

**Commission on School Funding  
Recommendations to the Governor and the Legislature  
to ensure the successful implementation of the Pupil-Centered Funding Plan**

**Adjustments to the Statewide Base Per Pupil Funding Amount**

**Recommendation: The Small District Equity Adjustment should be revised to the attendance area level and the Necessarily Small School Adjustment should be eliminated from SB 543.**

Background: The Pupil Centered Funding Plan currently includes three adjustments to the Statewide Base per Pupil Funding Amount: a cost adjustment factor to account for variations among counties in the cost of living and the cost of labor; the Necessarily Small School Adjustment to account for the increased costs associated with operating schools with a small number of pupils; and a Small School District Equity Adjustment to account for the increased cost per pupil to operate a school in a district with relatively few pupils.

At the request of the Commission, subject matter experts (Augenblick, Palaich and Associates (APA)) analyzed how the adjustments in the Pupil Centered Funding Plan address the cost pressures faced by school districts throughout the state. Based on their findings, APA recommended that the Small District Equity Adjustment be applied at the attendance area level and that the Necessarily Small School Adjustment be removed from the adjustments.

APA determined that applying the adjustment (factor) at the attendance area level better reflects the costs school districts incur when operating in multiple remote settings. Attendance areas are also better predictors of the cost differential, compared to density adjustments. And, in a state with relatively few school districts, attendance areas equate to having “districts within districts.” It was interesting to learn that Nevada has the fewest school districts compared to other states, with the exception of Hawaii, and that many western states utilize separate districts to serve remote population centers.

The modification of the Small District Equity Adjustment negates the need to include an adjustment specifically for small schools. Therefore, it is recommended that this cost factor be removed from the Pupil Centered Funding Plan.

**Weighted Funding**

The Commission on School Funding developed two recommendations pertaining to weighted funding: one recommendation regarding the definition of At-Risk pupils and one recommendation regarding Special Education.

**Recommendation: An alternative measure should be prescribed by the State Board of Education to define At-Risk pupils, who are eligible for additional services and supports funded through the weighted funding for At-Risk pupils.**

**Additionally, the Commission recommends that the Nevada Department of Education work with Infinite Campus to develop a Nevada-specific metric to identify students who based on set key factors have a higher probability of failing academically or dropping out of school.**

Background: The use of Free and Reduced-Price Lunch (FRL) as a definition for At-Risk pupils is consistent with other states, as well as Every Student Succeeds Act (ESSA) implemented in Nevada. Using this “standard” definition could allow for data comparison across states. However, using this

standard definition could also result in eligible students not being identified or served as intended through the Pupil Centered Funding Plan.

The Commission identified several challenges with using eligibility for FRL as the criteria for weighted funding for At-Risk pupils. Most notably, there are limitations on who has access to student level data within each district and school specific to FRL. Using FRL as an identifier for weighted funding may violate (federal) confidentiality provisions or make it impossible to ensure eligible students receive the intended services. Additionally, the Commission indicated that many eligible families do not complete FRL paperwork because of the social stigma attached to the program. Similarly, the Commission noted that the Community Eligibility Provision (CEP), a policy change to the federally administered National School Lunch Program (NSLP), allows schools and districts serving low-income populations to identify all students as eligible for free lunch, regardless of students' individual circumstances.

Infinite Campus is a student information system that captures student data, such as attendance and grades. Infinite Campus is currently used by all school districts in Nevada, the State Public Charter School Authority, and district sponsored charter schools. Infinite Campus uses machine learning and daily inputs consisting of key factors including academic, attendance, behavior, home and enrollment stability factors, and other risk factors. The strengths of Infinite Campus are that it provides real-time synchronization, reduces false positive and false negative at-risk identifications. The weakness of the Infinite Campus approach is that the methodology is complex and proprietary, which can make it difficult to understand and explain. The Commission, however, felt it was worthwhile to work toward an easily explained, transparent solution that accurately identifies those students who are most at-risk.

The Commission is hopeful that further work with Nevada Department of Education and Infinite Campus will result in clarity regarding this model.

**Recommendation: State maintenance of effort (MOE) and federal funding for Special Education should be transferred to a separate account within the State Education Fund and the requirement for determining a per pupil amount in the weighted funding portion of the Pupil Centered Funding Plan should be removed from statute.**

Background: The State and local school districts have individual Maintenance-of-Effort (MOE) requirements associated with federal funding for Special Education services. In order to meet its MOE requirement for Special Education, the State must budget at least the same amount of funding for special education services as the prior fiscal year. Local educational agencies (LEAs) must expend at least the same amount of funding in the current year as was expended in the prior fiscal year. Each school district has its own MOE requirement, based on individual school district expenditures and number of students served.

The Pupil Centered Funding Plan establishes a multiplier to provide weighted funding to differently abled students who receive services through Special Education. Using a single multiplier may impact the State's MOE and the MOE for individual school districts. For individual LEAs, if the multiplier generated less funding than the LEA expended per pupil in the prior fiscal year, the LEA may need to transfer funding out of the adjusted base per pupil funding amount to meet its MOE. Similarly, if the weighted multiplier generates more funding than was generated in the prior fiscal year, the LEA will then need to maintain that amount moving forward.

Another concern identified by the Commission is the use of a single amount of funding for all Special Education students. There is great variability in the needs of students and the cost of providing those services and supports in each school district and each school. Requiring a single amount per pupil

amount for special education services may result in some students being over funded and others being under funded.

Additionally, SB 543 also requires that funding for students eligible for Special Education services must follow the pupil to the school in which they are enrolled. This may complicate practices in school districts that have developed centralized Special Education services to meet the students' needs specified in IEPs across school boundaries and attendance zones.

