

**MINUTES OF THE
SENATE COMMITTEE ON EDUCATION**

**Eighty-second Session
March 27, 2023**

The Senate Committee on Education was called to order by Chair Roberta Lange at 1:05 p.m. on Monday, March 27, 2023, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Roberta Lange, Chair
Senator Edgar Flores, Vice Chair
Senator Dina Neal
Senator Fabian Doñate
Senator Carrie A. Buck
Senator Robin L. Titus

COMMITTEE MEMBERS ABSENT:

Senator Scott Hammond (Excused)

STAFF MEMBERS PRESENT:

Jen Sturm-Gahner, Policy Analyst
Asher Killian, Counsel
Kirsten Oleson, Committee Secretary

OTHERS PRESENT:

Guy Hobbs, Chair, Commission on School Funding
Patricia Haddad, Clark County School District
Alexander Marks, Nevada State Education Association
Mary Pierczynski, Nevada Association of School Superintendents
Keibi Mejia, Nevada Association of School Boards
Ali Caliendo

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CHAIR LANGE:

We will begin the meeting with a presentation on school funding from Guy Hobbs.

GUY HOBBS (Chair, Commission on School Funding):

The Commission on School Funding was tasked with a couple of major assignments, including the Pupil-Centered Funding Plan. We achieved and filed reports in the first two years of the Commission's existence—the Commission was created in 2019. The Pupil-Centered Funding Plan has been encoded into law and is working as it should. We were also asked to identify optimal levels of funding for education and identifying methods to implement the funds over the next ten years. This presentation ([Exhibit C](#)) will focus on recommended funding and how to achieve the target funding levels.

Page 5, [Exhibit C](#), shows the per pupil funding comparison. We initially filed our report in 2020. The graph shows how Nevada compares to the national average and the Subject Matter Expert Recommended by Augenblick, Palaich and Associates, Inc. (APA) funding. Nevada's per pupil funding was \$9,548 compared to the national average of \$13,489 and the APA funding of \$14,337. The bottom of the graph offers a projected comparison. With the filing of Governor Joseph Lombardo's Executive Budget, the funding increases to \$11,785. The national average is \$15,503 and the APA average is \$16,478. Looking at the differences between Nevada's per pupil funding, the national average and the APA shows the need to provide additional funding for education over the next ten years. This is an important baseline slide.

The dark blue lines on page 7, [Exhibit C](#), show our projected per pupil funding. The lighter blue lines show the projected funding incorporating the Governor's Executive Budget.

Page 9, [Exhibit C](#), shows the national average for per pupil funding. The graph illustrates the need for additional funding to reach the national average. The chart represents the aggregate shortfall each year between what is currently funded, and the funding needed to meet the national average. The numbers above the bars indicate the difference between where funding would be without any additional actions taken and where it would need to be to achieve the national average. We were able to modify the chart on the right side of page 9 because of the increase in per pupil funding provided by the Governor's Executive Budget. In 2024 and 2025, the numbers meet the initial two-year

target that was set forth by the Commission's report. The bars, looking from left to right, become smaller than they were on the left side. To achieve the national average by 2033, Nevada will need to dedicate an additional \$2.1 billion to education. I suppose this speaks positively about the Legislature's wisdom when they crafted S.B. 543 of the 80th Session, which identified a ten-year period for funding. It would be difficult to implement \$2.1 billion over a short period of time, but implementing it over a ten-year period would be more feasible.

We made a similar chart for the APA per pupil funding as seen on page 11. The APA's recommendation was higher than the national average. An additional \$2.6 billion would be required by 2033 to achieve the APA of funding in comparison to the \$2.1 billion to reach the national average. We looked at the national average, APA and other numbers that were not included in the presentation.

The other set of numbers comes from 17 superintendents of schools throughout the State. Those numbers were higher than the APA, but we wanted to provide a comparison to the national average.

You can see state averages and where our State deviates higher or lower. One state could be spending money more effectively than another state. These numbers provide a comparison of whether the average is higher or lower than where the target should be. Subject matter experts and school superintendents both produced numbers that were higher than the national average—which spoke loudly to the Commission that the national average represents a low bar. The target number probably exists somewhere between the national average and the APA's numbers.

Before we move on and talk about how to deal with these numbers, it is worth noting these numbers need to be reevaluated and rebased each year. They are not static. The amount of spending in Nevada changes from biennium to biennium. The amount the national average recommends changes as states change their level of spending. That number is constantly moving. The APA's number is the most static and is subject to inflation each year.

As part of the ongoing commitment of the Commission on School Funding, we would recommend that we continue to update these numbers and submit them to you at least on an annual basis for your review. Hopefully, it provides you

with a measure of tracking progress over time relative to where we are and how we compare to the national average and the APA's recommendation.

I will now describe how to address these numbers. Prior to talking about the comparatively unpleasant categories of funding and taxation, it is important to have an ongoing system of measuring the effectiveness of education investments. Obviously, you would not want to continue to invest unless there is some indication there is a return on investment and performance improvements are being met. The development of these funding performance metrics should be a top priority for the next Interim. The Commission recognizes this and is willing to help develop them. The metrics would provide you with the type of information you need to make determinations about investments and highlight the return that Nevada is getting on those investments from year to year. I did not want to talk about funding without recognizing that ongoing measurements are an equally important part of this entire process.

