure is based on the Bureau of Economic Analysis regional price parities index. Moving through the life of the NCEI adjustment from December 2019 to September 2022, the Commission on School Funding received 14 different presentations on the topic, including presentations from our subject matter experts, and reviewed local data, as recommended by the Commission [page 16, [Exhibit G](#)]. Conversations focused on methodology and data sets which were to be used to inform this index. As part of the 2021 Session, direction was to include a floor of 1.0 for those districts who were below the floor for those calculating less costs. However, the letter of instruction was also provided by the Legislature to NDE to work with the Commission to develop a plan and timeline to eliminate this floor so that the index could function as intended. The Commission met again in July 2022 to review alternatives for data sources, but the methodology remained the same for the calculation. Ultimately, the Commission met again on September 9, 2022, and could not reach an agreement as to which index to utilize in the wage portion of the NCEI. A motion was made to eliminate the effect, thereby having a floor of 1.0 instated.

In alignment with recommendations from our subject matter experts and with the state's budgeting policy, the NCEI, along with other items such as inflation and enrollment, are updated biennially during the budget-build process. While the methodology is still being utilized, we did move forward with updating the NCEI adjustment with new information to stay relevant with the additional conversations that we have surrounding the components used within the funding formula [page 17].

The fourth tier of the funding formula is similar to the enhancement portion of the state's budgeting process and adds additional supplemental funding, as I mentioned [page 18]. Currently there are three categories of students identified for weighted funding. These include English language learners (ELLs) and gifted and talented students. These students are identified to receive additional supports beyond base funding to augment their learning, and the funding is calculated based on the weight or multiplier associated with that category, multiplied by the statewide base per pupil. The current rate weight for English language learners is 0.5, and 0.12 for gifted and talented students.

The third category of students identified to receive fundings are those noted as at risk [page 19]. Within the Pupil-Centered Funding Plan, as adopted by the State Board of Education in November 2020, that definition is set to be based on a student's risk of not graduating with their cohort. We currently have a temporary regulation in place to support this, and 0.3 is the weight that is associated with those students.

It is important for me to also point out that at this point, students who are identified to receive services in multiple tiers of funding will only be identified in the highest weighted category.

As you go through session and look at the numbers, realize we refer to these as unduplicated counts. This means that if a student is both an ELL and at-risk student, they are identified for funding in the ELL category. However, they are required to receive the services warranted under both categories. To Assemblywoman Torres' question earlier, currently, the Pupil-Centered Funding Plan, as recommended by the Governor, did not have an identification for the dual enrollment students, so those students are being treated as the regular student, meaning their funding is not currently differentiated. They would receive the adjusted base and the statewide base-per-pupil amounts. If they identify in a category for the weighted funding, they would receive that funding as well.

Taking a closer look at the components that the department is using for those students who are identified as at risk, we are working with a vendor who has identified 75 different factors within 5 key areas contributing to students' potential to be at risk of not graduating with their cohort [page 20, [Exhibit G](#)]. These include areas of academic performance or proficiency, attendance, behavior, home, and enrollment stability. Within the other category, we have areas such as ZIP Code, birth country, as well as other key identifiers. Using these components is a holistic approach at evaluating a student's need for identifying additional supports. It is important to note that because we have the 75 different categories, not one is weighted so high that it alone would push the student into a different category of risk. It is, again, a holistic look. This way we are addressing all areas.

We have also been asked a lot about the differences of using this at-risk definition compared to free or reduced-price lunch eligibility and so on this slide, you can see that before the PCFP, we had at-risk type services provided through either the new Nevada Plan funding or Victory funding, which focuses either on a student's performance or a school's performance [page 21]. Combined, the number of students served under those categories was approximately 89,000. When you look at the free or reduced-price lunch definition, we were looking at serving 273,000 students. And using the at-risk definition based on being at risk of not graduating with their cohort, we are a little more in alignment with what we were funding previously. Those services can be more targeted to those students most at risk of not graduating on time.

