

COMMENTS TO THE COMMISSION ON SCHOOL FUNDING

May 14, 2020

The Nevada State Education Association has been the voice of Nevada educators for over 100 years. While NSEA appreciates that many things within your scope of work have drastically changed due to the global COVID-19 pandemic (and would direct you to the letter we sent on this topic last month), we also feel compelled to respond to remarks provided by Senators Woodhouse and Denis to the Commission on School Funding at your February 20th meeting.

A FUNDAMENTALLY FLAWED LEGISLATIVE PROCESS

In their remarks, Senators Woodhouse and Denis claim they spent months working with education stakeholders to develop SB543. As we have consistently communicated over the past year, nothing could be further from the truth. While NSEA was an active participant in the development of SB178 during the 79th Legislative Session and participated on the Funding Study Work Group during the last interim, 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 on May 31st. NSEA members turned out to that hearing and expressed numerous concerns with the legislation. The final language of SB543 wasn't unveiled until late in the evening on Sine Die, with the legislation passing in the final hour. None of NSEA's concerns, nor those of many other education stakeholders, were addressed in the amendments to the legislation. This legislative process was fundamentally flawed and resulted in a new funding plan riddled with problems. But don't just take our word for it. Even legislators that voted in favor of SB543 did so with serious concerns and reservations. Here are just a few legislator responses when asked for comment on the legislative process that gave us SB543...

"a process that legislators and stakeholders felt was not sufficiently transparent and inclusive."

"it had some language that I thought would be problematic in its implementation."

"a more inclusive discussion of the bill would have been helpful."

"I had (and still have) some serious concerns about the methodology that underlies the budget formula."

"I had hoped for a more robust and inclusive conversation about SB 543 prior to the last days of session, understanding that this is a complicated policy to take on."

NO NEW SCHOOL FUNDING

NSEA has been consistent in our advocacy for revenue to address the chronic underfunding of public education in Nevada, and we understand that any new funding model will fail without new and additional revenue. This is exponentially the case now with the economic and budget impacts of the COVID-19 crisis.

Unfortunately, the legislature failed to enact significant new revenue in the 2019 Session to adequately fund the base or student weights. New cuts to education funding will be made to a system that is already inadequately funded. While it would be naïve to think there is any chance to increase school revenues over their height in the first half of FY20, that is what will be necessary to responsibly move to adequate funding that can be identified through the “professional judgement” approach in the 2018 study by Augenblick, Palaich and Associates along with full weights.

BUDGET FREEZE AND SQUEEZE

Responding to concerns about the new funding plan’s impact on school district budgets across Nevada, Senators Woodhouse and Denis claim their funding plan “provides for increases in base per pupil funding based on projected enrollment and inflation.” While this response may have technically been true before the new crisis, we believe this response was intended to obfuscate the concern we and others have raised, which is a devastating projected freeze of most school district budgets. Our concern was based on data included in the presentation made by Jeremy Agüero of Applied Research during last legislative session.

While certain cost adjustment factors like those for small districts may lessen the average length of budget freeze, they will not likely alter the underlying flaw of a “hold-harmless” mechanism that provides no increase in base funding to cover increases in cost of doing business or increases in enrollment for a period of years for many school districts.

Take, for example, the Nye County School District. Under SB543, the NCS D budget would be frozen from July 1, 2021 and may not receive an increase until as late as 2027! Nye County is not only one of the fastest growing counties in Nevada, it is also one of the poorest. Nearly 2/3 of students in NCS D 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 years would simply decimate this district.

With the current COVID-19 budget collapse, it is difficult to even contemplate the impact of freezes on rural school districts at their greatly reduced June 30, 2021 levels. This scenario is almost too draconian to even imagine.

SUCCESSFUL ZOOM AND VICTORY SCHOOLS COMPROMISED

Similar to the response above, Senators Woodhouse and Denis respond to the serious concerns raised about watering down successful Zoom and Victory Schools with more obfuscation and without directly addressing the issue. Claiming Zoom and Victory programs will be protected by SB543 flies in the face of the fact these comprehensive school-based programs will be watered down with fewer dedicated resources. Senators Woodhouse and Denis reference SB543 uses the same definition of Zoom and Victory services as SB467, the bill that reauthorized Zoom and Victory Schools. However, they do not address our concern that current Zoom and Victory Schools will not be able to maintain the current level of services under the new funding plan to continue their success. By shifting funds away from our most impacted schools to a “pupil-centered” funding approach, Zoom and Victory schools lose significant momentum on school climate and culture, jeopardizing the gains they have made. This also ignores the evidence there is greater for students in communities that are beset with serious, intractable social and economic issues.

