

Authorizing Additional Funding for Our Schools

Clark County Education Association | August 2018



A Local Solution

As we approach the 2019 Legislative Session, Clark County Education Association (CCEA) recognizes that our Legislators and our next Governor will have 120 days to pass a budget and laws for our State, with education playing a significant role. Though CCEA will be actively involved in a discussion around reforming the Nevada Plan, we also want to be proactive in helping to craft new solutions for K-12 education funding. This paper offers a new solution to fund local schools: local funding authorization. In short, CCEA believes the state should look at ways to authorize more local revenue for K-12 education outside the Distributive School Account (DSA) to supplement existing state revenue. We believe that local funding should come with strong accountability measures to ensure new revenue is spent on proven intervention strategies to advance student achievement. And we believe Nevada's students can't wait for a lengthy and expensive overhaul of the Nevada Plan. As we have done in the past, CCEA will be engaged in advocating solutions that can be applied to improve outcomes for our state's children, and we look forward to working with legislators, state officials, and local stakeholders to advance common-sense solutions for all Nevada students.

FUND OUR SCHOOLS, NOW!

For years, Nevada policy makers have debated about funding for public schools. Since 2008, these discussions have been influenced by the Great Recession and a long recovery that has returned tax revenues to the state and allowed greater investment in public schools.¹

Over the past decade, conversations about education funding have centered around two principal questions:

- Does Nevada spend an adequate amount of money on K-12 education?
- Does Nevada have sufficient mechanisms in place to make sure that new expenditures for education are spent efficiently and effectively?

Those who advocate for funding adequacy have good reason to do so: Nevada's per pupil expenditures rank 43rd in the U.S.² To assess the amount of funding needed to adequately³ fund schools, two studies have been conducted, in 2006 and 2015, to estimate the funding gap. The results of those studies have been politically untenable. The 2006 study found that Nevada would need to raise \$2.295B each year to reach funding adequacy.⁴ An update to the same study in 2015 estimated a need of \$1.629B to reach funding adequacy. While legislators have shown an appetite to raise a certain amount of revenues for K-12 education, there has been little appetite to raise revenues of that magnitude.

Over the last three legislative sessions, lawmakers have taken a different approach to providing new funding schools. Nevada has made incremental investments in target populations and created programs with strong accountability standards that ensure money is spent in the way it was intended. In the later pages of this report, CCEA will show that these programs have been effective for the populations that they serve, but they lack the scope to provide equitable progress to all students.

Today, lawmakers are at a crossroads:

- Nevada must still ask the question of how much funding is adequate to provide a high-quality education to all students.⁵
- Nevada must take steps to start converting the incremental approach, which is working well for students in some schools, into a universal approach that will work for all students.

1 According to the U.S. Census Bureau, 2005 total expenditures for public schools in Nevada were \$6,722 per pupil (U.S. Census Educational Finance Branch. Public Education Finances 2005. Issued April 2007. Pg. xii). In 2015, total expenditures for public schools in Nevada were \$9,696 per pupil (U.S. Census Educational Finance Branch. Public Education Finances 2015. Issued June 2017. Pg. 23).

2 U.S. Census Educational Finance Branch. Public Education Finances 2015. Issued June 2017. Pg. 23.

3 Augenblick, John, et al. Estimating the cost of an Adequate Education in Nevada. Augenblick, Palaich & Associates: August 2006. Pg. iii.

4 Augenblick, John, et al. Professional Judgement Study Report. Lincy Institute at UNLV: January 2015. Pg. 29.

5 Currently, the Nevada Department of Education (NDE) is working on another update to the adequacy study – one that is anticipated in August 2018.

In this paper, CCEA will argue that this critical funding conversation should not be the state's conversation alone. Nearly every reform that has been passed in the last five years has been designed to empower individual schools to participate in programs that boost student achievement. CCEA believes that a funding conversation should embrace the reforms that are working in our school districts and bring the conversation down to the local level.

Progress Made Over the Past Five Years

Nevada has made significant progress in improving our education system over the past few years. Led by the Governor, the State Legislature, educators, and the business community, dozens of policy and funding reforms have been adopted.

- In 2013, the State Legislature directed new resources to English language learners and made significant changes to teacher evaluation and proficiency standards.⁶
- In 2015, the Governor and the State Legislature teamed up to pass more than two dozen additional programs to boost student achievement. Legislators also passed legislation to authorize tweaks in the state's K-12 funding formula.⁷ Finally, in the Legislative Interim, regulations were adopted to reorganize the Clark County School District.⁸
- In 2017, the Legislature began to make good on its commitment to a weighted funding formula by passing S.B. 178.⁹

Now that some of these programs are a few years old, we are beginning to see their positive impact on the state. Zoom Schools and Victory Schools are beginning to show results.¹⁰ More kids are taking, and passing, Advanced Placement (AP) courses than ever,¹¹ and the statewide graduation rate has risen to record highs.¹² In the leadup to the 2019 legislative session, policy makers and education advocates are now looking to take another step in our education progress by reforming the way that schools are funded throughout the state.

6 Legislative Counsel Bureau Research Division, Summary of Legislation. (2013) Pgs. 67-85.

7 Legislative Counsel Bureau Research Division. Summary of Legislation. (2015) Pgs. 81-114.

8 Whitaker, Ian. 'It is time for change': Legislators approve plan to overhaul CCSD. Las Vegas Sun: August 16, 2016.

9 Legislative Counsel Bureau Research Division, Summary of Legislation. (2017)

10 Nevada Department of Education. Zoom and Victory Schools demonstrating increased results on Smarter Balanced assessments. September 12, 2017.

11 Clark County School District. CCSD students make gains in Advanced Placement exams. March 7, 2018.

12 Nevada Department of Education. Nevada high schools post highest graduation rate on record. December 15, 2017.

Funding of Local Schools in Nevada

Nevada's method of funding schools is significantly different from many other states. Nationwide, over 90% of local school districts are "funding independent," meaning that individual districts have the power to levy taxes on their own.¹³ The Nevada Constitution does not allow for this. Article 8, Section 8 of the Constitution vests power in the Legislature to restrict the nature of local government levies. Therefore, the State Legislature is supreme power when funding local schools.

In Nevada, schools are funded through the funding formula in the Nevada Plan for School Finance, commonly known as the Nevada Plan. Under the Nevada Plan, a combination of taxes is levied by the State and the local governments, and they are combined through a funding formula and redistributed to school districts. The existing funding formula weights for things like local wealth and costs of school transportation. Importantly, the more local revenue that is generated, the less the state contribution. That means that if a county produces a lot of property or sales tax, the state allocates it incrementally less funding. After all the calculations are made, a State Basic Support Guarantee (SBSG) is generated. The SBSG has traditionally been the same for all students in a district, regardless of student characteristic.¹⁴

Timeline of Education Programs

2013	Zoom Schools
	Eliminate HS Proficiency Exam
	Washoe County Taxing Authority
	K-12 Funding Task Force
	Teacher Evaluation
2015	Pre-K Expansion
	Full Day Kindergarten
	Teacher Recruitment & Retention incentives
	Special Education funding
	Victory Schools
	Zoom School Expansion
	Nevada Plan Reform (S.B. 504)
	College & Career Readiness
	Career & Technical Education
	Peer Assisted Review
	Read by Grade 3
	Advanced Placement Expansion
	Expanded Dropout Prevention
	Turnaround School Expansion
	CCSD Reorganization (A.B. 394)
WCSD Ballot Initiative Authority	
2017	Breakfast After the Bell revision
	Computer Science expansion
	Extending Victory & Zoom programs
	Ready 21 Technology Grants
	Weighted Funding (S.B. 178)
	Peer Assistance & Review expansion
	School Board Training
	CCSD Reorganization (A.B. 469)

