

FIX SB543

Date: September 27, 2019
To: Nevada Commission on School Funding
Re: Fix SB543

The Nevada State Education Association represents teachers and education support professionals across the state. NSEA strongly believes the Nevada Plan needs to be updated to reflect the changing needs of Nevada. NSEA has consistently advocated greater equity in education, ensuring all school districts have the resources necessary to provide a high-quality education for every Nevada student. We agree our school funding system should be transparent and based on the needs of our student and communities. We also believe it is only fair for all education stakeholders to be included in any serious effort to improve our state's public schools. NSEA will be engaging the new Commission on School Funding, as well as the 81st Session of the Nevada Legislature, to make sure the failings of SB543 and Nevada's education funding are fixed.

NSEA opposed SB543 at the legislature due to serious policy concerns, including no new revenue for schools, a rural "freeze and squeeze", watering down of Zoom and Victory Schools, a multi-million-dollar charter school giveaway, anti-union end fund balance provisions, exclusion of educator voice on the Commission on School Funding, and a fundamentally flawed legislative process.

NSEA is now calling on the Commission on School Funding to use its powers to address these issues and help fix 543.

NO NEW SCHOOL FUNDING

Given the chronic underfunding of public education in Nevada, any new funding model will fail without new and additional revenue.

In February and again in May, hundreds of educators from across Nevada rallied in Carson City under the banner of Red for Ed to draw attention to chronic underfunding of public education. Despite many efforts to address under-funding, Nevada continues to rank near the bottom of states in most metrics. In the 2019 Quality Counts report from Education Week, Nevada ranked 47th in per-pupil funding and dead last in the overall "Chance for Success" report card.

After a 2019 legislative session with "historic" appropriations of education funding, school districts across the state continue to struggle with budget cuts. While NSEA's bargaining units were able to negotiate raises for educators in most districts, some districts have balked, saying they can't afford the raises. This has left thousands of educators frozen while CPI increased by 2.6% over the last 12 months. Meanwhile, most districts have warned of freezes or cuts in future years. An analysis released earlier this week from Educate Nevada Now shows most districts across the state with even less base funding from the state than last year. The ENN analysis correctly points out that base

funding will increase by even less next year, leaving our schools further behind. Unless bold action is taken to raise significant new revenue, Nevada schools will remain chronically underfunded.

This Commission can help fix 543 by taking leadership on this defining issue and propose new revenue streams with benchmarks for reaching funding adequacy.

RURAL FREEZE AND SQUEEZE

With no new revenue included in SB543, the shift in funding formula would harm most school districts in the state by freezing their revenues at current levels, creating new winners and losers. This freeze would start on July 1, 2021 and continue for a various number of years, depending on the district. Data included in the committee presentation made by Jeremy Aguero on SB543 (along with assumed average revenue increases from 2020 onward) was used to complete the chart to the right. While budgets in Clark, Mineral, and Washoe would not be frozen, all other school district budgets are estimated to be frozen for an average of over 10 years.

While the sponsors of SB543 called this a “hold-harmless” mechanism, saying no district revenues would be reduced, a great deal of harm will be inflicted on these districts. During the freezes, SB543 contemplates no revenue increases to cover increases in cost of doing business or increases in enrollment. This would squeeze many rural school districts and leave them to wither on the vine.

Take, for example, the Nye County School District. Under SB543, the NCSD budget would be frozen from July 1, 2021 and would not receive an increase until 2027. Nye County is not only the fastest growing county in Nevada, it is also one of the poorest. Nearly 2/3 of students in NCSD qualify for free and reduced lunch. The Nye County School District is one of the districts in the state that had a reduction in force in their last budget. A budget freeze for 6 or more years would decimate this district.

School District (Years)	Estimated Freeze
Carson	4.09
Churchill	0.18
Clark	0.00
Douglas	6.03
Elko	8.30
Esmeralda	21.44
Eureka	61.76
Humboldt	7.03
Lander	3.44
Lincoln	5.84
Lyon	0.92
Mineral	0.00
Nye	6.92
Pershing	4.09
Storey	9.52
Washoe	0.00
White Pine	13.03

This Commission can help fix 543 by making recommendations to improve the implementation of the funding formula by adjusting the “hold harmless” provision to include increases for cost of doing business and student population growth.

SUCCESSFUL ZOOM AND VICTORY SCHOOLS COMPROMISED

SB543 will eliminate current “categorical” expenditures, including those funding Nevada’s successful Zoom and Victory School programs. Instead funding will flow through the State Education Fund and then a portion will go to address the additional education needs of English learners and at-risk pupils. While a menu of services related to current Zoom and Victory programs are to be made available to all English learners and at-risk students, it seems unlikely that existing Zoom and Victory Schools will be able to maintain the current level of services for these students to continue their success. With reduced funding, the current model will be watered-down and compromised.