Moving to the financial implementation stages of the Pupil-Centered Funding Plan, I want to give a few points of reference [page 22]. Under the Pupil-Centered Funding Plan, we now distribute approximately \$4.3 billion a year to our LEAs. Compared to the Nevada Plan, we were distributing \$1.8 billion.

That brings our monthly average distribution to \$360 million. The difference that you will see between the revenue received and the revenue distributed is the amount that is identified to move towards the Education Stabilization Account at the end of the biennium. The amount that I currently identified, the \$549 million is approximately 1.5 months' worth of operating that we would normally see. Looking at the Education Stabilization Account, we had four school districts who, based on the definitions for transfer, collectively contributed \$4.6 million in FY 2022. Those funds will be moved forward in the next biennium.

The law provided for the transition to the Pupil-Centered Funding Plan for those who would have received less dollars to be funded at the FY 2020 levels [page 23, [Exhibit G](#)]. During the last legislative session, the law was amended to change this from an aggregated total amount to a per-pupil amount. That means that we calculate their total funding if they are identified to receive less funding, and therefore would be funded through baseline based on the per-pupil amount multiplied by their projected enrollment. Within FY 2023 we originally had nine school districts that were identified to be funded based on the FY 2020 levels. With the Governor's recommendation, that number drops to three. Charter schools that were identified or evaluated in aggregate—all of them combined compared to their 2020 baseline—are now being funded through the Pupil-Centered Funding Plan.

Regarding the administrative components with the implementation of the Pupil-Centered Funding Plan, the department currently has [Senate Bill 9](#) which addresses the timing of a report that is due [page 24]. Currently it is identified as October 1. We are requesting to move this to January 1. The purpose is to align the school districts' and charter schools' reporting with their audited information. Currently there is a bit of a timing issue there.

Additionally, we have updated our annual financial reports, as required under *Nevada Revised Statutes* (NRS) 387.303 for school districts and NRS 388A.345 for charter schools. There were a number of new areas that we needed to update and include for that reporting mechanism. Additionally, we worked with all of our LEAs, the government finance officer, as well as the Legislative Counsel Bureau, to develop business rules which helped clearly identify for our constituents how we approach the use of various components, including our chart of accounts, how the ending fund balance calculation is calculated for the school districts, as well as how the minimum expenditure requirement is addressed and the timing of the payments.

I did want to take a moment to give a shout-out to our staff. While it did take two years to develop the model, we had 30 days to develop the payment book with which to distribute the funds to the LEAs once this model passed, and that was quite a monumental effort.

Additionally, the department has two regulations that were passed that address the administrative cap calculation and the attendance area. And as I mentioned, we do have a temporary regulation in place for the at-risk definition in alignment with the State Board of Education's recommendation. That concludes our presentations, and we are happy to address any questions you have.

**Chair Bilbray-Axelrod:**

Committee, do we have any quick questions?

**Assemblywoman Mosca:**

I have two questions. One of the pieces of feedback I hear a lot is regarding capital costs. I would love to hear if it is included anywhere in here. Additionally, with NCEI, does it include for a larger county the cost within the county in different areas or not?

**Megan Peterson:**

I am going to let James Kirkpatrick speak to those. He is a little more involved with those at the moment.

**James Kirkpatrick, State Education Funding Manager, Office of Pupil-Centered Funding, Student Investment Division, Department of Education:**

Regarding the NCEI, the cost of goods is the federal regional price parities. It is inclusive of everything based on regional sections. It does look at Clark County, Washoe County, Carson City, and then other rural areas; that is the breakup of that federal data. Those components are added to the comparative wage index and brought together to develop an index. Then there is a percentage breakdown based on the wage index portion and the regional price parities, which is based on the makeup between salaries and operation or the goods portion of expenditures that the districts then report to the state in their financial annual report. That drives the percentage used in the index and that all comes together to develop the final output of the NCEI.