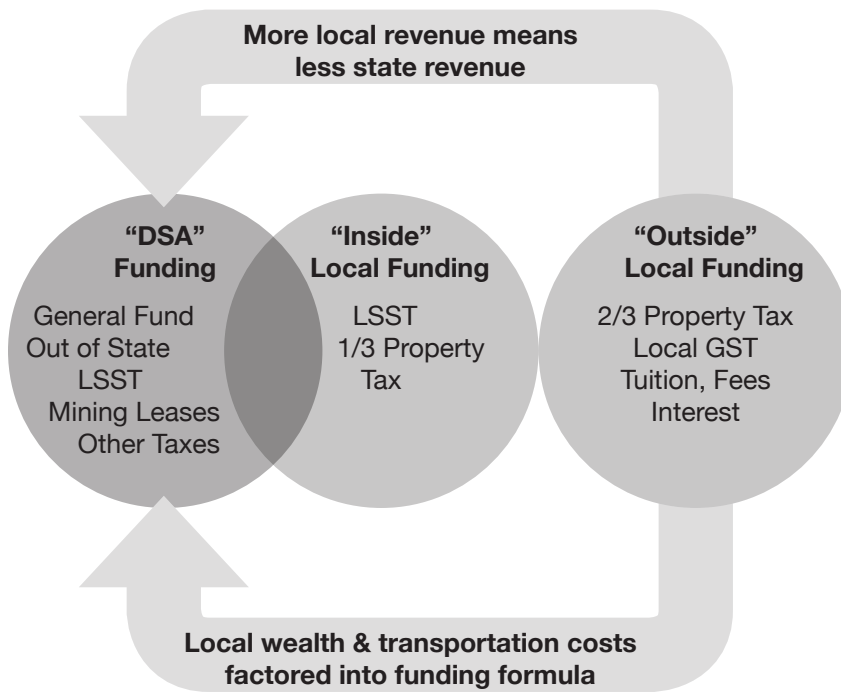
¹³ Johnson, Christopher David. Superintendents and Fiscally Dependent School District Budget Approval. September 1, 2017: Virginia Polytechnic Institute and State University, 17.

¹⁴ Legislative Counsel Bureau Fiscal Analysis Division. The Nevada Plan for School Finance: An Overview. 2017 Legislative Session.

For years, stakeholders in the education space have called for a reform of the state funding formula. In 2015, the Legislature put Nevada on a path to reform the funding formula by passing S.B. 504. This legislation, along with additional legislation in the 2017 session, began to institute a system of “weights,” whereby funding formula allocations would be increased based on the characteristics of students: special education students, children who are “at risk” due to poverty, and English language learners.¹⁵ A breakdown of these student populations in Clark County is included in the diagram below.¹⁶

While the work done on the funding formula has been important, the state has thus far only allocated additional formula funding for special education students. In the opinion of CCEA, this funding has largely supplanted funding already spent on special education in the local school districts. Other reforms enacted by the state have had a larger impact on Clark County schools.

Nevada Plan Funding:



15 Nevada Department of Education. Modernizing the Nevada Plan for School Finance: Section by Section Summary. January 26, 2016.

16 CCEA estimates based upon data available from NDE. Percentages reflected in the pie chart are as follows: SPED only: 3.64%; SPED + FRL: 8.37%; FRL only: 44.18%; ELL+ FRL: 17.13%; ELL only: 1.15%; non-FRL: 25.53%. According to the Nevada Report Card, 69.68% of CCSD students are eligible for free or reduced-price lunch, 18.28% are English language learners, and 12.01% are special education students. According to the Assessment of Equity of Using Average Unit Cost for Budgeting at Local School Precincts (Nevada Department of Education, July 2, 2018, pg. 10), 17.13% of ELL students are also FRL – meaning 1.15% of students are “only ELL.” CCEA estimates that special education students qualify for FRL at the same rate as the general population; thus, we estimate that 69.68% of special education students are also FRL.

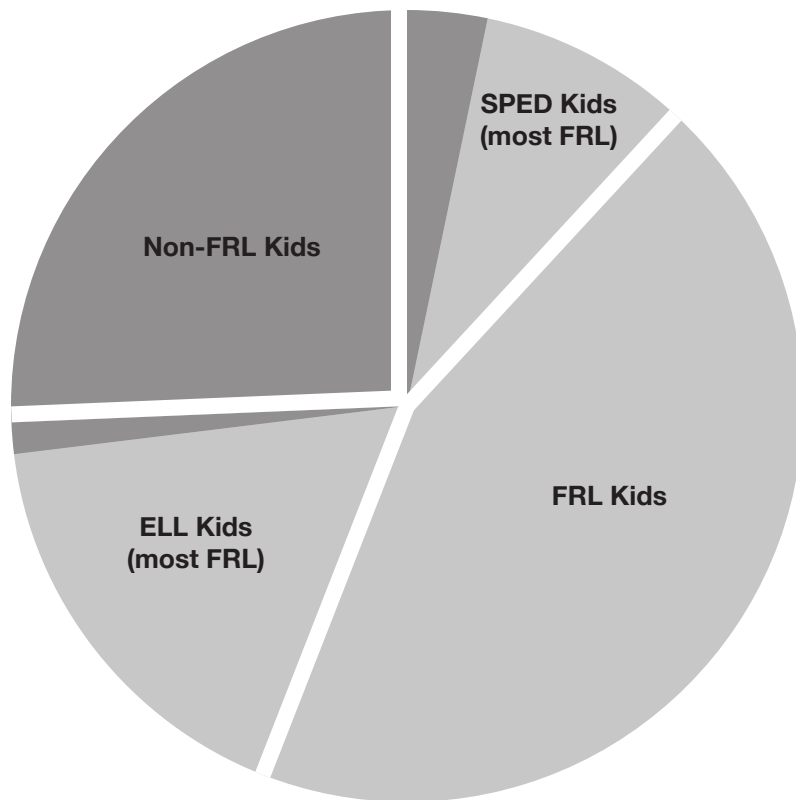
What as happened to CCSD schools as a result of recent reforms?

Nearly every reform that has been passed in the last five years has been designed to empower individual schools to participate in programs that boost student achievement. While it is still too early to assess the effect of some of these programs, we can say that the school system in southern Nevada is different in three key ways.

CCSD has become decentralized and schools now have a greater say over budget and strategy

The reorganization of the Clark County School District, resulting from A.B. 394 (2015), R142-16 (2016) and A.B. 469 (2017), has changed CCSD's education delivery system. Before the reorganization, a handful of schools operated under a semi-autonomous "empowerment" program.¹⁷ The rest operated within a top-down system where decisions about staffing, programming, and strategy were extremely limited.

CCSD Student Population:

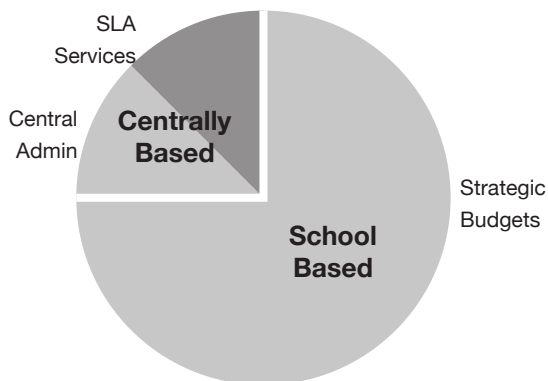


¹⁷ Martini, Mindy. History of the Empowerment Schools Program in Nevada. Legislative Counsel Bureau Research Division: February 2010.