SB543 threatens Nevada’s two most important education equity programs that have been proven effective though state evaluations. By shifting funds away from our schools to a “pupil-centered”

approach, Zoom and Victory schools lose significant momentum on school climate and culture, jeopardizing the gains they have made in our most impacted schools. Meanwhile, language in SB543 limiting the application of student weights to an either/or approach runs counter to educational best practice that recognizes our most impacted students fall into multiple categories of weights and require much greater investment than provided by any single weight in SB543. This need is greater for students in communities that are beset with serious, intractable social and economic issues. We would hope that Commissioners would consider the successes at Nevada Zoom and Victory schools.

This Commission can help fix 543 by reviewing student weights and make recommendations to ensure we don't go backward on education equity for Nevada students currently in Zoom and Victory Schools.

MULTI-MILLION-DOLLAR GIVEAWAY TO CHARTER SCHOOLS

One of the biggest projected beneficiaries of SB543 are Nevada's charter schools. According to data included in Mr. Aguero's presentation to NSEA on May 6 on SB543, charter schools would be the recipients of a multi-million-dollar giveaway, receiving a projected \$28M increase when the new funding formula is activated. This is an even larger increase than would be received by the much-larger Washoe County School District. While freezing funding for most Nevada school districts, the windfall for charter schools in this plan is movement of precious resources from traditional public schools to charter schools.

Charter schools were initially promoted by educators who sought to innovate within the local public school system to better meet the needs of their students. Over the last 22 years, charter schools have grown dramatically to include large numbers of charters that are privately managed, largely unaccountable, and not transparent as to their operations or performance. Many charter schools have devolved far from the original concept as small incubators of education innovation.

The explosive growth of charters has been driven, in part, by deliberate and well-funded efforts to ensure that charters are exempt from the basic safeguards and standards that apply to public schools. This growth has undermined local public schools and communities, without producing any overall increase in student learning and growth. It is important to note, that most recent studies have shown that public schools outperform charter schools when accounting for student demographics, and public schools educate every student, including English learners, students in poverty, and students with individualized education plans. While charters are prohibited from discriminating, they serve far fewer students in poverty, English language learners, and students with disabilities.

During the past session, there was a great deal of focus on the lack of accountability of charter schools in the state. AB462 was introduced as a moratorium on charter school expansion but was amended to require the State Public Charter School Authority to develop and implement a 5-year growth plan for charter schools.

This Commission can help fix 543 by recommending against moving precious dollars from traditional public schools to charter schools, especially without first ensuring appropriate controls and accountability are in place.

ANTI-UNION END FUND BALANCE PROVISIONS

During this legislative session, there was significant contemplation of how to treat end fund balance that is not subject to collective bargaining. Currently, this is set for school districts in the Nevada Administrative Code at not more than 8.3%. Senate Bill 26 would have put this language in the NRS, however it was killed in the Senate Committee on Government Affairs. Meanwhile, Senate Bill 111 passed into law clarifying that any monies from the state intended for salary or benefits for the employees of the school district is subject to negotiations with an employee organization.

Language in SB543 that sets the end fund balance for school districts not subject to collective bargaining at 16.6% is a gross departure from current practice, policy, and direction of the last legislative session. Further, this is an anti-union and anti-collective bargaining provision that could unfairly wall off as much as \$740M from collective bargaining processes with school districts in FY21.

This Commission can help fix 543 by recommending that this provision be lowered or removed in its entirety.

EDUCATOR VOICE?

A significant role NSEA plays is to elevate the voice of educators from around the state in decisions impacting schools and the education profession. SB543 created this Commission and gave it significant powers and responsibilities. Unfortunately, SB543 did not require any educator representation on this Commission and no active teacher or education support professional now serves on the Commission. Those most impacted by the deliberations of this Commission have been relegated to the cheap seats. This should give all who follow public education in our state pause and heightens the responsibility of those who are on the Commission.

This Commission can help fix 543 by recommending inclusion of active educator voice on this Commission, as we are the trusted professions best equipped to make decisions to ensure student success.

A FUNDAMENTALLY FLAWED LEGISLATIVE PROCESS

NSEA was a vocal and active participant in the development of SB178 during the 79th Legislative Session. We participated on the Funding Study Work Group during the last interim. Despite frequent entreaties, NSEA and most other education stakeholders were shut out of the process to develop SB543 for over 6 months, from November through the first week of May. On May 6th, NSEA received an overview presentation of the bill from Jeremy Aguero. On May 13, the 99th day of the session, NSEA finally got our first chance to review the massive overhaul of Nevada's school funding formula and the language in SB543. What was called "the most important legislation" of the session received a single hearing. The final language of SB543, which was movement in the wrong direction, wasn't unveiled until late in the evening on Sine Die, with the legislation passing at the very end. This legislative process was fundamentally flawed and resulted in a funding formula riddled with problems.

This Commission can help fix 543 by being mindful of how we ended up with such a flawed plan.

MOVING FORWARD TOGETHER

NSEA opposed SB543, but we are hopeful that promising components of the plan can be maintained while fixing the problems, oversights, and unintended consequences. New revenue will ease the transition to any new funding formula, and NSEA continues to be optimistic in our fight for additional school resources, so all students and schools can succeed.

We are confident that by working together during the interim, we can return to the next session to pass and implement a new funding formula that benefits all Nevada students.