In making its recommendation, the Commission stressed the need to allow districts (LEAs) to meet the Individual Educational Plans (IEP) needs of each student and acknowledged that these needs may not equal a statewide per pupil amount. Additionally, the Commission indicated that it is essential to maintain goals of adequacy and equity, as well as optimal funding, to ensure that differently abled students are given the assistance and support needed to be successful.

### **Reporting**

The Commission on School Funding developed three recommendations pertaining to reporting, more specifically for reporting frequency and timelines, staffing, and professional development.

**Recommendation: Applicable statutes should be revised to remove specific reporting deadlines (dates) and be replaced with flexible terminology, such as “quarterly,” “annually,” or “biennially.” Additionally, the Nevada Department of Education, in consultation with local educational agencies (LEA), including the State Public Charter School Authority, should align specific report submission dates with the availability of final data.**

Background: Subject matter experts from WestEd gathered information from school districts and schools within Nevada regarding the anticipated level of effort and fiscal impact of the reporting requirements included in Senate Bill (SB) 543, as well as exemplars for reporting requirements from other states and districts with pupil centered funding models. Based on the results of this work, it was recommended that reporting be consolidated, to the extent possible, and that specific reporting dates be removed from statute and replaced by the frequency for report submission, such as quarterly or annually. Delegating the process of establishing specific due dates to NDE, in consultation with LEAs, will ensure reports include meaningful and complete data.

For example, Sections 12.3 and 12.4 of SB 543 require school districts and individual schools to report on or before October 1 of each year, the personnel and services provided during the immediately preceding school year. Additionally, individual schools are to report anticipated changes to personnel and services during the current school year. School districts and schools indicate that due to the timeline associated with this reporting requirement, the data for the previous year would be preliminary; audited data would not be available until near the end of the calendar year. Additionally, school districts and schools noted that it would be difficult to post district wide and school specific information on the same date.

**Recommendation: Reports collecting staffing data from school districts and the State Public Charter School Authority, including staff counts and categories, should be consolidated by NDE, in consultation with the LEAs. Additionally, it is recommended that reports strive to eliminate reporting at the sub-category level.**

Background: Based on its research, WestEd recommended the consolidation of reporting requirements for personnel count data and personnel responsibilities. Currently school districts report the number of licensed full time and part time positions, by funding source, for the previous fiscal year using the “387 report.” This report is due by November 1 of each year. SB 543 requires additional reporting on the

number of persons employed during the previous year by subcategory, a description of the personnel employed in the previous year, and the number of staff dedicated to services for students in each of the weighted student categories.

School districts and schools reported that there are redundancies in reporting similar types of data, which creates additional workload for LEAs and schools and results in inconsistent data across various reports. More specifically, it is challenging to accurately allocate staff to specific service areas, because many staff work across multiple service areas or provide services to students in multiple categories. Consolidating these reports into a single report, due at a single point in time, would eliminate redundant data collection and facilitate consistent data reporting, from one fiscal year to the next, as well as among LEAs and schools.

**Recommendation: Reporting regarding professional development should be revised to report the amount of funding expended on professional development and the source of the funding by school district on an annual basis.**

Background: Section 12.5(e) of SB 543 requires the Nevada Department of Education to prescribe regulations regarding the content and format of reports by school districts and schools that identify the professional development provided to each teacher at the public school. Many interpret this requirement to mean that schools must track and report professional development for each individual teacher, which would create a tremendous workload for school staff. Many LEAs indicated that professional development is not currently tracked by duration of training or attendance. The Commission concluded that if the intent of this section of SB 543 is to track the type of professional development provided and the cost of such training, then a high-level report seems reasonable and appropriate.

### **Hold Harmless**

**Recommendation: The Hold Harmless provision should be amended to include charter schools and university schools for profoundly gifted pupils.**

Background: SB 543 documents the Legislature’s intent to transition to the Pupil-Centered Funding Plan without causing an unexpected loss of revenue to any school district that may receive less money under the Pupil-Centered Funding Plan than the district received during FY 2020. The Commission believes that this protection should be extended to charter schools and university schools for profoundly gifted pupils, because the transition from the current funding methodologies to the Pupil-Centered Funding Plan may create an unanticipated financial hardship for these individual schools.

The Commission is committed to continuing to study the Hold Harmless provision and its impact on students throughout the state, concurrently with its review of adequacy, equality, and optimal funding. Based on this ongoing work, the Commission will develop additional recommendations regarding the Hold Harmless provisions.

### **Ending Fund Balance**

**Recommendation: The definition of “ending fund balance” used in SB 543 should be revised to clarify that the ending fund balance is “the unrestricted General Fund balance for the school district, excluding the net proceeds of minerals.”**

Background: The Commission indicated that it is necessary to clarify the definition of “ending fund balance” because the current definition is nebulous and could result in multiple interpretations. For example, the ending fund balances reported by school districts may include other funds that should not

be considered for transfer to the Education Stabilization Account. Examples of these funds include, but are not limited to, restricted funds, capital debt service, propriety funds, and net proceeds of minerals.

### **Supplemental Appropriations**

**Recommendation: It is recommended that the Nevada Department of Education continue to have the ability to access additional revenue, if needed, to distribute the applicable base per pupil funding amount for each eligible pupil during a fiscal year, until such time as the Education Stabilization Account has sufficient revenue to support additional costs associated with an unanticipated increase in enrollment or an unexpected decrease in revenue in the State Education Fund.**

Background: Currently, if the Nevada Department of Education requires additional General Fund revenue to pay the Basic Support Guarantee, NDE can transfer funds as follows:

- In the first year of the biennium, NDE can transfer revenue from the second year of the biennium.
- In the second year of the biennium, NDE can request a supplemental appropriation from the Legislature.