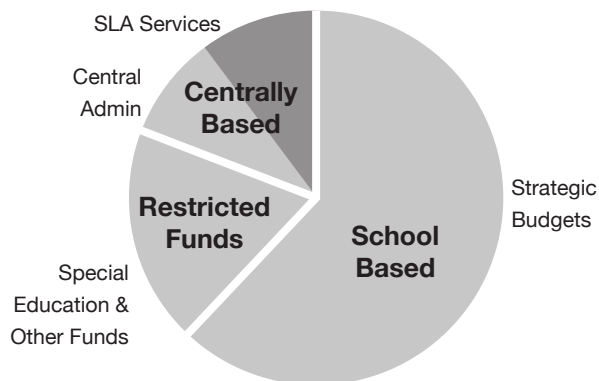
Though the reorganization is still a work in progress, it has significantly changed the education delivery system in Clark County. As a result of the reorganization, CCSD was required to give schools their own budgets and increase flexibility over the services provided to them. Every school with a permanent student population created a School Organizational Team (SOT), a body made up of parents, teachers, support staff, students, and community members to help the school principal form the budget and strategic plan for the school. School Organizational Teams now provide direct input over about 75% of the unrestricted budget. Through Service Level Agreements, they also have a very limited say over another 12% of the budget. Though this outcome was not exactly what was required by the reorganization, CCSD is operating in more of a decentralized manner than ever before.¹⁸

Because of the CCSD Reorganization, the public has a greater understanding of the amount of money that is actually spent at local schools. For general instruction, CCSD schools are allocated staff positions that average around \$5,000 per pupil for elementary schools and around \$3,700 per pupil for middle schools and high schools.¹⁹ Though special education services are managed at the local school level, schools are not allocated a budget for these services and do not have a great amount of control over their cost. The balance of CCSD’s education funding is spent on central services and central administration. In schools that receive \$3,700 per pupil, a relatively small amount of additional revenue can significantly increase budget flexibility.

Unrestricted Budget Breakdown:



Broader Budget Breakdown:



18 CCEA asserts these numbers after doing an analysis of the CCSD budget. According to CCSD A.B. 469 Section 18 reporting requirements for FY2019, CCSD allocates \$1,647,536,381 of its \$1,880,105,422 of unrestricted funds to schools. CCSD asserts this because they have elected to provide \$231,939,671 in services to schools through Service Level Agreements (SLAs) (cost estimates of SLAs are available on the 2018-2019 SLA website). Though SLAs have provided schools with valuable information, in CCEA’s view, SLAs in their current form do not provide the type of authority that local school precincts are required to be allocated under A.B. 469. For that reason, CCEA makes the assertion that services provided through SLAs are still “centrally based;” Thus, CCEA asserts that \$1,415,596,710 (or 75%) of CCSD’s unrestricted budget (as defined in A.B. 469) is school based while \$464,508,712 (or 25%) is centrally based.

19 Vannozzi, Michael et al. “Policy Brief: Changes to Administration and Budgeting related to Clark County Schools Achieve.” Presented to the Community Implementation Council of the Nevada Legislature: February 15, 2017, pg. 12.

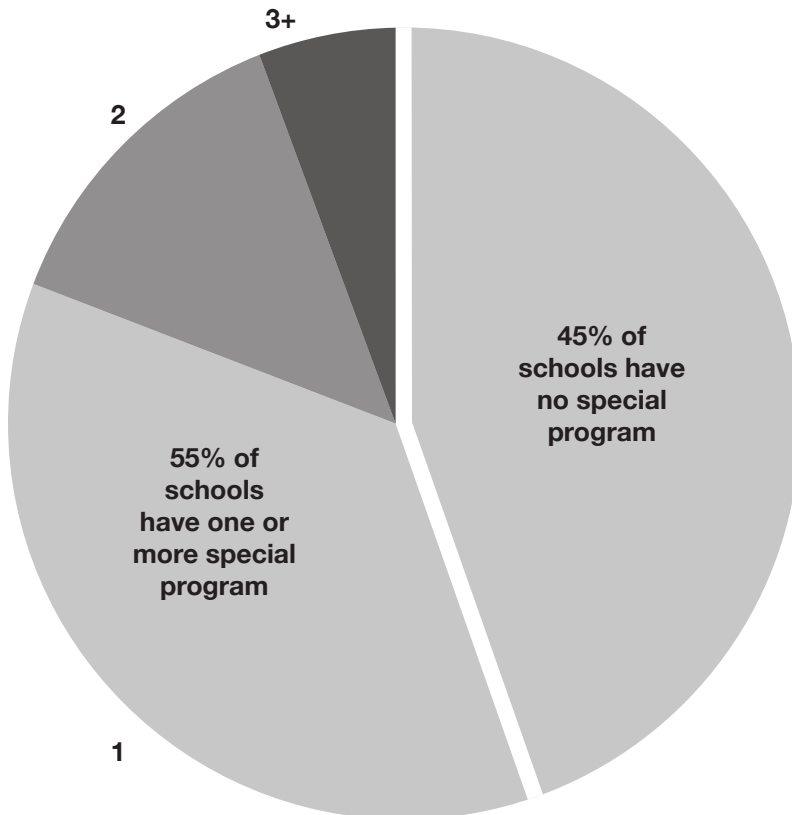
More CCSD schools have become specialized

As more programs have been enacted by the legislature and CCSD has moved to a decentralized organizational model, more and more schools have developed specialized programs of instruction. In Clark County, these programs manifest as funding streams that are usually placed directly into the school's budget. An analysis of programs at CCSD schools shows that about 45% of schools do not receive specialty funding streams of any type, and they rely on the base CCSD funding to drive academic achievement; but 55% of schools with strategic budgets have some sort of specialized program.²⁰ These programs generally fall into one of five categories:

1. **S.B. 178 "Weighted Funding" Schools:** These schools receive \$1200 per eligible pupil for those students who are identified as struggling. All of these students are as English language learners or qualify for free or reduced-price lunch, a common measure of poverty.
2. **Zoom Schools:** These schools receive prescriptive services from a grant provided to CCSD aimed at improving educational outcomes for English language learners.
3. **Victory Schools:** These schools receive flexible services from a grant provided to CCSD aimed at improving educational outcomes for children in poverty.
4. **Magnet/Career & Technical Schools:** These schools receive additional resources to build specialized programs of instruction, usually related to science, technology, engineering, arts, and mathematics.
5. **Turnaround, Performance Network, and Other Special Schools:** These schools generally have a history of poor academic performance and receive specialized supervision and a limited amount of resources to help improve academic outcomes.

20 This analysis was conducted by CCEA for this report based upon publicly available information from the Nevada Department of Education and Clark County School District. 98 CCSD schools receive S.B. 178 funds; 45 were magnet schools, 43 were part of the Turnaround Zone, Partnership Network, or had School Performance agreements, 37 schools received services from a Zoom School grant; and, 23 schools received services from a Victory School grant. As detailed on the next page, many schools have multiple programs.

Special Programs in CCSD Schools:



Many schools have multiple programs running through them

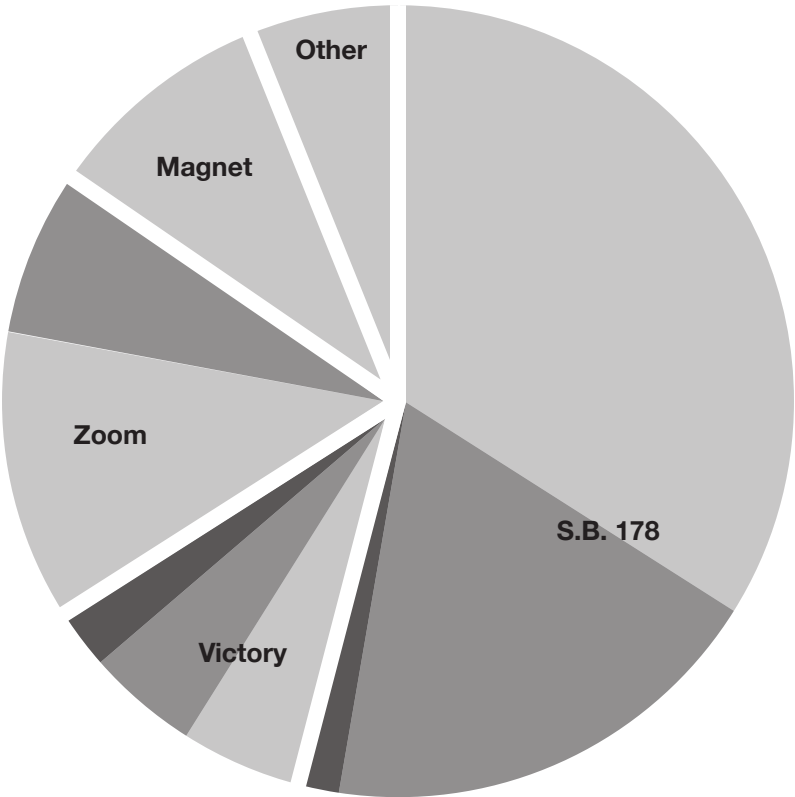
40% of magnet schools also receive S.B. 178 funds. More than half of Victory Schools have Partnership Network agreements, Turnaround Zone requirements, or some other special program running through them. 35% of Zoom Schools have Partnership Network agreements, Turnaround Zone requirements, or some other special program running through them.

