

**NEVADA K-12 EDUCATION**  
**Governor's Task Force on Tax Policy in Nevada**  
**Grant Sawyer Building, Las Vegas**  
**February 13, 2002 Presentation**  
**Presented by**  
**Jack McLaughlin, Superintendent of Public Instruction**  
**Revised February 5, 2002**

**Introduction**

This report will introduce Nevada's children, the current K-12 public school system including achievement levels and financial support, facts about Nevada school finance and budgeting, and present components that could be considered in the development of a long-term template for K-12 public education. Separately, Task Force members have been provided a copy of Education Week: Quality Counts 2002.

**NEVADA'S CHILDREN**

**Numbers**

The 2000 census indicates that 561,501 children age 18 and under live in Nevada. Of that total 145,817 are under age 5. Of the 87,525 pre-kindergarten children (three-four-five year olds), 27,271 are accounted for in pre-kindergarten programs or private schools. The remainder of the pre-kindergarten aged children may not be in a preschool environment but most will enter Nevada kindergartens. The remainder of the 561,501 children 18 years of age and under consists of 325,610 in public schools, 15,789 in private schools, and 74,285 not attending public schools in 2000. Those not attending include the students who have graduated and those who are involved in home school programs.

In the 2001-2002 school year, 356,762 children are enrolled in the K-12 public school system. An estimated 16,500 are enrolled in private schools and an unknown number are being home schooled. In 2005, projections show almost 400,000 students will be in Nevada K-12 public education.

**Diversity**

The 2000 Census data show that Nevada's children reflect a greater diversity than the nation as a whole. Nevada's K-12 student body make-up in the 2000-2001 school year was: White, 56.71%; Black, 10.15%; Asian/Pacific Islander, 5.66%; American Indian/Alaskan Native, 1.74%; and, Hispanic, 25.74%. Nevada's student population is becoming more ethnically and racially diverse, especially with regard to Hispanic students who went from 11.3% in 1990 to 25.7% of the student population in 2001. In 2005, it is estimated that 150,000 Hispanic students will attend Nevada K-12 public schools.

## **Families**

Nevada children come from families with a median income of \$44,900—only slightly below the national average of \$45,600. Twenty-eight percent live in female-headed families receiving child support or alimony—below the national average of 34%. Twelve percent live in working-poor families without a telephone at home—above the national average of 9%. Five percent of Nevada children live in extreme poverty—below the 8% national average and the percent of children under 18 in working-poor families is 26% compared to the 23% national average.

## **Growth**

From 1984 to 1999, Nevada's public school enrollment grew by 115% compared to the nation's 19% growth; in each five-year period, Nevada's student growth ranged from 24% to 34%. The percentage of resident population under 18 in Nevada is 26.8%--12<sup>th</sup> highest among the 50 states.

## **Graduation and Dropout Rates**

Public school graduation rate in 1999 was 57.8 per hundred with a national rank of 43 out of 50. The other side of high school completion is dropping out. Measuring the drop out rate is tricky. According to the National Center on Education Statistics (NCES), high school completion is defined as "the number of 18 through 24 year olds not currently enrolled in high school or below." Using that definition, Nevada's high school completion rate has dwindled from 83.3% to 74.5% over the last ten years. This method of calculating high school completion and dropouts is particularly damaging to Nevada because we continue to experience a tremendous influx of people from all over the globe. Many Nevada jobs do not require high school diplomas. Therefore, high school completion and dropout rates calculated as defined by the NCES are inappropriate for Nevada.

A more appropriate dropout rate is calculated based on the number of students who attended school the year before but are not present currently. While still difficult for Nevada because of high rates of transience and mobility, this dropout rate provides somewhat better accuracy. During 1997-98, Nevada's dropout rate was 10.1%. During 1998-99, Nevada's dropout rate was 7.998%--a loss of 6,527 students. Typically most students who drop out do so during grade 12; in 1998-99, 41.3% of the reported dropouts left 12<sup>th</sup> grade. The reasons for dropping out include the following in random order:

- Need to get a job for survival
- Fear or recognition of failure
- Lack of motivation or plans
- Social difficulties in school
- Dislike of school
- Cultural conflict: the inability to integrate culturally

Hispanic and African Americans have the highest dropout rates in Nevada. For 1998-99, the dropout rates were: White, 6.3%; Hispanic or Latino, 11.9%; African American, 11.2%; Asian/Pacific Islander, 5.8%; American Indian/Alaskan Native, 9.1%.