In terms of funding options, we looked at a variety of things. It was clear early on that Nevada has historically and traditionally funded a majority of education through the application of property and sales tax. As you look around the Country, that method is quite common. Other states will incorporate other revenues, some of which we do not have here in Nevada. Over the last few decades, we have incorporated several of what I refer to as industry-specific taxes into the funding mix. Some examples include the mining tax, that was more recently done to supplement education funding, room tax and the cannabis tax. In the past, the funds collected would go into the General Fund. The General Fund would appropriate funds back to education. Under the Pupil-Centered Funding Plan, those funds go directly into the state education fund and directly to education.

We spent a considerable amount of time on the attributes and criteria associated with different revenue sources. A key element to a funding system is making sure the system has a broad base. Industry-specific taxes are helpful as long as they are balanced among industries. Enacting an industry-specific tax is volatile and like riding the economic roller coaster that is associated with the specific industry. Mining has the tendency to fluctuate up and down over time. We learned during certain periods—including the Great Recession or the coronavirus pandemic—some of our tax sources, particularly the room and gaming tax, are susceptible to economic fluctuation and outside influence. Consequently, looking at broader based taxes is something that the Commission

felt was a more sensible course of action to take. Property tax and sales tax, which are traditional funding sources for education, are more broadly based than industry-specific taxes.

The Commission recognized that looking at traditional funding sources like property and sales tax gives us an opportunity to look at longstanding issues that need to be addressed in the fiscal systems. I have been involved with topics close to this over the past four decades. Even if it were not for the additional funding needed for education, it is highly advisable to look at the fiscal systems and run diagnostics on performance and whether it is heading in the right direction—given changes in technology and society. It made sense for the Commission to combine looking for education-related funding and dealing with longstanding issues relative to sales and property tax.

The Legislature has tended over the past several sessions, perhaps decades, to look at sales tax in the form of tax rate increases to generate revenue. Transportation, public safety, water and sanitation are some examples of sales tax that have been identified and distributed to help fund those areas.

They are important areas; however, the real future potential within the sales and excise tax realm lies within the base used for taxable types of sales. The base has been affected dramatically over the last 30 years to 40 years by changes in technology and a movement towards services and away from goods. The chart on page 15 demonstrates that. In the mid-1960s, goods were a larger part of the economy than services. A disparity has occurred over the years between the two. Services now account for two-thirds of our overall economy. Tangible goods are one-third of the economy. It is important to bear that in mind when thinking about something like sales tax. I believe the way that sales tax is written into the State Constitution is that it applies only to the retail purchase of tangible goods; services are not tangible goods. The economy's base has pivoted towards services which are considered intangible. For that reason, there needs to be a reevaluation every few years to evaluate previously taxable items. We use books as an example. Books were taxable when purchased at a bookstore. However, they are not taxable if you download them. The same principle applies to music and movies. We have an economy that is shifting away from the base at the time when sales tax was originally put into place.

The chart on page 16, [Exhibit C](#), shows that sales tax is volatile. The dotted line that runs through the middle of the graph shows the long-run average. There

were some good years until 2008. That was the time of the Great Recession. It took time to recover. We are basically back to where things were in 2006. However, we are not fully back. Sales tax is performing well today, but that is mostly in comparison to the last two to three years. The base is narrow to begin with because it does not include many things people purchase that are discretionary. The narrower the base, the more reliant you are on the areas of trade that are part of the sales tax base to continue performing well. Interestingly, in Clark County the No. 1 sales tax producer is eating and drinking establishments. That accounts for 20 percent of gathered sales tax. During the pandemic, we could not rely on those taxes. In contrast, Washoe County's largest producer of taxable sales is motor vehicles. That is a very different economy. During the pandemic, sales of motor vehicles performed better than eating and drinking establishments. The point of highlighting those examples is the broader the base of sales and excise tax, the less reliant we are on specific areas and the more diversified the excise tax portfolio.

We asked our support staff to give us an indication of some things that are taxable in other states that are not taxable in Nevada. On page 17, [Exhibit C](#), there are some examples of what may be taxed under different categories in Nevada. It does not mean they are not taxed. In the middle of the list are downloads, which I discussed earlier. Downloads are taxable in other states, but not in Nevada. There are downloaded software, movies and digital video, music and books. On this list are some things that we could look into taxing. There are other things on the list that we would not want to look at taxing.

The issue of regressivity comes up when we talk about sales tax. The regressivity argument is very strong. It is less regressive, to the extent that taxes are applied to discretionary things and necessities. It is not a question of all things taxed regressively. It is a question of degrees of regressivity depending upon the types of things it is applied to.

Page 18, [Exhibit C](#), gives an indication of the activity level of taxable services in our economy and shows various accounts, some of which are fairly large. Look specifically at recreation. It produces \$4.2 billion a year in economic activity in Nevada. Personal care is a \$5.8 billion category. Those categories would appear to be more discretionary than other categories. They add up to \$10 billion. Using the chart on page 19, at a 5 percent service tax rate, the \$10 billion would generate \$500 million per year. If you consider what was mentioned earlier about Nevada's challenge to meet the national average and APA per pupil

funding, this chart indicates that an expansion of the base over time would be a material contributor.