The advent of S.B. 178 expanded special programs at schools markedly. Before the S.B. 178 program, 121 schools had some specialized funding stream. Today, 184 schools use special programs and funding streams to shape outcomes at local schools.²¹ Despite the positive impact of these reforms, the evidence shows that spending on populations remains uneven. A CCEA analysis of new funding programs for English language learners (ELL) and children who qualify for free or reduced priced lunch (FRL) revealed that only 22.7% of CCSD’s kids are covered by these programs.²² More than 70% of CCSD’s student population qualifies as ELL or FRL, meaning that we have a significant distance to go before these programs are distributed equitably.

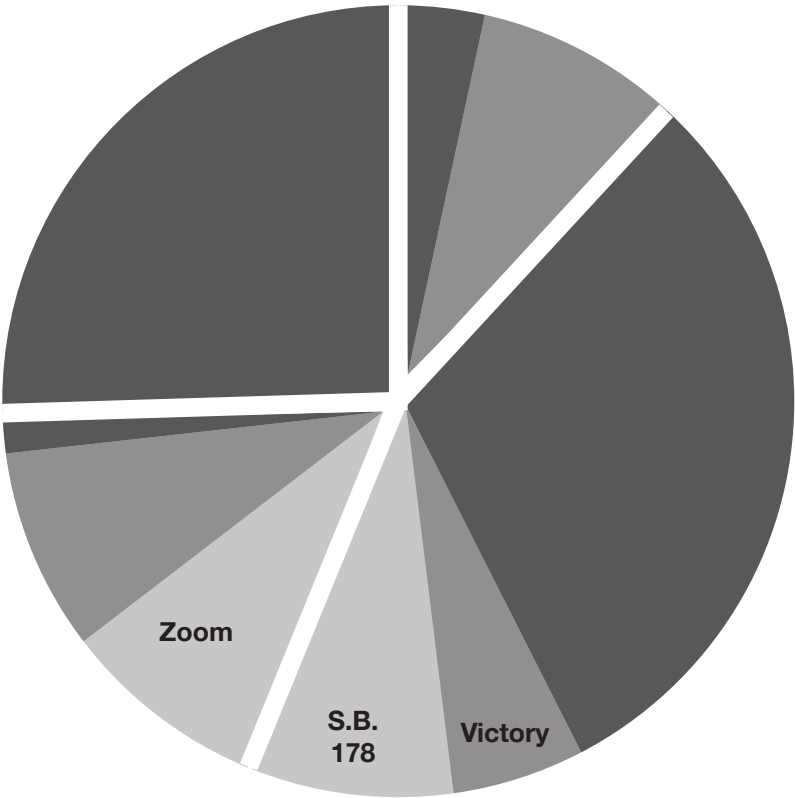
21 This analysis was conducted by CCEA for this report based upon publicly available information from the Nevada Department of Education.

22 Enrollment in Zoom Schools was 29,957; enrollment in Victory Schools was 17,553. These grants provide services that affect all students at school. S.B. 178 funds are distributed per pupil – not per school. NDE has released a list that detailed eligible student counts for S.B. 178 funds. All told, 25,606 students in CCSD are eligible for these funds at 98 CCSD schools, meaning a total of 73,116 students were served by these programs in 2017/18. Total enrollment in CCSD was 321,648 according to “Fast Facts” information released by CCSD.

Breakdown of Special Programs:



New Funding Only Covers 22.7% of CCSD Kids:



When CCSD schools control money, they spend it on instruction

Data from strategic budgets shows what schools do when additional revenue streams are allocated to the local school level. Through the Zoom Schools program, the state granted CCSD more than \$41M in 2017/18 to facilitate a suite of services at 37 schools.²³ Though prescriptive, the vast majority of the funding is spent on instructional programs at the school level, like Pre-K, extended school day, and literacy.²⁴ As mentioned in earlier sections of this report, these programs have been shown to be effective.

Through the Victory Schools program, the state granted CCSD \$1,123.29 per eligible pupil²⁵ to offer a suite of services at 23 CCSD schools.²⁶ Schools have slightly more flexibility over the provision of these services, and they have also been shown to be effective.²⁷

S.B. 178 funds were the most flexible of all funds directed toward schools – but they still had meaningful restrictions on their expenditure. S.B. 178 allocated \$1,200 per pupil for very specific student populations described in the law.²⁸ At least 90% of funds had to be spent on evidence-based strategies to boost student achievement, while the balance could be spent on professional development and staff retention expenditures.²⁹ Out of the 98 schools that qualified for a share of S.B. 178 funds, CCEA picked five schools at random and investigated how funds were spent.

23 Nevada Department of Education. “Zoom Program Plans.” [http://www.doe.nv.gov/English_Language_Learners\(ELL\)/Zoom_Program_Plans/](http://www.doe.nv.gov/English_Language_Learners(ELL)/Zoom_Program_Plans/).

24 Clark County School District. “Zoom School Handout.” October 5, 2016. <https://www.leg.state.nv.us/Division/Research/LegInfo/Orientation/2016-17/Handouts/K12Ed5b.pdf>

25 Nevada Department of Education. Guidance Document for Victory Schools AB 477: 2017-2019 Biennium. <http://www.doe.nv.gov/uploadedFiles/nde.doe.nv.gov/content/VictorySchools/VictorySchoolsGuidanceDocument.pdf>

26 Nevada Department of Education. “Victory Schools and allocations for SY 2018-2019.” http://www.doe.nv.gov/uploadedFiles/nde.doe.nv.gov/content/VictorySchools/VictorySchoolsAllocations_SY2018-2019.pdf.

27 The Victory grant may be used to provide services as described in A.B. 447 (2015) § 2.8 a-h and § 2.9 a-e. 51% of funds must be used on services described in § 2.8 a-h, while 49% of funds may be used on services described in § 2.9 a-e.