## Students with a First Language Other Than English

The number of Nevada English Language Learners (ELL)—students whose first language is not English—grew by 682% from the 1988-99 (5,175) to the 1999-2000 (40,469) school year. It is estimated that the number will grow to 75,000 students by 2005. The majority of Nevada ELL students speak Spanish (87%) with 4% speaking Asian languages and 9% speaking a language other than Spanish or any of the Asian languages. As a result, conversing with ELL students and teaching them academic subjects is a daunting challenge not only linguistically but culturally as well. Research on ELL instruction suggests that using a child's native language at first helps the student make the transition to functional use of English more quickly and develop academic skill levels. Of the 34,470 ELL students enrolled in Nevada schools during the 1998-99 school year, 5,808 were involved in instruction that incorporated the student's native language while 28,404 were not. In required testing, ELL student's performance across the grades in reading and science was extremely low.

Other factors regarding minority student issues:

1. Nevada exhibits greater diversity than the nation as a whole with 34.8% non-white residents.
2. Public school enrollment reflects Nevada's diversity and the proportion of minority students is greater than in the population as a whole.
3. African American and poor students score lowest at every grade level on every achievement test.
4. The proportion of African American students passing Nevada's High School Proficiency Examination in mathematics is lower than for any other group. Hispanic/Latino students have more trouble with the reading and writing portions of the test. As a result, these groups are less likely to complete high school.
5. Poverty continues to be the primary factor leading to dropping out of school.
6. More than one-fourth of Nevada's students participates in the National School Lunch Program.
7. About 20% of Nevada's students receive supplemental services through Title I — a federal program.
8. About 10% of Nevada students receive special education services.
9. African American and Hispanic/Latino students are over-represented in special education.

10. Minority licensed personnel in Nevada constitute only 12% of all licensed personnel, while the student enrollment is 43.4% minority.

### National Child Well-Being Ratings

The “Kids Count National Report Card 2000” shows Nevada at the low middle of the states based on a combined score using ten factors judged to be critical in providing for the well being of children:

<u>Indicator</u>	<u>National Rank</u>
Percent low birth weight babies	23
Infant mortality rate	16
Child death rate	36
Rate of teen deaths	50
Teen birth rate	40*
Percent of teens who are HS drop outs	49
Percent of teens not in school and not working	30
Percent of children living with parents who do not have full-time, year-round employment	13
Percent of children living in poverty	8
Percent of families with single head of household	22

\*Recent article indicates that teen birth rate has dropped in Nevada

### Summary

Among the challenges facing Nevada’s K-12 public schools in providing for Nevada children are:

1. Almost 2 out of 3 Nevada children begin kindergarten without a preschool experience.
2. The number of Hispanic students is growing dramatically.
3. Nevada’s public school enrollment has grown by 115% in the last 15 years; far greater than the 19% found as average throughout the nation.
4. The percentage of students under 18 is 12<sup>th</sup> highest in the nation.
5. The graduation rate is ranked 43 out of 50.
6. Nevada’s dropout rate—depending on methodology—remains high.
7. Hispanic and African Americans have the highest dropout rates.
8. The number of students whose first language is not English grew by 682% in the past ten years.
9. Approximately one in seven students whose first language is not English receive some instruction from a teacher in the student’s first language.
10. National rankings on “Child Well-Being” show Nevada’s teen birth rate, percent of teens that drops out and rates of teen death among the highest in the nation.