As a line item in the budget, it will certainly be a fight to protect funding for these programs over the coming year amidst severe cuts. On the flip side, the success of these models coupled with a growing commitment to education equity, makes this fight both worthwhile and winnable.

MULTI-MILLION-DOLLAR GIVEAWAY TO CHARTER SCHOOLS

Senators Woodhouse and Denis point out several details about how charter schools are affected by the new funding plan without addressing our basic concern they are one of the biggest projected beneficiaries of SB543. 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, while most other districts are frozen in place for years. The windfall for charter schools in this plan is movement of precious resources from traditional public schools to charter schools and follows the talking points of the billionaire backers of charters. New projections accounting for the economic downturn will certainly change this number, however we fear the formula will continue to advantage charter schools at the expense of neighborhood public schools.

While the Senators point to some improvements related to holding charter schools accountable, including site visits by the State Public Charter School Authority (SPCSA), let's be honest with each other—charters are now just barely clearing a very low bar of accountability. While the SPCSA has been developing their "Growth Management Plan", they approved nearly 5000 new charter slots last year alone with minimal additional accountability provisions.

While the SPCSA has begun to address the baked-in biases against students with disabilities, English learners, and low-income students in the charter system, they have only scratched the surface. Not only do charter schools serve proportionally fewer at-risk students, English learners, and students with disabilities, but they have no plan to achieve parity in the foreseeable future. Meanwhile, they have exhibited little effort to slow the growth of charters or address the structural inequity that is built into the system of charter schools vis-a-vis their relationship to neighborhood public schools. Until charter schools serve an equivalent percentage of at-risk students, English learners, and student with disabilities, and until charters are held to the same standards as our neighborhood public schools, they should receive no additional public dollars and no benefit over our neighborhood public schools.

ANTI-UNION END FUND BALANCE PROVISIONS

During last 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 died after a public hearing in the Senate Committee on Government Affairs. Meanwhile, Senate Bill 111 passed into law with the support of both Senators Woodhouse and Denis. SB111 clarified 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.

With almost no discussion at the end of the session, SB543 set the end fund balance for school districts not subject to collective bargaining at 16.6%. This is a gross departure from current practice, policy, and direction of the first 3 months 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.

Senators Woodhouse and Denis say they "view unrestricted ending balances in school district budgets as one-time amounts that should, where necessary, be applied for one-time uses and not ongoing salary or benefit commitments..." While there is a case to be made that unanticipated revenue that is one-time in nature should be programmed as such, that is not the case for better than anticipated revenue from ongoing sources. And that is certainly not the case for ending fund balances that regularly appear at the

end of budget year after budget year. A neutral, third-party arbitrator is best position to decide the fate of these funds.

EDUCATOR VOICE?

In response to concerns levied about no current educator serving on the Commission on School Funding, Senators Woodhouse and Denis list qualification related to fiscal policy and school finance. They go on to say, "Educators always have a voice through the public meeting process by being able to provide both written and verbal comments under public comment." This is patronizing, and Senator Woodhouse as a former President of NSEA should know better. Let's set aside the fact that there are a number of current educators who also possess qualification related to finance. Active educators bring to bear the expertise of day to day experience of education in the classroom and at the school site. To relegate active educators to public comment, the same forum that hundreds of educators utilized to express opposition to SB543, is telling. Those most impacted by the deliberations of this Commission have been relegated to the cheap seats.

While the lack of an active educator voice on this Commission will always remain a concern, our focus is now shifting to making sure the voice of active educators is represented in the Legislature. That is how we intend to Fix543. NSEA has recommended an indefinite delay in implementation of the new funding formula. If this is done alongside a continuation of the Funding Commission, NSEA would ask that an active educator be included in the composition of the Commission.

Thank you.