At the Commission, we do not discuss sales, property or any other form of taxation lightly. We realize these are very difficult topics to deal with. Our observations are not made lightly. Property tax is another system that has evolved dramatically over the last 20 to 40 years. In 1981, the first session that I participated in this legislative process, was the year of the tax shift. The taxes shifted from property tax to sales tax. That was a monumental change in the way property taxes were approached in the State. Since then, there have been additional material changes to the way property taxes are managed.

The system of abatements is an impediment to the generation of additional revenue through property taxes. Approximately 10 or 15 years ago, the Legislature put limits on the amount of property tax revenue that can be grown each year. Because property taxes are a material source of funding for education, it limits the ability of property taxes being a part of the solution. The abatements require additional review and attention to see if they are still serving the purpose that they were initially intended to serve.

Nevada uses a system that looks at the full cash value of land. That is seemingly reasonable. The system also looks at the replacement cost of improvements, not the market value of improvements. The replacement cost of improvements is depreciated by 1.5 percent per year for up to 50 years. A 50-year-old property that needs improvements is assessed for taxation at a level of 25 percent of its replacement value—notwithstanding the market value.

Nevada is the only state in the U.S. that uses depreciation in this manner to determine valuation. There have been prior attempts to have discussions around the notion of depreciation. I would point out that, without also having discussions regarding abatements, the discussion regarding appreciation and depreciation may be somewhat moot with respect to its ability to generate additional revenue.

In terms of the assessment ratio, we are using 35 percent of the taxable value to determine the assessed value. I was present when it was determined that the State would use 35 percent. The 35 percent was derived less from science than from the convenience of arriving at a desired outcome.

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There are caps on combined tax rates throughout the State. The cap is \$3.66 for State, local schools, special districts and so forth. A number of counties throughout the State are at that cap and, without some relief, cannot rise above that cap; consequently, they cannot participate if there were additional property taxes made available.

Property tax should be one of the most stable and predictable revenue sources. With the abatements, it is more of a mathematical exercise to determine what the worth of property tax increments may be. It is important to note the current level of abatements that have accrued since the abatements were put into place. Abatements have ebbed and flowed over the years, particularly following the Great Recession. The current level of abatements exceeds \$1 billion.

CHAIR LANGE:

With regard to the per pupil funding comparison, the difference between Nevada's funding and the APA in 2020 is roughly \$5,000. In 2024, even though there is a proposal to add more money, we are still \$5,000 apart. It does not appear that we have made any progress by allocating the money from the Governor's Executive Budget. What is your response?

MR. HOBBS:

In part, it indicates how low the funding was before the additional funding was added. Adding the additional funding helped keep pace. Without it, we would be even further behind. Those of us looking at this as a ten-year phase-in to achieve the national average and the APA level of recommended funding took the additional funding as very good news. The funding reduced the overall delta, as you saw in the graphs on pages 9 through 11, [Exhibit C](#).

The Commission will be provided new numbers in May from the National Center for Education Statistics. We do expect to see the national average numbers change again. Whether Nevada's change was greater than the national average is something we have yet to determine. That is one of the reasons I was recommending that we can continue to use this as an indicator of our progress in closing those gaps.

CHAIR LANGE:

I would like to address sales tax. We can pick and choose different sales taxes, but they are just band-aids. I hear you saying we need to come up with

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sustainable funding that will fund education for years to come. Am I correct in that assumption?

MR. HOBBS:

Yes, that is correct in two ways. First, it is correct in terms of needing to find additional resources for education. Second, even if we were not facing this, I would be the first to tell you, having worked in and around public finance and taxation in this State for the past 40 years, that the sales tax base has been eroding and will continue to erode over time. That is not a desirable position to be in. Sales tax will play less of a role than it was originally intended to play in funding for things like education, local government and other various programs throughout the State.

The more “bells and whistles” we add to the property tax system, the more complicated it becomes. Property taxes were one of the simplest and most reliable forms of funding governmental services we ever had in this State.

CHAIR LANGE:

It appears to me that our State needs to decide where our commitments are going to lie. We must decide if we are going to fund education at a level that is going to meet the needs of our children in our State, or if we are going to pick and choose, create band-aids and keep creating band-aids.

SENATOR TITUS:

Thank you for the presentation, but it is incredibly underwhelming. You gave us some data points, but they were just numbers without any factual basis behind them. You were using numbers of what we spend as a State. You then compared the average of other states without adding the other funding that we spend on education. There is never only one source of funding for education. Every state also gets federal funds. I would like more data. Yes, our State puts X dollars into education versus another state, but how much does the federal government offset other states? Are we at the bottom of what other states get from the federal government? Data that answers those questions would make sense. Maybe we could get more money compared to other states, so the overall funding for education in our State is not as dramatic as it looks on the graphs. I would like that data.

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MR. HOBBS:

The comparison of Nevada's level of funding to the national average and benchmark established by the subject matter experts is one of the most important points of this entire discussion. If we cannot get to a point where we at least agree with the level of challenge that we have, getting to a solution is almost impossible. The Commission was cautious in using data that included and excluded the same values. The comparison of Nevada's spending does not include federal or capital dollars; the national average and APA also do not include federal or capital dollars. In the past, numbers have been given on Nevada's spending. Those numbers vary in whether they include capital or federal funds. It is almost mind boggling to quantify the problem. We intended to provide you with an apples-to-apples comparison. The numbers are directly comparable.