28 Student populations eligible for S.B. 178 (2017) funds are described in § 8.1 (a-d) of the law.

29 Nevada Department of Education. Guidance Document for SB 178: for the 2017-2018 school year.

- At both Bailey Elementary School and Watson Elementary School, the SOT elected to use S.B. 178 funds to hire one full-time teacher with their funds and purchase Chromebooks to facilitate tailored academic interventions for struggling students.^{30 31}
- At Desert Pines High School, the SOT elected to use S.B. 178 funds to hire nine full-time teachers and invest in technology and professional development.³²
- At Garside Middle School, the SOT elected to use S.B. 178 funds to hire four full-time teachers and provide an incentive to retain a TESL-endorsed teacher at the school.³³
- At Mountain View Elementary School, the SOT elected to use S.B. 178 funds to hire two full-time learning strategists and purchase a new curriculum.³⁴

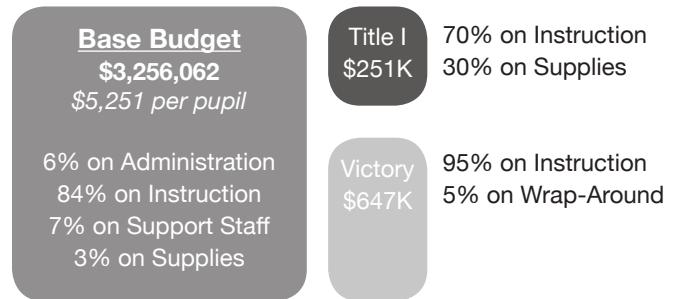
The data also shows that S.B. 178 grants tend to be of similar size to Title I grants at local schools. Essentially, schools are using their S.B. 178 funds like a supplement to their Title I program: focusing services on the neediest kids first.

Hollingsworth Elementary School

Total 2018/19 Budget: \$4.15M

Additions augment budget 27.6%

How the school spent additional resources

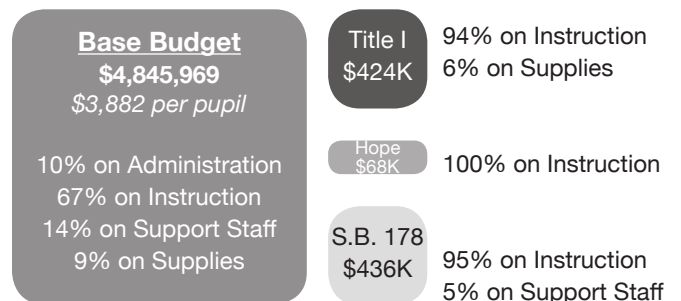


Garside Junior High School

Total 2018/19 Budget: \$5.77M

Additions augment budget 16%

How the school spent additional resources

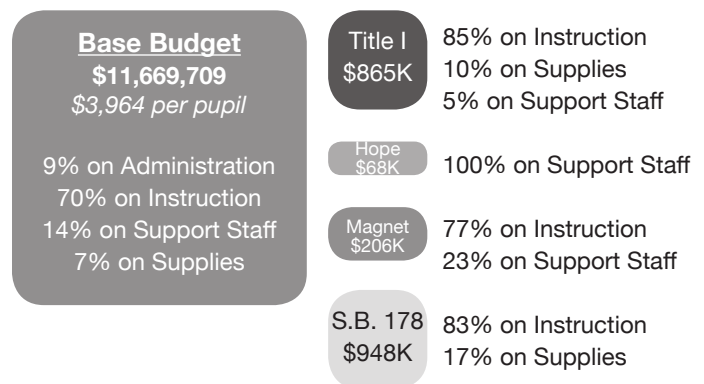


Desert Pines High School

Total 2018/19 Budget: \$13.76M

Additions augment budget 18%

How the school spent additional resources



30 Strategic Budget for Sister Robert Joseph Bailey ES: March 29, 2018: <http://sisterbailey.ccsd.net/wp-content/uploads/2018/04/359-Bailey-ES-Strategic-Budget-Plan-17-18.pdf>

31 S.B. 178 Plan for Watson Elementary School: 2017-2018 school year. https://watsonwranglers.weebly.com/uploads/6/4/9/6/64968245/sb_178_summary.pdf

32 Strategic Budget for Desert Pines High School: March 28, 2018: http://www.desertpineshs.org/ourpages/auto/2017/4/21/55615272/Desert_Pines_HS_Strategic%20Budget%20Plan%202018_2019%20SY_3_28_18.pdf.

33 Strategic Budget for Garside Middle School: March 29, 2018: <https://www.garside-ccsd.net/ourpages/auto/2017/7/11/55038621/CCSD%20Strategic%20Budget%20Plan%20Garside%202018-2019.pdf>.

34 S.B. 178 Plan for Mountain View Elementary School: 2017-2018 school year. https://www.mountainviewes.org/ourpages/auto/2018/3/6/55882871/Mountain%20View%20ES%20SB%20178%20Summary_docx.pdf.

Conclusions About Recent Education Reforms

Evidence available from strategic budgets and other sources shows how recent education reforms have actually manifested themselves at CCSD schools:

- Schools are using the framework of the reorganization to direct more expenditures at the local school level.
- Schools have become more specialized as new programs have been added.
- When schools do receive additional resources, they tend to spend money on instruction.

One other conclusion becomes clear, after looking at this data: top-down policy and funding solutions will be difficult to implement going forward. Because so many schools have become so specialized in their offerings, a one-size-fits-all approach is no longer appropriate for policy and funding. Policy makers should leverage the framework of the reorganization and directly fund local schools if they wish to affect transformational change in local schools.

CCEA's Proposal for Local Funding

After looking at the effects of reform efforts over the past six years, CCEA has concluded the following:

- Policy leaders should look to expand funding programs aimed at helping schools educate ELL, FRL, and Special Education students.
- Informed by the success of S.B. 178 and other direct funding programs, policy leaders should look to leverage the power of the CCSD reorganization to provide direct funding to schools and ensure new funds are expended equitably.
- Policy leaders should look to the experiences of other states to find the right mechanism to fund local schools.
- Because different school districts have different student populations, funding solutions should be paid for with revenue generated both at the state and local level. More specifically, we are calling for funding solutions that not only come from the state, but from the local level as well.

Why Local Funding?

For years, when contemplating how to fund schools, Nevada's policy makers have struggled with the fact that our school districts are very different from one another. Nevada's largest school district, CCSD, is the 5th largest school district in the country, while its smallest, Esmeralda County School District, only has 70 students. Nearly 70% of students in Clark County qualify for free or reduced priced lunch, and about 19% are English language learners.³⁵

The Nevada Plan for school finance was passed by the Legislature more than 50 years ago.³⁶ In that time, communities in Nevada have changed drastically. Clark County is now

³⁵ Footnote 11 in a previous section of this report details how CCEA came to this conclusion.

³⁶ Legislative Counsel Bureau Fiscal Analysis Division. The Nevada Plan for School Finance: An Overview. 2017 Legislative Session.

the 14th most populous county in the country – a far cry from 50 years ago when it was about 1/9th the size. Demographically, the county has also gone through a revolution. In 1970, Clark County was 89.5% white, while in 2017, only 42.7% of southern Nevadans identified as white (non-Latino). The poverty rate in Clark County has nearly doubled, and 22% of the county's population is foreign born. While Clark County has experienced massive population growth and demographic change, it also has experienced incredible growth in its regional economy. Gross Domestic Product (GDP) for the county was \$111B in 2016, making it responsible for 75% of all economic activity in the state.

The simple fact is that schools in Clark County experience different realities than schools in other parts of the state – but they are still allocated funding that, largely, does not account for their unique characteristics. While it is transitioning to a new funding formula, the state still operates in a top-down paradigm that treats most students the same, regardless of characteristic. That won't work for CCSD's system of specialized schools. In moving toward a system that both state policy makers and local leaders can contribute to, CCEA feels that more local support can be built for public education; and by allocating new funding streams directly to schools, policy makers can ensure that resources are spent in the best possible way: at the local school level.

Experiences of Local Funding in Other States

Over the past ten years, several states have moved to change their funding formulas to ensure that school funding better aligns with local populations and local priorities. In researching different funding mechanisms, CCEA quickly recognized that Nevada is unique in the way that it administers its schools. Nevada, unlike many other states, is composed of 17 county-level school districts, while other states are composed of numerous community-level and municipal school districts. As mentioned in a previous section of this report, 90% of school districts in the country are authorized to raise their own taxes – but Nevada's constitution limits the authority of local and municipal governments to levy taxes.

CCSD itself is a unique entity; few other school districts are as large, and as diverse, as CCSD. That being said, there are several states and school districts that policy makers may look to when searching for ways to fund schools. The states included in this analysis, and the rationale for their inclusion, are included in the table below.