## NEVADA K-12 PUBLIC SCHOOLS: 2001-2002

### Size of Districts and Schools

In the 2001-2002 school year, Nevada's 356,762 K-12 students attend 506 schools in 17 county school districts ranging in size from 89 to 245,604. Sizes by county for 2001-2002 and estimated for 2007-2008 are:

Size of Nevada Districts, 2001-2008

	<u>2001-2002</u>	<u>2007-2008</u>
Carson City	8,763	12,195
Churchill	4,724	5,326
Clark	245,604	330,023
Douglas	6,989	9,133
Elko	9,847	10,370
Esmeralda	89	83
Eureka	285	434
Humboldt	3,616	3,616
Lander	1,357	1,357
Lincoln	1,014	1,023
Lyon	7,046	9,031
Mineral	774	1,076
Nye	5,279	5,279
Pershing	898	1,391
Storey	480	465
Washoe	58,533	67,888
White Pine	<u>1,464</u>	<u>1,077</u>
	356,624	459,761

The average size of schools varies dramatically throughout the state with the smallest being four students at Currie Elementary in Elko County and the largest being 3,434 attending Centennial High School in Clark County. The average size of a Clark County high school in the Las Vegas metropolitan area is 2,336. One hundred and sixteen schools are on partial or full year-round schedules. Nevada has ten charter schools.

### Student Attendance

Nevada's mandatory age for attending school is age seven. Round-trip transportation for students to Kindergarten is not funded. Students attend school 180 days a year. Kindergarten students attend school 120 minutes a day; grades 1-2 attend 240 minutes per day; grades 3-6 attend 300 minutes per day; and grades 7-12 attend a minimum of 330 minutes per day. In the public schools, on a year-round schedule, students attend school 180 days per year.

## Teachers

In 2000-2001, Nevada's 340,706 students were taught by 18,408 teachers. Teachers who have degrees beyond bachelors are 8,171 (39%) - national average is 47%. Nevada has 64 National Board Certified Teachers and 67 who have received the Milken Family Foundation National Educator Award. The number of licensed personnel working in Nevada five years or less is 10,034 (47%). Nevada has hired an average of 2,168 new teachers every year for the past five years. The combined number of teachers graduated in 2000-2001 from teacher education programs at UNLV and UNR was 725--34% of the new teachers hired by the state of Nevada in 2001. Sixty-six percent of all the new teachers hired in 2000-2001 came from out-of-state. Nevada's teachers earn on an average 94.4% of the nation's teachers on average. Rankings regarding Nevada's average teacher salary differ. In 1998-99, Nevada ranked 20<sup>th</sup> in the CQ survey, 21<sup>st</sup> on the National Education Association survey, and 8<sup>th</sup> on the Western State Comparison survey comparing teacher salaries to annual earning in the private sector. Nevada's average teacher salary (\$39,390) in 1999-2000 was below the U.S. average teacher salary (\$41,724). In constant dollar value, U.S. teachers gained about 1% in average salary from 1989-90 to 1999-2000. Nevada's average teacher salary lost 2.3% from 1989-90 to 1999-2000, ranking 38<sup>th</sup> among the 50 states and the District of Columbia (D.C.). None of the teacher salary comparisons mentioned above factor in cost-of-living, benefit contributions or any other monetary benefit realized by the teacher. The 1999-2000 American Federation of Teachers survey ranks Nevada 15<sup>th</sup> listing the average salary as \$43,083 with the national average being \$41,820. The AFT survey includes other factors. The Education Week Quality Counts 2000 lists Nevada's average teacher as \$43,798 with the national average \$41,820. The article also indicates that "all teachers" are included—not the same as other surveys.

Teacher salary schedules are established by Nevada's 17 school district governing boards after completing the bargaining process. Teachers are placed on salary schedules using training and length of service criteria. No pay for performance system is in existence in Nevada's K-12 public schools. A signing bonus of \$2,000 for teachers new to Nevada was put in place by legislation for the 2001-2002 school year. The signing bonus for 2002-2003 shall be no more than \$2,500 for teachers new to Nevada. The history of Nevada teacher salary increases since 1983 — reported in the "Data Book for Nevada K-12 Education" prepared by the Legislative Council Bureau for the 2001 Session — shows 0% in 1983; 1.5% in 1984; 11% in 1985; 5% in 1986; 3% in 1987; 3% in 1988; 5% in 1989; 5% in 1990; 4% in 1991; 0% in 1992; 0% in 1993; 0% in 1994; 4% in 1995; 3% in 1996; 3% in 1997; 3% in 1998; 0% in 1999; 0% in 2000. No salary increases were approved by the legislature for FY 2001 or FY 2002. and 0% projected for 2002. A 3% bonus was approved by the 2001 legislature. The bonus did not apply to salary schedules or for PERS retirement credit. A 2% salary increase is approved for 2003.

