



The K-12 School System Budget 2009-2011

**Presented to the Senate Finance and
Assembly Ways & Means Joint
Subcommittee on K-12/Higher
Education**

February 19, 2009

State K-12 Pass-Thru Funding

- Made up of 4 Budget Accounts
 - 2610 Distributive School Account (DSA)
 - Includes 11 programs funded in 2010-2011 providing aid to the school districts & charter schools
 - 2615 Innovation & Remediation Trust Fund
 - Includes 1 program funded in 2010-2011 providing aid to the school districts & charter schools
 - 2616 Grant Fund for Incentives for Licensed Educational Personnel
 - Includes no program funding in 2010-2011
 - 2699 Other State Programs
 - Includes 13 programs funded in 2010-2011 providing aid to the school districts & charter schools
- All non pass-thru funds have been transferred to other budget accounts within the Department of Education so there is a clear delineation of District and Charter School versus Department funding

Agency Request to Gov Rec

Program:	Budget Account	Included in Agency Request	Included in Governor Recommend
Continue Suspension of Empowerment (8,897,200/Yr)	2615	Yes	Yes
Suspend Remediation/Innovation Grant program (38,002,608/Yr)	2615	Yes	Yes
Suspend Ed Tech and KLVX Funds (\$4,895,000/yr and \$440,000 (2010 only) respectively)	2699	Yes	No
Reduce Library Database funds by 14.12% (2010 Only \$77,660)	2699	Yes	Yes
Suspend Career and Technical Education Program Funds (\$4,000,000/yr)	2699	Yes	No
Reduce Textbooks, Instructional Supplies and Instructional Hardware by 50% (2010 - \$32,594,622; 2011 - \$34,009,156)	2610	Yes	No
Add 1 to CSR (2010 – \$25,261,886; 2011 - \$26,307,661)	2610	Yes	No
Reduce RPDPs by 14.12% (\$1,908,151/yr)	2610	Yes	Yes (1)
Suspend 1/5th Retirement Credit Purchase and Teacher Incentive Programs(\$26,683,361/yr)	2616	Yes	Yes
Suspend Teacher Signing Bonuses (\$7,578,000/ yr)	2699	Yes	Yes (2)
Reduce Adult HS by 14.12% (2010 - \$3,735,311; 2011 - \$4,613,444)	2610	Yes	Yes (3)
Reduce Early Childhood Education by 14.12% (2010 - \$521,607; 2011 - \$577,750)	2610	Yes	No
Reduce Public Broadcasting by 14.12% (\$42,362/yr)	2699	Yes	Yes
Reduce Apprenticeship program by 14.12% (\$84,724/yr)	2699	Yes	Yes
Suspend LEA Library Book program (\$563,241/yr)	2699	Yes	No (4)
Basic Support (2010 – Surplus of \$6,557,404; 2011 – Shortfall of \$51,215,261)	2610	Yes	No
Suspension of Step on Scale Rollup funds for both 2010 and 2011	2610	No	Yes
Temporary Salary Reduction	2610	No	Yes
Health Insurance benefit changes for active employees and retirees	2610	No	Yes
Increase PERS Contribution Rate	2610	No	Yes
Inflation increases for operating costs	2610	Included	Excluded (5)

Agency Request to Gov Rec

Agency reductions were made to comply with Budget Division instructions to submit a budget that reflected a 14.12% reduction from FY 2009 Legislatively approved budget amounts.

- (1) Proposed suspension of RPDPs in 2010-2011 biennium
- (2) State funding for signing bonuses for "new growth" teachers only'
- (3) Also reduced by suspension of rollups and temporary salary reductions
- (4) Decreased by 13.64% from FY 09 budgeted funding instead of suspension
- (5) All non-student driven inflationary increases except heat and electric were excluded from Governor Recommends
 - Heat: Agency Request (3% - 2010; 3% - 2011); Governor Recommend (9% - 2010; 3% - 2011)
 - Electric: Agency Request (3% - 2010; 3% - 2011); Governor Recommend (9% - 2010; 3% - 2011)
 - Student Driven: Agency Request (3% - 2010; 3% - 2011); Governor Recommend (0.3% - 2010; 3% - 2011)
 - Water/Sewer: Agency Request (12% - 2010; 12% - 2011); Governor Recommend (0% - 2010; 0% - 2011)
 - Property/Liability Insurance: Agency Request (7.5% - 2010; 7.5% - 2011); Governor Recommend (0% - 2010; 0% - 2011)
 - Other: Agency Request (3% - 2010; 3% - 2011); Governor Recommend (0% - 2010; 0% - 2011)