Districts with Local Funding

State	Peer School Districts	Local Circumstances
California	LA Unified, San Diego Unified	Local Control Funding Formula combined dozens of categorical programs into weights to local school districts
Texas	Houston Independent	Large, decentralized school district with in-district weighted funding formula and ability to seek local revenues
Florida	Miami-Dade, Broward, Hillsborough, Orange	Large, decentralized districts with local funding requirements and ability to raise property taxes in a very limited manner
Virginia	Fairfax County	Large school district dependent on county's ability/willingness to raise taxes to raise local revenue

California

In 2013, the California Legislature passed the Local Control Funding Formula (LCFF). The LCFF revolutionized the way that county offices of education and local school districts were funded in the state. In California, like Nevada, dozens of categorical grants funded different programs that had the effect of providing more funds for special education (SPED), class size reduction (CSR), English language learners (ELL), and children who qualified for free or reduced-price lunch (FRL). The LCFF, over time, sought to convert these categorical programs to a base state expenditure, inclusive of weights for SPED, CSR, ELL, and FRL. The California Legislature funded county offices of education to administer certain programs that could be more efficiently funded at that level, and they required school districts to submit performance plans on an annual basis. In return, school districts were given wide latitude to use state funding for purposes aligned with their performance plan. In this way, local school districts can tailor educational programs to their unique needs.³⁷

In California, like many other states, local school districts often align with municipal boundaries. In Los Angeles and San Diego, school districts have the authority to raise property and “parcel” taxes for their own purposes.³⁸ In Nevada, this would be unconstitutional, but the State Legislature has, in the past, given local authorities the authorization to raise certain revenues or ask the voters for authorization to raise certain revenues. School districts in California have long operated in a decentralized system, where schools are allocated budget and parents, teachers, and support staff contribute to the plans of operation for local schools.³⁹ In this way, California school districts are similar to the Clark County School District, which now operates under the state reorganization law.

Nevada’s policy makers can learn a few things from the experience of the LCFF. The gradual conversion of categorical funding streams to weights will increase flexibility at school districts and local schools in California. California lawmakers set a multi-year goal to convert categorical funding streams to weights, streamlining a “Rube Goldberg” machine of different funding interventions into a single weighted funding formula designed for all students.⁴⁰ The requirement that local school districts submit performance plans to the state ensures that the state has a lever with which to manage performance of poorly performing districts. Finally, while allocating permanent tax raising authority to school districts would require a constitutional amendment, the Nevada Legislature could authorize limited taxing authority to counties or school districts for specific purposes, as it has done multiple times in the past.⁴¹

37 WestEd. “Local Control Funding Formula Implementation Videos. California State Board of Education.

38 Legislative Analyst’s Office. “A Look at Voter Approval Requirements for Local Taxes.” March 20, 2014.

39 Ouchi, William G. “Power to the Principals: Decentralization in Three Large School Districts.” *Organization Science*, vol. 17, no. 2, 2006, pp. 298–307.

40 WestEd. “What makes LCFF Different and Better than Where We’ve Been?” California State Board of Education.

41 Most recently, the Nevada Legislature gave the Washoe County Commission the limited authorization to raise sales and property taxes to pay for school construction (A.B. 43 [2013]); the Legislature also gave the Washoe County School District the ability to put a sales tax on the ballot for new school construction (S.B. 411 [2015]).

Texas

Texas funds its schools in a very different way than Nevada. Over the years, Texas has transformed its method of state funding, and today, the state only funds about 22% of total operating expenditures for education.⁴² The balance is funded by localities, primarily through property taxes.

The experience of the Houston Independent School District (HISD), in particular, is instructive for Nevada policy makers. HISD has also long operated as a decentralized school district; indeed, it was one of the school districts that reorganization consultant Mike Strembitsky helped to reorganize in the 1990s.⁴³ In 1991, the HISD School Board affirmed its commitment to reducing inequity in its schools by passing an in-district weighted funding formula. With the in-district formula, Houston created a base amount of funding for all pupils. On top of this, HISD created weights that closely aligned with the state weights for special education, at risk students, gifted and talented students, vocational education, ELL, homeless, and refugee student populations.⁴⁴ This is instructive for Nevada policy makers given the fact that A.B. 469, the CCSD reorganization law, requires that the district move to an in-district weighted per-pupil funding formula. To date, this portion of the reorganization law has not been implemented, but the State has required that the District move to a weighted funding formula through the Reorganization Joint Implementation Plan. As CCSD continues to implement the reorganization, it should borrow from the experience of HISD in implementing its own weighted funding formula.

Florida

Of all the states, Florida is perhaps the most similar to Nevada in the way that it administers its schools. Florida's education system, like Nevada's, is composed of county-level districts, many of which are very large and diverse. Unlike Nevada, Florida has a rather straightforward method of funding schools: sales tax is the purview of the state, while property tax is the purview of the counties. The state's contribution to education is based almost entirely on the 6% state sales tax, while local property taxes make up the bulk of the local contribution. The state sets a "required local effort" amount, which would appear to be unconstitutional in Nevada (Article 4, Sec 20), but it authorizes counties to pursue additional taxes for certain purposes. Florida gives school districts limited authority to ask voters to raise property taxes in the event of insufficiency of the mandated property tax to assure "local effort" and for specific purposes authorized by the Legislature. Such authority is extremely limited, however; for operations funding, school districts must ask voters every four years to reauthorize the tax.⁴⁵

Nevada policy makers can, again, draw on this experience of local funding to authorize counties or school districts, in a narrow manner, to ask voters for authorization to raise taxes for specific purposes related to education.

42 Texas Education Agency. *School Finance 101: Funding of Texas Schools*. Revised 2014.

43 Strembitsky was the author of the *Plan to Reorganize the Clark County School District* (2016)

44 Houston Independent School District. *Resource Allocation Handbook*. 2016-17, pgs. 6-15.

45 Florida Department of Education. *Funding for Florida School Districts*. 2017-18, pgs. 2-3.

Virginia

Similar to other states, Virginia sets a state basic support limit and requires localities to raise revenues to ensure local support. Like Texas, the state contribution to local schools is rather small compared to the local contribution. Like Nevada, Virginia distributes its state revenue based upon a wealth factor; poorer counties get more state money, while richer counties get less. Like Nevada, Virginia school districts themselves do not have the authorization to raise taxes – but the method in which local revenues are raised is rather unusual.⁴⁶

Each school district in Virginia is dependent on the County in which it operates to raise revenue for it. In Fairfax County, one of the largest school districts in the country, the Superintendent submits a budget both to the School Board and to the Fairfax County Board of Supervisors. In this way, the Board of Supervisors serves as a check on the Fairfax County School Board. This method could be instructive to Nevada if it authorizes local county commissions to raise taxes for schools.⁴⁷

Conclusions About Experiences of Local Funding in Other States

States with large, diverse school districts and decentralized school systems can teach Nevada a great deal about local school funding:

- Local funding mechanisms are common across the country. In states with districts like CCSD, policy makers usually provide a base funding amount from the state and allow, or require, localities to raise revenues sufficient for their own educational programs.
- Most states have moved to a weighted per-pupil funding formula to account for local student populations.
- The decentralization of school districts is fairly common across the country, and states have supported this by constructing simple and straightforward funding formulas.

Though the experience of other states is instructive, CCEA believes that Nevada is well positioned to develop its own funding mechanism for schools, one that blends contributions from state and local revenue to provide funding for students that need it the most.

