

Pupil-Centered Funding Plan

Senate Bill 543

2019 Session

Presentation Objectives

Today's focus includes:

- Overview of the Pupil-Centered Funding Plan
- Implementation Partners
- Major Milestones
- Timeline
- Next Steps
- Available Resources

Possible future topics:

- Historical context – how we got here
- Nevada Plan
- Clarification of terminology
- Implementation of the Pupil-Centered Funding Plan
- Implications of the Plan
- Recommendations

What is the Pupil-Centered Funding Plan?

- Funding formula for public education
- Combines specific local and State revenues
- Provides basic level of support to each pupil
- Adjusts to account for variation in local costs
- Correlates economic growth to K-12 funding
 - Economic Forum projections

State Education Fund

Revenue includes:

- Interest and Income on Fund
- Interest on State Permanent School Fund
- Proceeds of certain taxes, fees and penalties
- Other money
 - Forfeiture accounts, federal land leases
- General Fund appropriation

Education Stabilization Account: Purpose

- Funds may be transferred by the Interim Finance Committee if revenue collected in the State Education Fund is 97% or less than the amount authorized for that fiscal year
- “Revolving” account: If balance > 15% of appropriations and authorizations in the State Education Fund → excess is transferred to Fund

Education Stabilization Account: Sources of Revenue

- Annual transfer from county school districts, if ending fund balance > 16.6% of actual expenditures
 - Exceptions apply
- Balance in State Education Fund (SFYE) → account
- Interest and income earned by the account

Funding Tiers

- **NDE:** statewide administration and oversight of schools
- School Districts: **food service and transportation**
- **School Districts:** adjusted base per pupil funding
- **Charter Schools/University Schools:** statewide per pupil funding amount for Distance Education and adjusted base per pupil funding
- Districts/Charters/University Schools: **weighted funding** for specific categories of students

Hold Harmless

- If a district would receive less money under the Pupil-Centered Funding Plan than it received in FY 20, the district will receive the same level of funding (FY 20)
 - flexibility to reappropriation
- If enrollment declines for two or more years, the Legislature will determine the method to mitigate financial effects
 - Mitigation may include funding based on average enrollment over 3 year rolling period

Revenue not included in the State Education Fund

- Federal funds
- State matching funds
- Other funds

- Funds are not included in the statewide base per pupil funding amount
- May include Pre-K and Adult Education

Implementation Partners

- Nevada Department of Education (NDE)
- Governor's Finance Office (GFO)
- Commission on School Funding
- Local School Districts
- Legislative Committee on Education (LCE)
- Legislature
- Governor

NDE: Overview of Roles and Responsibilities

- Establish Adjustments and Adopt Regulations
- Create Reports
- Administer Pupil-Centered Funding Plan

NDE: Establish Adjustments and Adopt Regulations

- Cost Adjustment Factors
- Methodology to determine
 - Necessarily Small School Factor
 - Small District Equity Adjustment
- Maximum amount allowed for District-level Administration Expenses
- Format and content of specific reports
 - “Average Schools” reports
 - School District reports
 - School reports

NDE: Create Reports

- Personnel and Services at an average elementary, middle and high school
 - Governor's Recommended Budget
 - Legislatively Approved Budget
- Annual reports on staff and services provided
 - District
 - School

NDE: Administer Pupil-Centered Funding Plan

- Integrate Pupil-Centered Funding Plan into the biennial budget
- Modify internal payment workbooks
- Process required reports

Commission on School Funding: Roles and Responsibilities

- Provide guidance to NDE and districts on implementation
- Compare the Nevada Plan vs. Pupil-Centered Funding Plan and make recommendations to the Governor and the Legislature
- Make recommendations to LCE
- Recommend revisions to NDE regarding adjustments and reports

Commission on School Funding: Plan Comparison

- Project 2019-2021 funding distribution using the Pupil-Centered Funding Plan
- Review 2019-2021 school district budgets prepared using the Pupil-Centered Funding Plan
- Make recommendations for needed changes to the Governor and Legislature

Commission on School Funding: Recommendations to LCE

- Improvements to Pupil-Centered Funding Plan, based on implementation
- Revisions to create an optimal level of funding
- Changes to state laws and regulations to improve efficiency and effectiveness of public education
 - Notify districts of recommended revisions

Commission on School Funding: Recommendations to NDE

- On a biennial basis, review and make revisions to:
 - Cost Adjustment Factors
 - Necessarily Small School Adjustment
 - Small District Equity Adjustment
 - “Average School” reports

Local School Districts

- Use the Pupil-Centered Funding Plan to project 2019-2021 budgets
- Submit actual and projected budgets to the Commission
 - Nevada Plan
 - Pupil-Centered Funding Plan
- Account for, distribute, and expend funds out outlined in SB 543
 - District
 - School