## Standards, Curriculum, Instruction, Assessment and Accountability Infrastructure

K-12 instruction is guided by an assessment and accountability system based on the use of standards. The Council to Establish Academic Standards developed (and the State Board of Education adopted) standards in English Language Arts, Mathematics, Science, Social Studies, Health, Physical Education, Computers & Technology, and the Arts for use in Nevada public schools. In addition, the State Board of Education adopted occupational skill standards for the areas of Agriculture and Natural Resource, Automotive, Family and Consumer Science, and Marketing. Four Regional Professional Development Programs (RPDP) train teachers on

Nevada standards and focus on reading, mathematics and writing training as determined by the four RPDP boards. Local school boards establish curriculum and adopt instructional materials. Teachers utilize instructional techniques and delivery systems to provide student instruction.

Criterion Reference Tests (CRT) based on Nevada standards are administered in third and fifth grade in Reading and Mathematics. Writing is administered in fourth and eighth grade. A Norm Reference Test (NRT) using national standards and a national student sample is given to Nevada's fourth, seventh and tenth graders. Schools are designated as demonstrating exemplary achievement, high achievement, adequate achievement, or as needing improvement based on the NRT results. For the 2001-2002 school year, seven schools were designated as needing improvement. The schools were: Gateways to Success Charter High School in Churchill County, and Fitzgerald Elementary School, Lynch Elementary School, Martinez Elementary School, Odyssey Charter School, Martin Middle School and West Middle School in Clark County. There were seven schools designated as demonstrating high achievement and five designated as demonstrating exemplary achievement. The high achieving schools were: Vanderburg Elementary School and Hyde Park Elementary School in Clark County, and Caughlin Ranch Elementary School, Hunsburger Elementary School, Incline High School, McQueen High School and Reno High School in Washoe County. The exemplary schools included Advanced Technologies Academy in Clark County, Eureka High School in Eureka County, Huffaker Elementary School, Lenz Elementary School and Winnemucca Elementary School in Washoe County.

Recently signed H. R. 1 requires yearly testing of 3<sup>rd</sup> through 8<sup>th</sup> graders on Nevada state standards. Such a requirement will mean that the current system of assessment must be modified in order to receive federal funds.

Technology has become essential for 21<sup>st</sup> century students and a necessity for the operation of schools and school systems. Nevada K-12 public schools are served by the Commission on Educational Technology with members appointed by the Governor and legislative leaders and represent business, schools, libraries, parents, the university system and the legislature. The Commission's four goals include providing access for all students, identifying high-quality content materials, integration of technology into the new standards-based curriculum, ensuring timely support for teachers, students and staff. National Nevada rankings related to technology are:

Students per computer	47 <sup>th</sup>
Students per multi-media computer	36 <sup>th</sup>
Students per networked computer	48 <sup>th</sup>
Students per Internet access computer	46 <sup>th</sup>
Schools with LAN's	35 <sup>th</sup>
Schools with WAN's	10 <sup>th</sup>
Teachers using the Internet	44 <sup>th</sup>
Online Curriculum Subscribers	51 <sup>st</sup>

- 99% of Nevada schools are connected to the internet
- 76% of Nevada classrooms are connected to the internet
- 80% of Nevada schools have high-speed connection to the internet

## Achievement Indicators

The National Assessment of Education Progress (NAEP), sometimes referred to as the "Nation's Report Card," has four classifications of student achievement: Below Basic, Basic, Proficient, and Advanced. Achievement levels for Nevada schools show 4<sup>th</sup> grade students scoring "Below Basic" in reading on the 1998 NAEP at a 47% level — above the 39% national level. Of the 44 states represented in the 1996 NAEP, Nevada was 35<sup>th</sup> in the percent of fourth grade students at or above the "Proficiency" level. NAEP scores also show 31% of Nevada's 8<sup>th</sup> graders scoring "Below Basic" on the NAEP writing assessment compared to 17% nationally. Very few Nevada students score at the "Advanced" level. NAEP performance expectations are higher than Nevada performance standards where such standards have been established. The new federal education bill, H.R. 1, requires that all students be "Proficient" or above in reading and mathematics in 12 years.

