

COMMENTS TO THE COMMISSION ON SCHOOL FUNDING

October 16, 2020

The Nevada State Education Association has been the voice of Nevada educators for over 100 years. Since the early days of the COVID-19 pandemic, NSEA sounded the alarm about the deleterious impact this crisis is having on public education and the state budget. Before your April meeting we warned the economic impacts of this crisis would be devastating and long-lasting. We wrote:

While NSEA believes the school funding plan should be updated to reflect the changing needs of Nevada, it would be completely irresponsible to implement this radical shift during these already turbulent times. While NSEA'S previous concerns with the new funding plan remain, the new economic realities not only undermine school funding generally but also the work of the Funding Commission specifically. The main charge of the Funding Commission is to model the new funding plan, running it alongside the Nevada Plan in the current fiscal year and to make recommendations based on these numbers. However, data from this fiscal year likely will need to be discarded, as Nevada's economy came to a screeching halt toward the end of the third quarter. Even after stay at home orders are lifted and businesses begin to reopen, we know that the economy will take time to return to anything that resembles normal, and that normal may very well resemble the last Nevada recession.

Our concerns proved wholly prescient, as numbers in modeling varied wildly from month to month over the summer, projecting new winners and new losers at three consecutive meetings. Meanwhile, Nevada's budget hit a wall resulting in \$156M in painful cuts to K-12 education including total elimination of weighted funding for at-risk students and English learners—the very basis for the new funding formula. And we are not out of the woods yet. The Economic Forum is charged with projecting the revenue the Governor will base his budget on for the next biennium. At yesterday's meeting it was made clear that without some significant intervention or mitigation, Nevada's outlook is in a world of hurt. During the meeting, Applied Analytics' Jeremy Aguero stated his main concern is not about Nevada's economy operating at 20-30% productivity for a few months, it's operating at 70-80% for the next three years. He said, "It is the long arc of the COVID-19 crisis that that keeps me up at night."

We maintain it is completely irresponsible to effectuate a radical shift in the state's education funding formula in the middle of a global pandemic, as devastating cuts are being made to our schools. This is what keeps us up at night. The only responsible course of action for this Commission is to recommend a delay in the implementation of SB543 until after the pandemic, while we work on optimal funding and the revenue plan to get us there.

Speaking of optimal funding, we believe you should quickly segue to develop and recommend a robust program of new revenue. We ask this Commission to start this process by adopting a formal position in support of AJR1 from the 32nd Special Session. AJR1 would generate critical new revenue for Nevada, by amending the Constitution to increase the mining tax from 5% of net proceeds to 7.75% of gross proceeds. This would generate \$485 million in new revenue. Included in AJR1 is a provision that dedicates 25% of revenues that could be spent for educational purposes.

While our schools and other vital state services are suffering, we know there is another side of this economic crisis, with billionaires amassing significant new wealth. Nevada is the world's 5th largest producer of gold. Large mining companies have been making record profits with gold selling near record highs of \$1900/oz, yet the mining industry pays very little in state taxes. AJR1 is the mining tax proposal that would deliver the most resources to K-12 public education. A half-billion dollars in new revenue for Nevada is the right-sized treatment of an industry that has enjoyed a sweetheart deal since Nevada's beginnings. The proposal is also significant enough to move the needle on the chronic underfunding of Nevada schools and other vital services families depend upon. If passed during the 2021 Legislative Session, AJR1 would go before Nevada voters in 2022.

NSEA has been working to address the chronic underfunding of public education in Nevada for decades. While AJR1 is only a part of what is needed to deliver a high-quality public education to every Nevada student, it is a most critical next step.