Capital costs are excluded from the model in terms of evaluating the ending fund balances. The adjusted base would be equivalent to a district's general fund. That would be the unrestricted dollars that a district could use, with flexibility, to best meet the needs of their students whether it be teachers, infrastructure, security—whatever best meets the needs of their students for their schools.

**Assemblywoman Taylor:**

You gave the indexes, but I missed a couple. It is 0.3 for at-risk students. Will you share again what that is for the ELL students and for the gifted and talented education (GATE) students?

**Megan Peterson:**

English language learners are 0.50, at risk is 0.30, and GATE is 0.12. That was based on the recommendation from the previous Legislature.

**Assemblywoman Taylor:**

This other question may be quick. It is just for clarity. You shared earlier that the Commission on School Funding could not reach an agreement on changing the index for the wage portion, so they made the recommendation to eliminate the effect of that from the NCEI, right? Was that the recommendation? But then I thought earlier that the 1.0 base is still in there. I think I am just a little confused on where we are now and what the recommendation is for going forward.

**Megan Peterson:**

The recommendation that ended up being passed by the Commission in September was to put the floor at 1.0, and that was honored by the Governor in his recommended budget. Districts who would have received a negative adjustment as a result of the index were held flat, and those who would have received a positive benefit received the higher of the value. [Later corrected by Megan Peterson to say: In alignment with the 2021 Legislature, the Governor



adopted the same methodology for the NCEI, which includes a floor of 1.0 for the school districts that would receive a reduction as a result of the index.]

**Assemblywoman Anderson:**

You mentioned the at-risk factors, of which there are so many. Speaking with some school district individuals this question has arisen: Has there been discussion about making a cap of some sort as to the percentage of students that could be considered at risk? I know in the past we have had a cap as to how many students could be considered special education or other areas. Has there been discussion, at either the Commission level or at the State Board of Education level, to place a cap as to how many students can actually be considered at risk?

**Megan Peterson:**

Currently, there have been no conversations regarding a cap. The conversations have, however, focused on the percentile that we are addressing in terms of where they qualify to be considered in the count.

**Assemblywoman Anderson:**

What is that percentile?

**Megan Peterson:**

Currently, as adopted within the vendor provided threshold, it is the bottom 20th percentile. Those who are below the 20th percentile are included in that. If you look statewide at our graduation rate, that does tend to align with our 80 to 85 percent range, so it does target those students who are potentially at most risk of not graduating.

**Assemblywoman La Rue Hatch:**

I would like a little bit more clarity on the NCEI with regard to housing. I can tell just from your presentation, you get asked about it a lot, and housing is a huge issue. In my county, Washoe County, starting teachers' salaries are \$40,000 and you cannot rent an apartment for less than \$50,000. It does affect salaries, and it affects staff. You mentioned that when we include housing, it had the adverse effect of funneling more money towards wealthier schools, as opposed to other schools. But when Assemblywoman Mosca asked if it was broken down to a sub-district level, you said no, it is just a district level. I am a little confused because I know most of our districts have a big mix of wealthy neighborhoods and high-poverty neighborhoods. It would seem that it would balance out, that it would have the net effect of giving more money to a school district that had overall high housing costs. I would just like some clarity on that.

**Megan Peterson:**

Part of the challenge is, and this is by virtue of the conversations and what we have learned from the presentations that we have done, that the subject matter experts' experience was that when they included those adjustments, it had that effect. However, one of the challenges in developing this index for Nevada is that we do not necessarily have the same population centers that other states have, so the adjustment became harder to calculate for our state specifically. While the index may be more sensitive for larger states, that became more



challenging to address within that component, for the Nevada-specific index. Ours became more county-specific rather than school-specific in the methodology development.