Budget Account 2610

Distributive School Account

DSA Base Budget

- Supports the following on-going programs:
 - Basic Support for Public Schools, including Special Education
 - Class Size Reduction, including at-risk kindergarten
 - School Lunch State Match
 - Gifted and Talented Program
 - Professional Development Centers
 - Early Childhood Education
 - Elementary Counselors
 - School Library Media Specialists
 - Adult High School Diploma
 - Special Transportation
- Rolls salaries through FY 2009
 - 2% Step on Scale increase
 - 4% Cost of Living increase
- Includes “Roll-up” of 2% for both FY 2010 and FY 2011
- Recommended budget of \$1,442,710,345 in FY 2010 and \$1,458,338,546 in FY 2011

Base Budget – “Nevada Plan” Revenues

Nevada Plan Revenue Changes						
	FY 2008 Actual	FY 2009 Work Program	FY 2010 Gov Rec	Change from FY 2008	FY 2011 Gov Rec	Change from FY 2010
Local School Support Tax*	945,043,907	1,108,717,188	866,679,523	-8.29%	893,697,453	3.12%
1/3 Public Schools Operating Prop Tax	243,790,316	290,268,708	275,897,011	13.17%	278,599,587	0.98%

*Projections based on Economic Forum and adjusted for the application of the LEED credits

Base Budget – Non-General Fund DSA Revenues

Distributive School Account Revenue Changes						
	FY 2008 Actual	FY 2009 Work Program	FY 2010 Gov Rec	Change from FY 2008	FY 2011 Gov Rec	Change from FY 2010
Slot Tax	34,945,244	40,294,194	36,173,569	3.51%	36,571,479	1.10%
Interest on Permanent School Fund	14,063,745	12,315,982	14,631,920	4.04%	14,924,558	2.00%
Federal Mineral Lease Revenue*	8,670,418	6,354,164	9,198,446	6.09%	9,474,399	3.00%
Out of State Local School Support Tax	102,284,310	123,716,564	93,802,749	-8.29%	96,726,963	3.12%
Estate Tax	3,981	100	100	-97.49%	100	0.00%

*Reinstates \$7 million cap in NRS 328.450 for FY 2010 and FY 2011

M-101- Agency Specific Inflation

- Allows a 0.3% increase over FY 2008 expenditures in FY 2010 and additional 3% increase in FY 2011 for “Student Related” operating costs (Textbooks, Instructional and Other Supplies, Instructional Software and Library)
- Utility Inflation
 - Heat – 9% increase over FY 2008 expenditures in FY 2010 and additional 3% increase in FY 2011
 - Electricity – 6.8% increase in FY 2008 expenditures in FY 2010 and additional 3% increase in FY 2011
- Includes “Fence-off” requirements for textbooks
- Recommended budget of \$6,235,006 in FY 2010 and \$12,763,731 in FY 2011

M-101- Agency Specific Inflation

Textbook "Fence-Off" Requirement - NRS 387.206								
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009*	FY 2010	FY 2011
Textbook Minimum Expenditure Requirement per pupil	\$ 173.13	\$ 172.12	\$ 217.56	\$ 223.99	\$ 213.84	\$ 109.91	\$ 235.95	\$ 242.94
Basic Support Guarantee per pupil	\$ 4,295	\$ 4,424	\$ 4,486	\$ 4,696	\$ 5,122	\$ 5,213	\$ 4,968	\$ 4,968
Textbook MER as % of Basic Support	4.03%	3.89%	4.85%	4.77%	4.17%	2.11%	4.75%	4.89%
*FY 2009 Amount Reduced by 50%; SB 5 24th Special Legislative Session								

M-200 – Enrollment Growth

- M-200 Enrollment Growth
 - Budgeted Students:
 - FY 2008 – 425,270.2
 - FY 2009 – 436,675.2
 - Actual Students
 - FY 2008 – 420,829.8 (1.83% increase versus 3.15% projected)
 - FY 2009 Count Day – 422,345.8 (0.78% increase versus 2.68% projected; additional 1,634.0 Hold Harmless Students)
 - Projected Students
 - FY 2010 – 425,648.4 (0.78% increase from FY 2009 actual enrollment)
 - FY 2011 – 429,706.6 (0.95% increase from FY 2010)
 - Includes caseload increases for operating and “student driven” equipment expenditures

M-200 – Enrollment Growth

- Class Size Reduction:

- 1st Grade (0.67% increase in FY 2010, 0.97% increase in FY 2011)
- 2nd Grade (0.67% increase in FY 2010, 0.99% increase in FY 2011)
- 3rd Grade (0.67% increase in FY 2010, 0.98% increase in FY 2011)

- Positions:

Year	Required	Year	Required
2008	2,201 (LA)	2009	2,260 (LA)
2010	2,142	2011	2,163

- FY 2010 – Increase of 1.76% over the FY 2009 projected need of 2,105 teachers based on actual enrollments (result of slower than anticipated enrollment growth)
- FY 2011 – Increase of 0.98% over FY 2010

M-200 – Enrollment Growth

- Special Education – unit Growth at same rate as enrollment inflation

Year	Units	Chg	Amount	Chg
2008	3,046		\$36,541	
2009	3,128	2.69%	\$38,763	6.08%
2010	3,050	(2.49%)	\$36,569	(5.66%)
2011	3,079	0.95%	\$36,569	0.00

- Reduction in the number of units in FY 2010 due to the decrease in enrollment inflation which resulted in more units being budgeted in the current biennium than would have been necessary if the lower enrollment inflation had been known at the time the budget was prepared

M-200 – Enrollment Growth

Special Education Maintenance of Effort							
	Units	Change	Per Unit Amount	Change	Total	Change	MOE Met
FY 2006 Actual	2,835		34,433		97,617,555		
FY 2007 Actual	2,953	4.16%	35,122	2.00%	103,715,266	6.25%	YES
FY 2008 Actual	3,046	3.15%	36,541	4.04%	111,303,886	7.32%	YES
FY 2009 Leg Apprvd	3,128	2.69%	38,763	6.08%	121,250,664	8.94%	YES
FY 2010 Gov Rec	3,050	-2.49%	36,569	-5.66%	111,535,450	-8.01%	NO
FY 2011 Gov Rec	3,079	0.95%	36,569	0.00%	112,595,951	0.95%	NO

M-200 – Enrollment Growth

- Adult High School Diploma Program
 - 2008 Actual Enrollment:
 - 22,234 in Regular Program (increase of 16.29% from FY 2006)
 - 5,343 in Corrections Program (increase of 9.33% from FY 2006)
 - Jean Prison Program was closed in FY 2008 and moved to the High Desert Prison
 - Adult HS Program was increased by the K-12 enrollment inflation through the M-200 decision unit at the same rate as Basic Support (0.78% in FY 2010 and 0.95% in FY 2011)
 - M-200 decision unit for Adult HS Program would increase from \$180,908 in FY 2010 and \$411,270 in FY 2011 to \$1,516,346 in FY 2010 and \$3,194,808 in FY 2011 if the average enrollment growth of 6.11% (FY 2004 – FY 2008 average annual growth) is used instead of the K-12 enrollment growth

M-200 – Enrollment Growth

- Gifted & Talented Units – Adjusted for lower than projected enrollments and increased for enrollment inflation only over FY 2009 budget (FY 2008 and FY 2009 G/T units were decreased to fund a G/T position in the Department by the 2007 Legislature; that position has remained unfilled due to budget reductions)
 - 0.78% in FY 2010 and 0.95% in FY 2011
 - FY 2010 decrease of \$9,327 from FY 2008 actual expenditures (5.43%)
 - FY 2011 increase of \$4,888 over FY 2010 budget (3.01%)
- Early Childhood Education
 - Increased at 0.78% and 0.95% from FY 2009 Legislatively Approved budget for enrollment growth (same as Basic Support)
- Recommended budget of \$28,344,893 in FY 2010 and \$54,159,619 in FY 2011

M-300 Benefits Adjustments

- PERS Retirement Change:
 - Increase rate from 20.5% to 21.5%
 - Corresponding salary reduction of $\frac{1}{2}$ of the amount (consistent with treatment of prior changes)
 - Results in small decreases to other fringe benefits driven by salaries (i.e., Worker's Comp, Unemployment, Medicare, etc)
 - Affects both Basic Support and Class Size Reduction
- All other fringe benefits remained at the same rate as FY 2008
- Recommended budget of \$7,717,267 in FY 2010 and \$7,925,420 in FY 2011

E-225 Eliminate Duplicate Effort

- Add 140 students from the Nevada Youth Training Center (NYTC) to the Distributive School Account (DSA)
 - Fund NYTC through the DSA apportionment model instead of a direct appropriation to NYTC
 - Modeled after the M-200 decision unit for enrollment growth (adds special education, gifted & talented, etc)
 - Adds equivalent salaries, benefits, operating costs and equipment to accommodate the additional students
- Recommended budget of \$760,868 in FY 2010 and \$762,317 in FY 2011