SENATOR TITUS:

On the apples-to-apples analogy, there are red delicious apples and there are Granny Smith apples. When you use that analogy, it is not the same.

I am a healthcare provider. The amount the U.S. spends on health care is the highest of any developed nation, yet we have the poorest outcomes. What we spend does not naturally equate with quality. That is an opinion.

Outcome data regarding how our children are doing and whether all of our kids are reaching their best potential is important. Many other states spend less money than Nevada but have better educational outcomes. That type of information is relevant. What other states have better outcomes but spend less? I know Utah is an example.

MR. HOBBS:

You raise a good point. When you are talking about the investment of money, it has to be done with expectations and measurements after the investment is made. That will ensure the investments achieve their desired outcomes. It is important for the Commission and Legislature to agree on what the performance measures will be. I could not be here to ask for continuing investment over the subsequent five legislative sessions in education without the confidence that you are investing in such a way that will move the needle on performance—which will be proven through measurements. The Commission offers to help develop those metrics so you can assure yourselves that when you are being asked to increase investments, it is being done wisely.

SENATOR TITUS:

I appreciate that and what you bring to the table. However, we need so much more—especially more data on the return on investment.

SENATOR NEAL:

As you know, I have carried digital goods for a while. There is not much interest in closing, what I consider, the leakage within the sales tax base. I will continue to try and continue to put it on the record.

I have looked at property tax abatements, the application of depreciation and the caps on the combined property tax rates. We did a good job creating the abatements in 2005. In essence, the purpose of abatements was to protect property from property tax rates growing. It has done exactly that. When I looked at capping the property tax rates and saying, for example, we have \$1.5 billion in property tax abated, let us freeze it. That raises property taxes. It would have been a 30 percent to 40 percent increase, so I did not go forward with that piece of legislation—I did not want to be harpooned or pitchforked.

I wonder how we could fix this. I also looked at depreciation. I have that in a bill which attempts to reduce and slow down depreciation so new properties can come into the base and stay there longer. However, the abatement will keep growing while the property will stay in the base longer. There is a balancing act. Do you have advice that is not pitchfork worthy? What is the right combination? If nothing is done about the abatement, depreciation is like a slow pool, and it will not gain a release from the property tax into the base.

MR. HOBBS:

Those questions are on the Commission's minds. We filed a report last October or November. It was 400 pages, which caused people not to read it. We evaluated many things, one of which was freezing abatements at their current level. We also looked at phasing abatements out over time. The sudden shock resulting from eliminating abatements would be untenable—perhaps more untenable than other things we are talking about. Analysis on freezing abatements is a good beginning. The same applies to depreciation. Freezing depreciation at its current level, because there is a certain amount of accumulated depreciation on all property, is something that could be evaluated. Another few ways to approach this is reducing the rates of growth and depreciation, additive depreciation, reducing the depreciation factors themselves and eliminating depreciation eventually.

As you correctly pointed out, all of the solutions have to be done hand-in-hand with a discussion on abatements; otherwise, you do not necessarily accomplish the revenue objectives you might have for education. In other words, you resolve the intellectual complexities of depreciation without the benefit of the revenue. This is not a trivial task. I am not presenting it to you as though there is a simple solution. Over the Interim, the Commission can look into this topic. None of the answers you seek come without sales tax going up because something is added to the base—or property tax going up—because depreciation is removed or frozen. Each option has a consequence which is why this is a complex discussion. Ultimately, those who are making the decisions are in a challenging position of weighing the needs of education against the price of additional revenue.

SENATOR NEAL:

Every session we weigh revenue against the political cost to the membership in the building. The political membership in the building would like to stay in the building. Revenue is always a challenge.

On March 25, 2023, both the Senate Committee on Finance and the Assembly Committee on Ways and Means met and learned about entities and education in the State. I do not know if the Commission's report covered how economic development performed in smaller counties without the tax abatements that Washoe County and Clark County receive.

I started to think about the smaller counties' challenges. They have not had the benefit of economic development overflow from the Tahoe-Reno Industrial Center. There are counties that do not have any jobs. There is an imbalance in the State. Washoe and Clark Counties are doing well. Lyon and Elko are probably alright, but there are outlying counties. I want to know if there is, at least, a conversation about advancing economic development in smaller counties so that all sales can be lifted—in terms of jobs and movement—and when the tax policy comes, it is not as hard.

I come from Clark County which has the majority of Nevada's population. We think about Clark County, but smaller counties cannot sustain certain policies. People in smaller counties do not always make much money. Those people either work a government job or have no job. That made me think that we needed to have a broader conversation about economic development strategies beyond the economic centers of the State. We must think about how to lift all

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sales without abating the smaller counties and their little sales and property tax revenue. They cannot give that up; it is their bread and butter for operating the county.

MR. HOBBS:

Although we did not focus on economic development in some of the rural counties, you raised a good point and the Commission would be pleased to investigate. As a part of our review, we recognize that all 17 school districts throughout the State are equally important. Every county has different levels of enrollment ranging from under 100 students to 400,000 students.

For example, White Pine County needs to replace a school. Funding capital was not part of our charge. Still, we obviously could not neglect thinking about the impact that badly or poorly maintained or obsolete capital buildings way past their useful life can have on the educational process. They have a \$3.66 cap on property tax. Even if we provided a favorable loan, they do not have the type of economy that could repay the loan. Those are problems that need to be addressed. We recommended that White Pine County use the State Infrastructure Bank to make some funds available with terms that economically challenged counties might be able to cobble together to deal with some of their needs.