**Assemblywoman Torres:**

I would like a little bit more information about how we are currently funding dual enrollment and what that looks like in districts across the state. We are seeing students sign up for these dual enrollment courses, which allow for them to receive college credit while still being a student, and I just want to make sure they are adequately funding these. If we look at Title I schools in our community, they are going to have to be taking that out of other budgets, and I just want to make sure that every school and every student has the opportunity to participate in these phenomenal programs. Can you talk a little bit about how it is currently funded?

**Megan Peterson:**

We will probably have to give you more information outside of today, as the base information that we understand in terms of how they are funded is they are identified similar to every student who is included in the base. Additional separate funding is not necessarily specifically allocated through the model. It would be up to the district to allocate those funds as needed, for those additional courses.

**Assemblywoman Torres:**

I do not have any additional questions, but in that request for additional information, can you please include any information on how dual enrollments are funded: how schools are funding it, if principals are having to cut it out of their school budgets, or if there is some other funding source that they receive.

**Chair Bilbray-Axelrod:**

If you could send it over to us, we will distribute it. I do not think we have any other questions. This was the idea—to have a presentation so we could have these discussions. This is what we are going to be doing for the next 119 days. It is not unlikely that there are gifted students at low-income schools as well, so we need to work with these numbers to make sure that we are really meeting kids where they are and giving them every opportunity, because I think we would all agree that education is the great equalizer. Thank you very much for your presentation. [[Exhibit H](#) was submitted but not discussed and is included as an exhibit for the meeting.]

We will move on to our last and final item which is public comment. As a reminder, members of the public can provide comment in person or telephonically and you can also submit your public comment to us up to 24 hours after the meeting. Instructions for providing public comment can be found on the agenda. To provide public comment telephonically, dial 669-900-6833. When prompted provide the meeting ID, you would enter 8928 2146 282, and then press pound. When prompted for participant ID, press pound. I know that seems a little tedious, but this last session being virtual, we really were able to open it up and we had a lot of people who were able to call in with public comment. I think that is a wonderful thing. I think it is super important, especially for education, because our

Committee meets at 1:30 in the afternoon. Guess where most teachers and educators are at that time? We want to make it available to them.

Each person has two minutes to provide testimony. You may submit written public comment to the Committee for up to 24 hours after the hearing. Please remember to state your name and spell your name for the record.

[Public comment was heard. [Exhibit I](#) was submitted but not discussed and will become part of the record.]

**Chair Bilbray-Axelrod:**

Our next meeting will be Thursday, February 9 at 1:30 p.m. Our meeting is adjourned [at 3:31 p.m.].

RESPECTFULLY SUBMITTED:

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Funmi Shetty  
Committee Secretary

APPROVED BY:

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Assemblywoman Shannon Bilbray-Axelrod, Chair

DATE: \_\_\_\_\_

## EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a document titled "Assembly Committee on Education 2023 Legislative Committee Policies," presented by Assemblywoman Shannon Bilbray-Axelrod, Assembly District No. 34.

[Exhibit D](#) is a document titled "Assembly Committee on Education: Committee Brief," dated February 2023, presented by Alex Drozdoff, Committee Policy Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit E](#) is a copy of a PowerPoint presentation titled "Nevada Commission on School Funding," dated February 7, 2023, submitted and presented by Guy Hobbs, Chair, Commission on School Funding, Department of Education.

[Exhibit F](#) is a copy of a PowerPoint presentation titled "Commission on School Funding: Recommendations 2021–2022," submitted and presented by Guy Hobbs, Chair, Commission on School Funding, Department of Education.

[Exhibit G](#) is a copy of a PowerPoint presentation titled "Nevada Department of Education: Pupil-Centered Funding Plan Mechanisms and Implementation," submitted and presented by Megan Peterson, Deputy Superintendent, Student Investment Division, Department of Education.

[Exhibit H](#) is a document diagramming the Pupil-Centered Funding Plan, submitted by Megan Peterson, Deputy Superintendent, Student Investment Division, Department of Education.

[Exhibit I](#) is written testimony submitted by Chris Daly, Deputy Executive Director, Government Relations, Nevada State Education Association.