E-662 Program Reduction

- Reduce Regional Professional Development Program funding by 19.49% from the 2009 legislatively approved budget level to meet the Governor's requested budget reduction target
- Proposed savings of \$2,633,260 in FY 2010 and FY 2011

E-663 Program Reduction

- Decreased Adult HS funding by 14.12% from the 2009 legislatively approved budget level to meet the Governor's requested budget reduction
- Proposed savings of \$3,300,146 in FY 2010 and FY 2011

E-667 Program Reduction

- Suspend Regional Professional Development Program funding for the 2010-2011 biennium
- Proposed savings of \$10,879,902 in FY 2010 and FY 2011

E-670 Temporary Salary Reduction

- 6% temporary salary reduction for K-12 employees - equivalent to the Cost of Living Adjustments awarded in the current biennium
 - 2% in FY 2008
 - 4% in FY 2009
- Consistent with the calculations used for State employees
- Affects Basic Support, Class Size Reduction and Adult High School Programs
- Recommended savings of \$143,662,869 in FY 2010 and \$146,605,602 in FY 2011

E-671 Suspend Merit Increases

- Temporary suspension of 2% “roll-ups” for the 2010/2011 biennium
 - These “roll-ups” account for the increases on pay scales resulting from experience and additional education
 - Consistent with the suspension of step increases for State employees
 - Affects Basic Support, Class Size Reduction and Adult High School Programs
- Recommended savings of \$46,953,199 in FY 2010 and \$95,198,644 in FY 2011

E-673 SAGE Commission

- Implement SAGE Commission Recommendations for health insurance subsidization
 - Active Employees
 - Reduce amount provided to subsidize employee health insurance premiums by 8.8% in FY 2010 and leave essentially flat in FY 2011
 - Retirees
 - Eliminate subsidies for Medicare eligible retirees (about 55% of school district retirees are Medicare retirees)
 - Reduce subsidy for remaining eligible retirees by 25% in FY 2010 and 50% in FY 2011
 - Due to the passage of SB544 in 2007, most school district retirees are no longer eligible to join the Public Employees Benefits Program
 - Consistent with the changes for State retirees
 - Recommended savings of \$48,014,066 in FY 2010 and \$52,183,226 in FY 2011

E-710 Replacement Equipment

- Funds replacement equipment at school districts and charter schools at the 2008 level
- Recommended budget of \$17,514,223 in FY 2010 and FY 2011

Supplemental Appropriation Request

- Basic Support
 - \$329,279,867 shortfall based on projected outlays and revenues
 - Outside Revenue Shortfall (LSST & PSOPT) - \$270,796,309
 - DSA Revenue Shortfalls (O/S LSST, Slot Tax, Federal Mineral Lease Act, Interest from PSF) - \$37,458,449
 - FY 2008 Shortfall - \$85,874,930
 - Special Transportation Shortfall – \$58,897
 - Enrollment Savings – (\$64,890,559)
 - Prior Year Refunds – (\$18,159)

Basic Support Levels

Basic Support Amounts					
	FY 2008 Actual	FY 2009 Leg Approved	FY 2009 Rev. 24th Spec Session	FY 2010 Gov Rec	FY 2011 Gov Rec
Total Expenditures	2,145,245,529	2,324,500,302	2,276,504,588	2,115,428,650	2,135,607,736
Enrollment	420,830	436,675	436,675	425,788	429,847
Basic Support	5,098	5,323	5,213	4,968	4,968
Change from FY 2008 and FY 2010				-2.55%	0.00%

Budget Account 2615

Account for Programs for
Innovation and the Prevention of
Remediation (NRS 385.3782)

Base Budget

- Supports the following on-going programs:
 - Innovation & Remediation Grant Program – Commission on Educational Excellence
 - Full Day Kindergarten for existing “at-risk” schools with 55.1% or more free and reduced lunch enrollment
- Rolls salaries through FY 2009
 - 2% Step on Scale increase
 - 4% Cost of Living increase
- Includes “Roll-up” of 2% for both FY 2010 and FY 2011
- Recommended budget of \$57,044,847 in FY 2010 and \$57,598,447 in FY 2011

M-200 – Enrollment Growth

- Full Day Kindergarten
 - Includes enrollment inflation of 0.64% in FY 2010 and 0.95% in FY 2011
- Recommended budget of \$163,848 in FY 2010 and \$408,616 in FY 2011