You raised a very good point; the Commission will look into it.

SENATOR BUCK:

Are the special education discretionary funds included? According to my records, Clark County receives \$1,100 per student, Washoe County receives \$1,500 and State public charter schools receives \$800. Are these extra dollars or is this included in your presentation on the overall funding?

MR. HOBBS:

I would need to talk to the Nevada Department of Education. I do not want to give you an off-the-cuff answer. I believe that funding is included other than federal and designated for capital outlay, but I will confirm that.

CHAIR LANGE:

Seeing no further questions, I will open the hearing on Senate Bill (S.B.) 47.

SENATE BILL 47: Revises provisions relating to teachers. (BDR 34-379)

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PATRICIA HADDAD (Clark County School District):

I will be presenting this bill with a conceptual amendment ([Exhibit D](#)) based on feedback that we have received from members of this Committee, stakeholders in the community and other legislators. I want to highlight that the conceptual amendment removes the task force component from the bill. There are multiple task forces. We feel confident that the details we included in our task force will be covered by other task forces.

Clark County School District (CCSD) has over 40,000 employees responsible for ensuring that the more than 304,000 students who attend CCSD schools have access to high-quality environments that support their academic and social behavioral needs. This will ensure students can graduate with the skills they need to thrive in the next phase of their life, whatever that may be.

It is abundantly clear for students to be successful, the professionals who serve the children of our communities must have exceptional working conditions that honor their commitment, professionalism and humanity. When there are exceptional working conditions, it ensures there is a pipeline of individuals who are interested in entering the education profession, and the people who enter the public education system for their profession are retained.

There are two major components of S.B. 47. One component addresses fees for educator licensure. Specifically, we are looking to cap the fees for educator licenses at \$50 for both initial licenses and renewals. The Commission on Professional Standards, based on *Nevada Revised Statutes* (NRS), may set a fee of no less than \$100 for educator licenses. Currently, those fees are set at \$180 for new licenses and \$150 for renewals, plus \$50 for each additional endorsement. When we are experiencing critical labor shortages of licensed educators, teachers, schools and social workers, charging folks hundreds of dollars to do a job we desperately need is counterintuitive.

This bill is about removing barriers to becoming and staying a licensed educator in Nevada. If we are serious about disrupting cycles of poverty and fostering a diverse educator workforce that reflects the social and cultural experiences of the students that we seek to serve, we must be mindful of the financial barriers that exist for people to get started. To comment on the \$50 fee, the initial bill draft took the fees away completely. Based on feedback from Committee members and members of the community, we wanted to ensure that the cost of fingerprinting was still covered and there was applicant accountability.

The Nevada Department of Education looked at other states that removed their licensure fees completely. After removing fees, those states saw a significant increase in the number of applications that were received.

The second part of S.B. 47 clarifies the antiquated term “teacherage” that currently exists in NRS in relation to the types of buildings that boards of trustees or school districts may build, purchase or rent. We want to clarify that language to include teacherages and other residential dwellings for employees of the school district; they might be directly owned or rented by the district or operated through a partnership with another person or entity. We wanted to have a conversation about what it looks like to expand beyond just teachers and ensure that critical support staff and others might be included in the definition.

The Clark County School District owns parcels of land that are not suitable for building a school, either based on the size of the land or how development has occurred in the surrounding area. As we were exploring various options for using this land, we noted the antiquated term teacherage in NRS. We could make assumptions that teacherage means housing for teachers. In researching what other jurisdictions across the Country use for educator workforce housing, our general counsel flagged the term and was concerned that there is no definition for teacherage in NRS. We are not proposing to necessarily add any additional permissions, only explicitly clarifying what stakeholders and ourselves agree already exists. We want to make sure the support staff’s rights are in there appropriately.

I would like to address educator and workforce housing. One of the many obstacles that educators and support staff face is the high cost of housing in rural and urban communities throughout Nevada. Securing affordable, adequate housing is no simple task in southern, northern or anywhere in between in Nevada. We have a shortage of housing units that educators can afford. Over the past few years, we have seen unprecedented spikes in the cost of housing. It reached extreme levels during the coronavirus pandemic. If you have ever been housing insecure or know someone who has, you know the debilitating stress that ensues when your housing situation is in question. This stress compromises a person's ability to be fully present. Educators, in particular, already deal with immense challenges by virtue of the jobs they are doing. Therefore, we must be creative about how we continue to make Nevada a competitive draw for educators.

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I want to thank you all for your time and thoughtful consideration of this legislation we are proposing. This bill has gone through a couple of revisions over the past few weeks. We are also grateful to the stakeholders who have worked with us to identify concerns and, hopefully, remedy them.

SENATOR NEAL:

In sections 1 and 2, language is added about residential dwellings for employees of the school district. Is this covered by capital improvement?

MS. HADDAD:

It is my understanding that anywhere there was a reference to teacherage, which included the two sections you mentioned, is where that clarifying language was inserted.

SENATOR NEAL:

Does the clarifying language mean that this will not apply to the capital improvement planning money?

