

SB543 OPPOSE

Date: May 16, 2019
To: Assembly Committee on Ways and Means and Senate Committee on Finance
Re: NSEA Opposes 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 moving towards greater equity in education, ensuring all school districts, including Clark County, 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 looks forward to being a part of the process to strengthen the new school funding formula which will accomplish these goals from this point forward.

NSEA opposes SB543, as introduced, to institute a new school funding formula 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, possible exclusion of educator voice on the Commission on School Funding, and a fundamentally flawed legislative process.

NO NEW SCHOOL FUNDING

Given the chronic underfunding of public education in Nevada, no new funding model will work without new and additional revenue.

In February, hundreds of educators from across Nevada rallied under the banner of Red for Ed to draw attention to chronic underfunding of public education. Despite recent efforts, Nevada continues to rank near the bottom of states in most metrics. In the 2018 Quality Counts report from Education Week, Nevada ranked 47th in per-pupil funding and dead last in both class size and overall education quality.

After a 2017 legislative session with modest increases to public education funding, school districts across the state continue to struggle with serious budget deficits. School districts are projecting shortfalls for the upcoming biennium. There are discussions of possible educator layoffs, a risk of moving to even larger class sizes and higher ratios for our other licensed education personnel.

The Guinn Center recently released a report showing a \$107.5M combined budget shortfall for school districts in FY19-20. This is due in large part to per-pupil base funding increases that are outpaced by increases in annual operating costs. SB545 which would move marijuana excise tax to increase school funding is desperately needed to address these shortfalls. Movement of this money to fund our schools continues to be a top priority of NSEA for this session (as it was in the 2017

session), and we applaud its introduction. While SB545 helps to cover the cost of educator raises next year, it will only temporarily stop the bleeding. Nevada schools will remain chronically underfunded.

The Nevada Constitution requires all public schools receive adequate funding to fulfill their duty to educate every Nevada student. NSEA will continue our work to make sure Nevada moves the needle to provide adequate funding for the basic operation of public schools, ensuring every Nevada student has access to a high-quality public education. We are sorry to say there is no new revenue included in SB543.

RURAL FREEZE AND SQUEEZE

With no new revenue contemplated in SB543, the proposed shift in funding formula would harm most school districts in the state by freezing their revenues at current levels, creating new winners and losers across the state. This freeze would start on July 1, 2021 and continue for a various number of years, depending on the district. Data included in the presentation made by Jeremy Aguero on SB543 (along with assumed constant K12 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 from less than a year to nearly 62 years.

While proponents of SB543 call 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. During their current budget process (which is based on increased revenue as recommended by Governor Sisolak’s 2019-2021 budget) NCSD issued a reduction in force impacting 49 positions. A budget freeze for 6 or more years would decimate this district.

School District	Estimated Freeze (Years)
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

SUCCESSFUL ZOOM AND VICTORY SCHOOLS COMPROMISED

SB543 would eliminate current “categorical” expenditures, including those funding Nevada’s 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 through 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. Ironically, the weighted funding formula under SB543, will be a step 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 this session, there has been 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. Moving precious dollars from traditional public schools to charter schools, especially without ensuring appropriate controls and accountability of these schools, is foolhardy and the wrong message to be sending.

ANTI-UNION END FUND BALANCE PROVISIONS

During this legislative session, there has been 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 did not come out of the Senate Committee on Government Affairs. If passed, Senate Bill 111 clarifies 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 to set 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 this legislative session. We believe that this is an anti-union and anti-collective bargaining provision that could wall off as much as \$740M from collective bargaining processes with school over districts in FY21.

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 creates the Commission on Education Funding and gives this Commission significant powers and responsibilities. While SB543 does require relevant experience in public education, it does not require any educator representation on this Commission. There are many technical aspects to the duties of the Commission, however, there are also critical policy responsibilities that would greatly impact public education in our state. This includes: recommending to the Governor an optimal level of funding education; making recommendations to improve the implementation of the new funding formula; recommending weights for English Learners, at-risk students, and student with disabilities or recommending new categories of student weights; making recommendations about laws and regulations impacting public education; and adopting regulations prescribing administrative expenses allowed by school districts. A Commission with such a profound impact on public education in our state should be representative of key education stakeholders. Educators who are on the front lines at our school sites need to be included on such an important body.

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 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. This legislative process was fundamentally flawed, as the inclusion of educator and community voice is necessary to strengthen legislation and avoid many of the pitfalls included in SB543.

MOVING FORWARD TOGETHER

NSEA opposes SB543, but we are hopeful that we can begin anew, taking the promising components of the proposal forward while correcting 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.

While there may not be enough time this session to fix all the problems with SB543, we are confident that by working together during the interim, we can return next session on the same page to pass and implement a new funding formula that benefits all Nevada students.