E-660/E-661 Program Reduction

- Suspends the Innovation and Remediation grant program for the 2010-2011 biennium
- Recommended savings of \$29,364,814 in FY 2010 and FY 2011

E-670 Temporary Salary Reduction

- 6% temporary salary reduction for K-12 employees - equivalent to the Cost of Living Adjustments awarded in the current biennium
 - 2% in FY 2008
 - 4% in FY 2009
- Consistent with the calculations used for State employees
- Recommended savings of \$1,536,073 in FY 2010 and FY 2011

E-671 Suspend Merit Increases

- Temporary suspension of 2% “roll-ups” for the 2010/2011 biennium
 - These “roll-ups” account for the increases on pay scales resulting from experience and additional education
 - Consistent with the suspension of step increases for State employees
- Recommended savings of \$542,746 in FY 2010 and \$1,096,346 in FY 2011

Budget Account 2616

Grant Fund for Incentives for
Licensed Educational Personnel
(NRS 391.166)

Base Budget

- Supports the following on-going programs:
 - 1/5th Retirement Credit Purchase Program (NRS 391.165)
 - Program of Incentive Pay (NRS 391.166)
- Recommended budget of \$24,220,285 in FY 2010 and \$24,704,691 in FY 2011

M-200 – Enrollment Growth

- Includes enrollment inflation of consistent with overall K-12 enrollment growth
- Recommended budget of \$556,771 in FY 2010 and \$986,576 in FY 2011

E-660/E-661 Program Reduction

- Suspends the 1/5th Retirement Credit Purchase Program and Program of Incentive Pay for the 2010-2011 biennium
- Recommended savings of \$24,777,056 in FY 2010 and \$25,691,267 in FY 2011

Budget Account 2699

Other State Programs

Base Budget

- Supports the following on-going programs:
 - Apprenticeship Program
 - Student Accountability Information in Nevada (SAIN)
 - Educational Technology – KLVX TV and Library Database (FY 2010 only)
 - Vocational Student Organizations
 - Peer Mediation
 - LEA Library Books
 - Byrd Operating Expenses
 - Public Broadcasting
 - Geographic Alliance in Nevada (GAIN)
 - Teacher Certification
 - Counselor Certification

Base Budget

- Supports the following on-going programs:
 - Teacher Signing Bonuses
 - Nevada History Program
 - Private School Administration
 - Charter School Administration
 - School Support Team Leaders and Substitutes
 - Speech Pathologist Certification
 - Career & Technical Education
- Recommended budget of \$17,078,591 in FY 2010 and \$16,218,534 in FY 2011

E-310 Improve Pupil Achievement

- Increases funding for School Support Team substitutes for non-Title I schools that are in need of improvement status for three or more years (estimated to be 122 in FY 2010 and 167 in FY 2011)
- Recommended budget of \$198,096 in FY 2010 and FY 2011

E-650/E-660 Program Limits

- Proposes to limit reimbursement of new teacher signing bonuses to “growth” teachers only
 - School Districts and Charter Schools would be responsible for payment of signing bonuses for any non-growth teachers
 - 13 of the 17 school districts are in hold-harmless situations, meaning they would not have “growth” teachers
 - Only Clark, Eureka, Lincoln & Storey school districts would be eligible
 - Department would need to develop a method for determining who is a “growth” teacher versus who is a replacement teacher
- Recommended savings of \$7,062,000 in FY 2010 and \$6,932,000 in FY 2011

E661-E665 Program Reductions

- Reduces funding from the 2009 legislatively approved budget level to meet the Governor's requested budget reduction target for the following programs:
 - E-661 Library Database Funds by 14.12% (FY 2010 only)
 - E-663 Public Broadcasting by 14.12%
 - E-664 Apprenticeship Program by 14.12%
 - E-665 LEA Library Book Program by 13.63%
- Recommended savings of \$284,276 in FY 2010 and \$206,616 in FY 2011

E-750 Budget Restoration

- Reinstates Educational Technology funds deferred as part of the K-12 budget reductions in 2008
- Recommended budget of \$4,895,000 in FY 2010 and FY 2011

E-911-E-914 Transfers

- Transfers funding for the following programs which are for Department operations to budget accounts so designated leaving this budget account dedicated to pass-through fund programs:
- E-911 SAIN to Budget Account 2697
- E-912 Private School Administration, Charter School Administration and Nevada History to Budget Account 2706
- E-913 Byrd Operating to Budget Account 2709
- E-914 School Support Team Leader Contracts to Budget Account 2673

Questions?