MS. HADDAD:

We are not adding any type of buildings that do not already exist in the NRS. The bill ensures there are teacherages and other residential dwellings for employees. In the bill it says that and "other residential dwellings" that is our attempt to clarify the teacherage portion. We recognize there is some educator workforce housing that exists in the State, mostly in remote, rural areas. We did not want to compromise the teacherage language, therefore, we added this additional component.

SENATOR NEAL:

You are saying that it exists in other places, but it has not existed in Clark County.

MS. HADDAD:

Correct.

SENATOR NEAL:

Nevada Revised Statutes 387.205 places it under bonding authority. When I looked at the NRS statute, it encompasses the maintenance of schools, payment of industrial insurance as well as other things. How would bonding work in this scenario?

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There is still some money left from the Capital Improvement Plan or bonding authority from 2015. I was looking at a revision of the Capital Improvement funding. I believe it is the fifth revision that has \$525 million allocated for flexible use? Can you address how bonding would work? Is any of the money from the flexible use allocation used for modernization?

Ms. HADDAD:

In reference to the Capital Improvement Plan, that is correct. We are in the fifth revision. Based on new buildings that are already scheduled as well as modernizations, we are still short in what we will need through the Capital Improvement Plan. At this time, we have not contemplated how or in what form teacherages or any sort of workforce housing might be funded. Through this explicit clarification, we would like to continue to perform research. I only have a surface-level understanding of bonding. I would be happy to provide you with more information.

SENATOR NEAL:

Let us say this happens in Clark County School District, would the residential dwellings become a part of or technically owned by the District?

Ms. HADDAD:

There are multiple ways we could potentially go about it. Clark County School District owns the land. Potentially, we could enter into various types of partnerships, public or private, to develop the actual buildings. It would be based on the agreement between the district and the entity.

SENATOR NEAL:

That gets to my point. Let us say you have a public-private partnership. The point is the funding potentially will come from bonding. This bill could open several other doors. There are questions about maintenance and who maintains the buildings or property and what collective bargaining units would apply. This bill falls under the bonding statute which covers transportation, schools and other things. Under statute, there are issues when using public money. This bill sounds more like a theory.

Before bringing this bill forward, you must have thought about who is going to maintain the property. What would happen if there was liability inside of it; what would happen if there was a construction defect; what would happen if there was harm that happened inside of this building? Who is responsible? The

responsibility will not be on the teachers. Someone will bring up the point that the money is from the public through bonding. I would suggest looking at what authority is derived from NRS 387 and any other statutes that come into play around liability.

Ms. HADDAD:

That is potentially an assumption about what types of dollars might be leveraged in order to fund something along these lines. During research, we looked at approximately 18 different jurisdictions across the Country to see how they are leveraging public and private funds. Some jurisdictions are funded exclusively through public funds. Others are funded exclusively through private funds. Some have a mix of both. As we started looking into those issues, our general counsel advised us not to expend more resources or time on what combination of funding might look like. They advised us the explicit authority and clarification needed to exist.

Regarding NRS 387.205, during the bill draft the Legislative Counsel Bureau wanted to include teacherages. We are very early into conceptual planning and exploring what this housing might look like. We have not gotten far enough in exploration to answer some of your questions. We wanted to ensure that we have explicit authority before spending time and resources.

SENATOR NEAL:

I understand you are in an exploratory phase, but the exploratory phase is giving you power to open several doors. You need to put guardrails around those doors that you are going to open. I do not believe in giving power without understanding the scope of power. I do not want many unintended consequences. Regardless of being in the exploratory phase, you need more answers.

Let us use school districts over 700,000 students as an example. The Board of Trustees would make decisions with unintended consequences that would come back to the Legislature for review. You explored a realm that opened questions about liability, whether bonding was the appropriate funding, and what are the consequences if public funds were used. There need to be guardrails. I understand you want to do something good, but there are too many unanswered questions. I am a big proponent of appropriate power. When looking at a large county like Clark County, there should be control over what the power looks like.

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If you are going to touch on the existing bonding from 2015, there are schools that still need funding. I understand your revision, but you are going to change the impact, which should not be there. Bonding was approved in 1998 and 2015. The bonding in 2015 was the extension of the 1998 bonding. All the things I mentioned come into play because of this bill, especially all of the potential theories you are presenting.

CHAIR LANGE:

I have a question about licenses and caps. You mentioned that other states saw an increase in applications when the fees were removed. Were the increases from when fees were completely removed or just reduced? If so, what were the increases? Can you quantify that?

Ms. HADDAD:

I do not have the specific numbers relating to increase or what proportions looked like. In particular, we were looking at Hawaii, which removed their licensure fees completely and saw a significant increase. I think it required them to add approximately seven to nine additional people to process the influx of applications.

CHAIR LANGE:

You mentioned Hawaii. Are there any other states that have done this or is Hawaii the main state?

Ms. HADDAD:

That was the main state we talked about with the Nevada Department of Education. I will provide more information.

SENATOR TITUS:

Thank you for not bringing forward another commission. I find it very frustrating to have another commission.

I am not a teacher and I do not apply for the various certificates. I apply every two years for my medical license at one set fee. Regardless of what I do within that medical license, I have a license to practice medicine for two years at a set fee. The price of certification is pretty high, nonetheless, I understand what that fee is going to be. Are you telling me that every time a teacher gets a new certificate within the license period, whatever that may be, they have to pay additional fees.