How Nevada Can Create a Better System of School Funding

Policy makers have an opportunity in the 2019 Legislative Session to fundamentally change the way that schools are funded in Nevada. To do this, legislators can borrow from their own work in previous years to provide additional funding for schools. CCEA believes that schools should be funded using a mix of state and local revenues. To authorize this, CCEA recommends the following:

46 Senate of Virginia. Funding of Virginia's Schools in a Global Economy and a Digital World. November 18, 2011

47 Johnson, Christopher David. Superintendents and Fiscally Dependent School District Budget Approval. September 1, 2017: Virginia Polytechnic Institute and State University, .

Creating policies that could result in \$408.2M per year in additional funding for CCSD to fully fund ELL, FRL, Class Size Reduction, and Special Education

CCEA would recommend that state and local policy makers enact measures that would result in revenue to augment programs already working within CCSD.

- S.B. 178 provides \$1200 in funding to schools based upon student characteristics. This funding can be used only for evidence-based interventions. In the first year of implementation, the bulk of S.B. 178 funding was used for proven instruction interventions at our neediest schools.
- S.B. 178 was designed as a down payment on the weights proposed by S.B. 405. In previous studies, the State laid down a marker of a 1.5 weight for ELL and FRL students.
- CCEA would recommend that the state begin to transition from categorical grant programs to weights, as California has done with its LCFF. By converting all current categorical funds that schools receive to weights for ELL and FRL, the state could tie these programs to a student's baseline funding. Unlike categorical grants, weighted funds could now follow the student rather than a designated Zoom or Victory School. In this conversion these dollars are added to the local revenue stream to ensure that every student of need receives funding.
- If existing Zoom, Victory, and S.B. 178 funds were averaged and integrated into a new in-district funding formula, CCEA estimates that it would cost about \$188.2M to provide these programs to all ELL and FRL students within CCSD.⁴⁸
- CCEA would also advocate that funding for Class Size Reduction (CSR) be converted into a weight for elementary school pupils. While the State already provides significant resources for this program, CCSD does not have adequate resources to ensure that requirements laid out in NRS 388.700 are met. CCEA has estimated that about \$55.1M in additional funding is needed at CCSD to ensure class size reduction goals are met.⁴⁹
- The State has also put a down payment on funding special education through Nevada Plan reforms mandated by S.B. 508. Last year, the State provided \$2,968 in additional per pupil funding for CCSD's Special Education students.⁵⁰ To reach the goal outlined in the 2013 funding formula study that has informed Nevada Plan reforms, CCEA estimates that an additional \$103.7M will be needed to ensure special education students are funded adequately.⁵¹

48 CCEA conducted an analysis of existing programs. The average cost of Zoom, Victory, and S.B. 178 programs for ELL and FRL students is \$1,250 per pupil. Currently, 150,557 students are not supported by these programs. If \$1,250 were provided for each of these unsupported pupils, the total cost would be \$188.2M.

49 CCEA conducted an analysis of the Class Size Reduction program at CCSD. To comply with NRS 388.700, CCSD schools would need to hire approximately 690 teachers in grades K-3. Using CCSD's average unit cost calculation (\$79,833 in 2017/18), the total cost of the adequate funding of this program is \$55.1M. Additional funding would add \$546 per eligible pupil in CCSD's elementary schools.

50 Delaney, Meghin. "\$30M more needed to adequately fund special education in Nevada, Legislature told." Las Vegas Review-Journal: March 1, 2017.

51 The 2012 study by the American Institute for Research (Chambers, Jay et al. Study of a New Method for Funding Public Schools in Nevada. September 12, 2012; pg. 88) suggested that the state should fund special education students at greater than a 2.0 weight. In 2017/18, the SBSG for CCSD was \$5,700 – meaning that an additional \$2,732 per pupil is needed to fund special education at the recommended weight. This translates to a total of \$103.7M.

- A.B. 469, the CCSD reorganization law mandates that CCSD allocate 85% of its resources to the local school level; it also recognizes that 15% of education funding is needed for the administration of programs. In accordance with A.B. 469, CCEA recommends that \$61.2M be allocated to administer funding streams as outlined above.⁵²

The total cost of programs outlined in this section is \$408.2M. The cost breakdown for these programs is included in the table below.

Categorical Funding Stream	Total Amount of Expenditure at CCSD	Number of Students Served at CCSD	Added Per Pupil Expenditure at CCSD
New Funds for ELL & FRL Students	\$188.2M	150,556	\$1,250
New Funds for Special Education	\$103.7M	37,974	\$2,732
New Funds for Class Size Reduction	\$55.1M	100,721	\$546
15% Administrative Cost (A.B. 469)	\$61.2M	All Students	\$191
TOTAL	\$408.2M		Average: \$1,272

Mandating a base amount and chaining state aid to inflation, salary growth, or some other measure

To complement new local expenditures, Legislature, at its biennial sessions, should mandate a state contribution to districts and chain it to some measure of inflation, salary growth, or some other measure that would ensure that expenditures are sufficient over the two-year period. CCEA also recommends that the State continue the critical work around S.B. 405, the legislation creating a weighted state funding formula. These policy changes would bring us more in line with California, Texas, Florida, and Virginia, states with similar district and student characteristics to Nevada.

In 2017, the Nevada State Basic Support Guarantee (SBSG) was made up of numerous revenue sources, including state general fund appropriations, slot tax, federal mineral lease revenues, local school support tax revenue, IP 1 room tax revenues, and 1/3 of the proceeds from the 75-cent local property tax for schools. This idea would change the paradigm from a SBSG that is derived by subtracting local support to a SBSG that is a state-mandated minimum chained to inflation or some other measure.

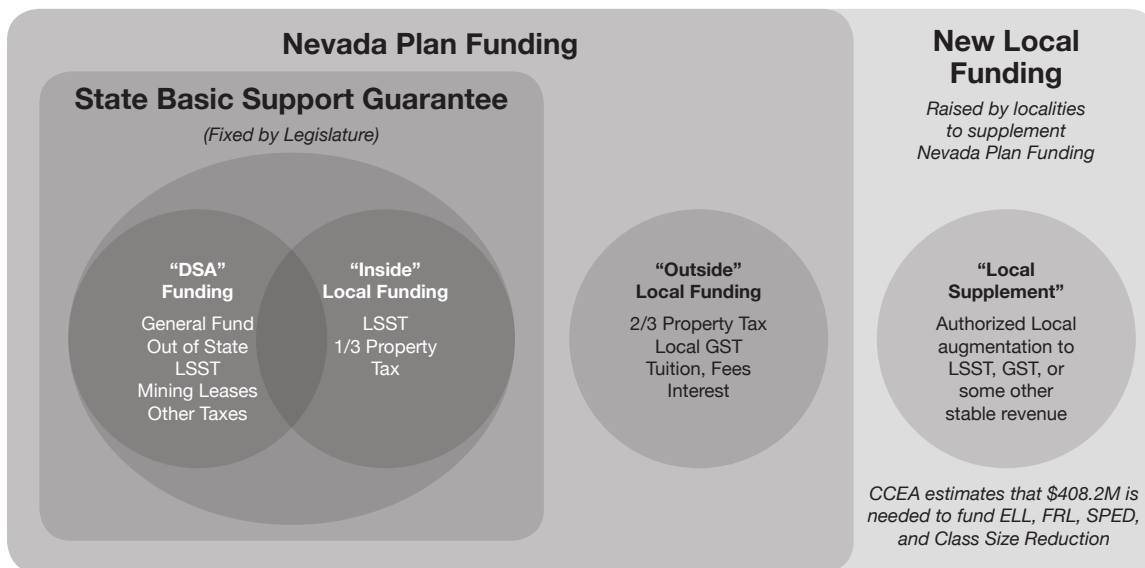
⁵² Total cost of programs outlined on the previous page was approximately \$347M. If \$347M represents 85% of funding, an additional \$61.2M would be needed to cover a 15% administrative cost by the District.

Give counties the authorization to raise a certain amount of locally-generated funding and hold harmless counties that decide to raise that funding for local school districts.