Legislative Committee on Education:

- Offer recommendations to NDE:
 - NDE's proposed changes to
 - Cost Adjustment Factors
 - Necessarily Small School methodology
 - Small District Equity Adjustment methodology
- Consider recommendations from Commission:
 - Transmit recommendations or revised recommendations to the Governor and Legislature

Legislature: K-12 Funding

- Intent: the statewide base per pupil funding amount for a fiscal year not be less than the amount for the preceding fiscal year
 - adjusted by inflation
 - to the extent practicable
 - If Fund decreases → proportional reduction to statewide base per pupil funding amount and weighted funding amounts
- Determine the sufficient amount of funding per pupil, based on projected enrollment, to operate and provide general education
- Determine statewide base per pupil funding amount

Legislature:

Mitigate Declining Enrollment

- Determine method to mitigate effects of continued decrease in enrollment in a district
 - May include basing the district's appropriation on a rolling 3 year enrollment average

Governor: Budgetary Estimates for the Pupil-Centered Funding Plan

Based on Economic Forum projections

- Increase revenue projections by rate $>$ inflation + enrollment
→ base + rate of increase
- Increase revenue projections by rate $<$ inflation + enrollment =
base + amount $<$ inflation + enrollment
- Decrease revenue projection → base + amount $<$ rate of
decrease

Impracticable?

- Must include recommendation to improve the method for
funding K-12 education

Governor:

Executive Budget Recommendations

- Recommended GF transfer amount
- Recommend revisions to appropriation areas
 - Including adjustments and weighting
- Statewide base per pupil funding amount
- Impracticable?
 - Recommendations determined to be appropriate

Statutory Deadlines

Major Milestones: SB 543 Implementation	2019			2020												2021							
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	
1st Commission Meeting	█																						
NDE establish cost adjustment factors								█															
NDE adopt regulations								█															
NDE presentation to LCE								█															
NV Plan vs. Pupil-Centered Funding Plan								█															
Districts submit budgets using Plan								█															
Commission completes analysis										█													
Commission recommendations to Gov and Leg										█													
Commission recommendations to LCE	ongoing opportunity																						
LCE transmits recommendations to Gov and Leg	ongoing opportunity																						
Agency Request Budget											█												
Economic Forum															█								
Governor's Recommended Budget																█							
Commission review of Average School report																█							
NDE submits Average School report to LCB																	█						
Economic Forum																				█			
Legislatively Approved Budget																					█		
Commission reviews Average School report																						█	
NDE submits Average School report to LCB																							█
Reports by districts published																							
Reports by schools published																							
387 reports due to NDE		█																					

← Leg Session →



Establish Cost Adjustment Factors

NDE

- Establish Adjustments
- Adopt Regulations
 - Several month process
- Present to LCE for input
 - On or before May 1
- Establish maximum amount for district admin costs
- Adopt Regulations

Commission

- Review Adjustments
- Recommend revisions to achieve optimal funding

Transition from Concept to Calculation

NDE

- Update model to include cost adjustment factors
- Update using 2019-2021 revenue projections
- Submit to Commission
 - On or before May 15, 2020

Districts

- Update FY 20 and FY 21 budgets based on Plan
- Submit to Commission
 - On or before May 15, 2020

Commission

- Compare NV Plan and Pupil-Centered Funding Plan
 - Statewide budget
 - Local School District budgets
- Submit recommendations to the Governor and Legislature
 - On or before July 15, 2020

Reports

NDE

- Adopt Regulations (content and format)
 - Average School Report
 - On or before Feb 1, 2021*
 - On or before July 1, 2021*
 - School District Report
 - On or before October 1 (starting in 2022)
 - School Report
 - On or before October 1 (annually, starting in 2022)

Commission

- Review Average School Report
 - To facilitate quick turnaround
 - Gov Rec Budget
 - Leg Approved Budget
- Recommendations to improve efficiency and effectiveness of public education
 - NDE
 - LCE

Implementation

NDE

- Integrate in to biennial budget
 - Following State Budget Instructions

Commission

- Provide guidance on process
- Identify opportunities for improvement
 - Within current funding
- Recommend revisions to attain optimal level of funding
 - More funding needed → identify how to fund within 10 years
- Identify needed changes to State laws and regulations
 - Improve effectiveness and efficiency

Next Steps: Commission

- Determine how to fulfill mission within established timeframes
- Identify information needed to facilitate decision making process
- Propose recommendations to improve implementation of Plan
- Propose statutory changes to improve efficiency and effectiveness of public education

Questions?