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MS. HADDAD:

That is correct. There is a base fee for licensure, and for each additional endorsement, the fee is \$50.

SENATOR TITUS:

What was the justification to charge the teachers again? Do they have to get fingerprinted every time or get a background check? What is the additional cost? Why is there a fee?

MS. HADDAD:

I am not sure if someone is here from the Nevada Department of Education that can speak better to the rationale. I would imagine it has to do with the manpower it takes to process the additional information and validate it. We want to support people who have additional skills and education; that is why we are proposing to keep a flat fee across the board. My understanding is that each time licenses are renewed, the fingerprinting process happens.

SENATOR TITUS:

That happens at the time of the licensure, but not with each new endorsement.

MS. HADDAD:

It happens with each renewal.

SENATOR TITUS:

It is interesting that teachers have to pay every time they do extra training. As a provider, if I took a class and I could offer a new service to a patient, I did not have to pay a fee.

CHAIR LANGE:

We have asked legal about the liability to the district. I would like to read what he said and then get a response.

The district would be generally responsible for these kinds of buildings and residences for employees in the same manner as they are responsible for all other buildings in the district. Since it would involve more and a different kind of building, it would likely open the door for a new kind of liability for the district. Also, buildings constructed with bond money would be the property of the school district, just like all other school buildings. If it was the intent of

the district to use bond money to build these buildings then gift them to the employees, I do not see the authority of the district to do that. In the provisions of NRS 387, as amended by this bill, some such gift could impair or violate the voter approved terms of the bonds.

Ms. HADDAD:

We are making an assumption that bonding dollars would be used for these purposes. That is something I hesitate to affirm. As far as gifting, I would want to know more of the context of what is referred to as a gift. We have seen models which charge a percentage below median income. It is not free, people will still pay for the housing similar to a rental situation. There is a reduction, I do not want to say voucher, to offset the cost. I am not sure how a gift is defined in this context.

CHAIR LANGE:

Would the district become the landlord?

Ms. HADDAD:

Not necessarily, there is a possibility for a joint-venture partnership with a management company or some sort of organization that could potentially provide that service.

SENATOR LANGE:

The district needs to make money somehow. Would the district hire a company?

Ms. HADDAD:

The idea is to partner with an entity. We have the land. The entity might be able to provide some capital to start the initial project. Through the joint-partnership and development, the private entity might receive a portion of the rent that could go towards the management fee. Any profits could be used to subsidize the overall cost. I do not think anyone is looking at this as a money-making venture by any means.

SENATOR NEAL:

You talk about using a public-private venture or a management company. What comes to mind when talking about treating the housing like a school building or school property, in the past, we had a school on Edison Avenue in Las Vegas. They were still legally responsible for whatever duties the district would be

responsible for. In your theoretical conversations, what did you enumerate as a transference of legal rights, duties and authorities that would transfer under this property designation. Whether it is a house or not, the property would be treated as public. Therefore, all the statutory laws that apply to a public entity, such as a school district, would apply.

This scenario is similar to if a student is harmed in a school, there is liability. If a tenant is harmed in a school-owned building, there is liability. Regardless of the property being a school or a home, there is liability. I need to know what you theoretically examined and what you enumerated as the legal duties and liabilities that would transfer to a district.

I do not know if you considered the statute you put this bill under. The statute covers many things including bonding—it is the bonding statute. I do not know what other funds you would use for these buildings unless you have a magic pot of money that you need to share with us. If it is not capital funds, then it is per pupil expenditure or in an “other” category. The “other” category is very small and narrow. I know you are speaking theoretically, but in presenting this bill you have to talk about what you spoke about in the back-room conversations.

MS. HADDAD:

In relation to the transfer of liability, I do not have that specific information in front of me at this time. If any conversations have occurred, I can provide them. I would be happy to bring that back to you, and I do appreciate your comments.

SENATOR BUCK:

I know there are many endorsements, and each time a teacher is endorsed, staff have to look at the teacher’s credits to ensure the minimum qualifications are met. I assume that substitute licenses would be included. If a person was applying for a substitute teacher license, would the fee be forgiven or given at a cheaper rate?

MS. HADDAD:

I do not believe so, based on the adjustment. This bill is looking directly at the authority that the Commission on Professional Standards has for licensed educators. As far as licenses for substitutes, I would have to look at the statute to ensure those are included.

SENATOR FLORES:

We had an opportunity to have a discussion offline. I appreciate the tone and sentiments of the bill, which are: how do we help people get into this profession, how can we make it easier, how do we avoid some expenditures and how do we make things more efficient? I had an opportunity to speak with the private sector. The private sector always feels they can do things more efficiently than how we do things; very often, that is true. I know the government, state agencies and government entities are not always the most efficient.

One thing I brought up with the private sector, and my colleague was getting at, is after endorsements are additional background checks done. How do we justify some of these additional expenditures? Why are we charging \$50?

I talked with the private sector about background checks. My understanding is in northern Nevada, the background check is done by a third-party private entity. For example, you can go to Edgar Flores' Fingerprinting Express and get a background check almost instantaneously and at a cheaper rate. In Clark County, we do not allow for that and I want to get some perspective. Why are we not offering that option in Clark County? There are over 50 private companies in the industry in Clark County. I have heard complaints from teachers and the community; if volunteers are waiting to be approved for work, it takes two or three months for the background check to come back. The question has been raised: why do we not allow for the private sector to help clear the backlog? I would appreciate your thoughts.