The state could pass a law authorizing the county to raise a combination of revenue sources to a certain limit upon the authorization of the County Commission, voters, or both. The state has done this twice before in its recent history:

- A.B. 46 (2013) authorized the Washoe County Commission to impose sales and property taxes for the purpose of school construction by a supermajority vote of the commission.
 - These taxes would be collected by the state and distributed to the County through the Intergovernmental Account for deposit into the school district's building fund (authorized by NRS.387). For administration, the state would take a small collection fee. In this example, the State sunset the provision quickly. Washoe County only had six months to act on the authorization.
- S.B. 411 (2015) authorized the Washoe County School District to create a committee to recommend local taxes for school construction
 - The Legislature authorized the committee to recommend various revenue streams, like property taxes, sales taxes, room taxes, real property transfer taxes, and governmental services taxes, to the voters for approval.⁵³ With tremendous support from the education and business community, voters approved revenue for school construction in 2016.

Both of these pieces of legislation demonstrate that the Legislature can constitutionally authorize local revenue increases for school districts. Critically, the State would have to make one additional change if these policies were enacted. In the Nevada Plan, the state contribution decreases if the local contribution to schools increases. The State would have to unchain new local revenue from the SBSG so that a localized tax does not impact the state contribution. If the state chooses to do this, the method for providing funding for schools might resemble the diagram below.



53 In this example, Clark County was specifically exempted from the legislation at the time because IP 1 room taxes were already approved by the voters.

Leverage the power of the CCSD Reorganization to ensure new funding has the greatest possible impact on southern Nevada schools

The CCSD Reorganization provides a tremendous opportunity to policy makers to ensure funds are used in the most efficient and effective way possible. As mentioned previously, all CCSD schools now manage their own budgets. They also create their own plans for school operation in partnership with their School Organizational Teams (SOTs). The State could ask SOTs to develop prospective budgets that could inform the funding conversation.

- The State could ask CCSD schools to develop budgets and plans to substantially raise student achievement, as measured by the Nevada School Performance Framework
 - One and two-star schools could be asked to develop prospective budgets to get them to three-stars within a certain time frame, say five years.
 - Three and four-star schools could, likewise, be asked to develop prospective budgets to get them to five-stars within a certain time frame.

In this way, policy makers could connect the conversation about funding to student achievement in a way that it hasn't been connected before.

Comments on Other Funding Reform Ideas

Currently, a number of education stakeholders are advocating for changes to the Nevada Plan. CCEA supports a robust discussion about revising the Nevada Plan. In addition, we look forward to the release of the study commissioned by the Department of Education on this matter. We believe the 2019 Legislature will take this policy discussion up in earnest, and we expect progress to be made in addressing Nevada's structural education funding system.

Recently, some solutions have been discussed in the public that could be part of a funding solution. Though on the surface these seem like viable solutions a closer look reveals their complications. We would like to take this opportunity to address two ideas currently being discussed by education advocates:

- The recommendation that the Legislature refrain from proactively transferring IP 1 funds out of the Supplemental School Account and allow the initiative to function as written.
- The recommendation to transfer revenue from the 10% retail marijuana sales tax into the Distributive School Account for the purpose of increasing the State Basic Support Guarantee (SBSG) per-pupil amount, and the recommendation to transfer revenue from the 15% tax on wholesale marijuana sales be used to increase the State Basic Support Guarantee, rather than to supplant other funds that are used elsewhere in the budget.

CCEA's thoughts on these ideas are contained within the next few pages of this report.

IP 1 Funds

It is true that Clark County voters approved IP 1 in 2008 to provide additional funds to schools for the purpose of boosting student achievement and for the payment of salaries to attract and retain qualified teachers and other employees (NRS 387.183), but it is also true that, in five successive legislative sessions, policy makers have passed laws that redistributed IP 1 money to the Distributive School Account (DSA) for the general use of school districts. Now, this money is an integral part of the funding mix for schools statewide.

Some have advocated for the removal of IP 1 funds from the DSA and for the funds to be used as voters intended; but to date, they have not produced any policy recommendations around revenues to replace those funds in the DSA. If the legislature acted on this recommendation, a massive hole would be blown in the DSA – one that, if not addressed by other revenue streams, would mean devastating consequences for schools. CCEA believes that the removal of IP 1 funds from the DSA would create a large and unnecessary problem for state legislators, and based on the experience of previous years, it would not result in increased funding for the Clark County School District. Legislators have passed laws in five legislative sessions that re-appropriated IP 1 money for general educational purposes. If IP 1 money is removed from the DSA, legislators could opt not to replace funding in the DSA and supplant by proxy funding that is already allocated to local schools, resulting in little, if any, additional money for CCSD and a massive hole in the DSA for the rest of the state.

Furthermore, even if IP 1 funding is reallocated as intended and the DSA is supplemented with other funds, CCEA's experience with the Clark County School District shows that these additional funds will not be used effectively. The IP 1 statutory language requires that school districts receiving these funds use them to boost student achievement and for the payment of salaries to attract and retain qualified teachers and other employees; but, as we all know, revenue is fungible. If strict accountability measures are not put in place, IP 1 funds may ultimately be used to supplant other funds used for the same purpose. In other words, what happened at the State could easily happen at the District level.

As outlined in previous sections of this report, CCEA favors the approach that legislators have taken to fund schools in the last three legislative sessions. Each one of the new programs has directed funding to the local school level, and the legislature has instituted strict accountability measures to each funding stream. CCEA has found that the vast majority of new funding instituted through these programs has gone directly to schools and has been spent on the most effective intervention to boost student achievement: instruction. If the Legislature opts to redirect IP 1 funding to school districts, policy makers should ensure that these revenues, to the greatest extent possible, are used to fund schools directly based on two fundamental criteria:

1. The funds are prescriptive and used on proved intervention strategies to improve achievement; and,
2. That the funds follow the student into the buildings and are based on a weighted funding formula (as A.B. 469 requires).

The Marijuana Funds

Voters showed their strong support for additional funds for education when they approved the taxation of retail and wholesale marijuana through Question 2. We believe that these funds should go to provide supplemental funding for schools, but it is important to note that these funds are not the silver bullet for education funding in the state of Nevada. The retail marijuana taxes provided approximately \$30M to the state in the first fiscal year of enactment, while wholesale marijuana taxes provided \$18.5M in revenues to the state. Taken together, this \$48.5M funding source is significant – but not significant enough to change the paradigm for kids.

If marijuana taxes were used to supplement education funding, we could double the size of the Zoom Schools program in the state of Nevada; however, as noted previously in this report, the Zoom Schools program only provides enough resources for a small percentage of kids that actually need augmented educational services. CCEA believes that we should go further and fully fund an in-district weighted funding formula for Clark County schools. We estimate that this would require about \$408M in new revenue. Though marijuana funds could contribute to this need, we believe that additional local revenues will be necessary to meet this need.

Final Conclusions

In the past five years, Nevada has made significant strides to improve K-12 education. CCEA recognizes that progress and advances, incremental in nature but progress nonetheless, has been the result of Legislators and the Governor attempting to use available funding where the greatest return on a student's education is achieved. After reviewing the evidence and the experience from reforms enacted by the legislature, CCEA believes that the State is closer than ever to realizing its goal of being the fastest improving state in the country for K-12 education. By making a decision that adds a new revenue stream to its funding formula policies by allowing locals to raise additional funding for schools, we believe that the state can realize its strategic goals more quickly and efficiently. In part what drives our efforts to have us look at a solution at the local level is the nature of the Nevada Legislative process, which meets for only 120 days every two years. To the extent we can find additional funding solutions in real time, we can provide more students with resources to receive the type of education they deserve.

The policy ideas contained within this white paper are only a start of a long discussion. Ultimately, it will be the responsibility of legislators and the next Governor to decide what policy is right for Nevada, but we hope that by having an open and transparent discussion about these ideas we can land on the right outcome for kids.