Ms. HADDAD:

I do not have a great answer for why we do not engage with the private sector to provide fingerprinting or background-check services. My understanding of the process is the background check is sent over to the Central Repository—which is also a State agency. That is where the delay in processing occurs. The background checks are also sent to the FBI, then the Repository has to wait to receive a response back. The IT systems are being updated to further automate and expedite the timelines. That might take a couple of years, but the hope is that people will not have to wait five to six weeks for their background checks. There is a challenge with the way paperwork is processed at the State level. There are other questions about the type of things being checked in background checks, accessing information and working with the Nevada Department of Public Safety. I cannot speak to why we do not leverage a private entity.

SENATOR FLORES:

I would be interested in engaging in that conversation further. There is an opportunity for the private sector to help expedite some of the inefficiencies, namely background checks. Many industries use third-party private entities for the same reason anyone else would, to expedite the background check process. The faster we can get a person trained and through the background check paperwork, the faster the person can fill a vacancy. I would be interested in working with you to see if that would be possible.

I want to revisit what Senator Neal brought up. When you were looking at language that exists in NRS, you saw some archaic language and realized there is an opportunity to engage in a conversation that has not happened previously. Before investing any meaningful amount of time or resources into that, you wanted to make sure we are all on the same page. I would not want the Committee to inhibit your creative ingenuity in looking at what other states are doing. However, some safeguards could be added to ensure it does not go too far off what you were hoping to accomplish.

I think there are multiple Senators, namely the ones who have brought up concerns, who would be willing to work alongside you to determine where this bill goes too far. That is our concern. This bill should not be completely disregarded. We want to preemptively address that concern. We have been in this scenario, not particularly with the school district, where we write a blank authority to a creative idea. Then, we find ourselves, over multiple sessions, having to corral the issue because we signed a bigger check than we intended to. I am willing to work with the whole Committee alongside of you to find some parameters. I do not want to tie your hands, so to speak. I think there is an opportunity for a deeper conversation. I want you to engage meaningfully, but, at the same time, address some of those parameters early on so that we can ensure the Committee is comfortable.

MS. HADDAD:

I do appreciate that. I apologize and look forward to engaging in those discussions. Based on the teacherage language, colloquially speaking, we, alongside others, believe that authority already exists. This bill was an effort to clarify and build out some of those guardrails on the authorities. We wanted to avoid getting down the road and having a big disagreement about what a teacherage is and how it is the defined. We wanted to bring some of the

language in this bill forward. We would appreciate continuing to have conversations to put together a satisfactory bill.

CHAIR LANGE:

Is there anyone wishing to speak in support of this bill?

ALEXANDER MARKS (Nevada State Education Association):

We support S.B. 47 which reduces the cost of teacher licenses. We also appreciate the sponsor's focus on the inclusion of education support professionals.

MARY PIERCZYNSKI (Nevada Association of School Superintendents):

We support this bill. As Senator Flores pointed out, the spirit of the bill is to get more teachers and educators in Nevada. Yes, there are some things that need to be worked out. There is no question about that. The idea is we have to provide some housing for people and get this licensure issue straightened out so that people can afford to come out of college, which they might have debt from, and get their licenses to teach. That is what this bill does.

KEIBI MEJIA (Nevada Association of School Boards):

We support of S.B. 47 and, in the interest of time, we ditto the comments from our colleague from the Nevada Association of School Superintendents.

CHAIR LANGE:

Seeing no one wishing to speak in neutral or opposition, Ms. Haddad, do you have any closing remarks?

Ms. HADDAD:

The idea with this bill is to ensure that we can support educators and support the adults that wrap their arms around our kids each day. This bill attempts to provide some stability to teachers, and to lessen some financial burdens that exist in their lives. This will help build a strong foundation for our students. Affordable housing is something that continues to reemerge as an issue in our State. We want to ensure that we are creating a strong educational system for our kids. I look forward to follow-up conversations with each of you.

CHAIR LANGE:

We will close the hearing on S.B. 47 and move to public comment.

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ALI CALIENDO:

I am the Founder and Executive Director of a Statewide support organization called Foster Kinship. I wanted to raise some awareness about a vulnerable population that our school district and our teachers see every single day: children who are not able to live with either of their parents. These children are in non-parental care. The majority of these kids are living with their relatives, such as grandparents or someone else who is stepping up to care for them. Unfortunately, there is no associated levels of support. The school district and teachers are often the first to notice that these kids have additional needs. We wanted to raise some awareness of efforts being done to support families and foster kinship. The Foster Kinship program is available to support teachers and schools. We are collecting data on families' needs.

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CHAIR LANGE:

I have also received a letter of support ([Exhibit E](#)). The meeting is adjourned at 2:45 p.m.

RESPECTFULLY SUBMITTED:

Kirsten Oleson,
Committee Secretary

APPROVED BY:

Senator Roberta Lange, Chair

DATE: _____

EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
	C	2	Guy Hobbs/ Nevada Commission on School Funding	Presentation
S.B. 47	D	14	Patricia Haddad/ Clark County School District	Conceptual Amendment
S.B. 47	E	27	Senator Roberta Lange	Letter of Support