When NAEP scores are disaggregated by race, Nevada's African American and Hispanic students score considerably lower than White or Asian American students.

Of thirty-one states reporting, Nevada ranks 22<sup>nd</sup> in the percentage of high school students taking chemistry by graduation and 29<sup>th</sup> in the percentage of high school students taking Algebra 2 by graduation. A lower percentage of Nevada 12<sup>th</sup> grade students take Advanced Placement examinations in mathematics (3%) and science (4%) than is true in the nation (5% and 6% respectively) where the percentages range from 1% to 11% for calculus and 1% to 17% for science.

The numbers of Nevada 2001 graduating class that took the ACT and the SAT college entrance examinations were 5,832 and 4,898 respectively. There has been significant growth in these numbers over the years. Compared to the 1996 graduating class five years earlier in Nevada when 4,678 seniors took the ACT and 3,770 seniors took the SAT—25% more seniors took the ACT and 30% more seniors took the SAT in the 2001 class. This growth is even more impressive when earlier years are considered. For example, only 17% of the 1982 class took the SAT while 33% of the 2001 class took the SAT. Performance on these tests in Nevada has always been at or above the national average since the mid-seventies—the earliest data still maintained at the Department of Education. In the 2001 graduating class, the average ACT Composite score was 21.3 compared to the national average of 21.0, the average SAT Verbal was 509 compared to the nation's 506, and the average SAT Mathematics was 515 compared to the nation's 514.

## Current Financial Support

With regard to financial support:

- Nevada ranks 39<sup>th</sup> of the 50 states and D.C. in per student expenditure based on the official fall count of students (1998)
- Nevada ranks 40<sup>th</sup> of the 50 states and D.C. in per student expenditure based on the average daily attendance of students (2000)
- Nevada ranks 50<sup>st</sup> of the 51 states and D.C. in per pupil expenditure per \$1,000 of personal income (1998). Nevada ranks 50 of 51 in 1999.

While the 1999-2000 Nevada per student expenditure is \$5,710 based on weighted enrollment, the FY 2000 per student amount varies significantly among districts. Refer to **Attachment A** for a listing of per student expenditures and total district expenditures for FY2000.

A significant K-12 expenditure deals with the teacher to pupil ratio. Nevada's kindergarten teachers have class sizes that can reach 32 pupils twice a day. First and second grade class sizes are funded at 1:16. Third grade is funded at 1:19. Beyond third grade, class sizes vary dramatically from district to district. Small schools need more staff to provide students the opportunity to meet state standards than do large schools—economies of scale. Only California, Utah, Arizona, Oregon and Washington have larger class sizes than Nevada. The Northwest Association for the Accreditation of Schools and Colleges is reviewing the affect of large high school class sizes on high school accreditation status in the Clark County School District.

## Summary

Challenges emerging from Nevada K-12 public education are:

1. Nevada's 17 school districts range from 89 to 245,604 students creating challenges in providing all students with equal educational opportunities.
2. Students attend very small and very large schools with different levels of access to educational opportunities.
3. Kindergarten students attend school two hours daily with the possibility of large classes taught by a teacher who could teach two classes per day.
4. Nevada children are not required to begin attending school until age seven giving them a later start than many of the national counterparts.

5. Nevada student achievement at the fourth and eighth grade is lower than the national average.
6. Nevada has a huge challenge to bring all students to the "Proficient" level in reading and mathematics as required in H.R. 1, the new federal funding bill.
7. When achievement scores are disaggregated by race, Hispanic and African American students score significantly lower than White or Asian students.
8. Nevada students take fewer Advanced Placement examinations on average and considerably fewer than the highest ranked states.
9. Nevada ranks 47<sup>th</sup> in the number of students per computer.
10. There is no state funded assessment program that provides teachers ongoing student data upon which to make frequent, individual instructional decisions.
11. Nevada hired 2,168 new teachers per year each the past five years.
12. The combined number of graduating teachers trained in Nevada schools cannot fill all vacancies caused by student growth or teacher turnover.
13. Nevada has a relatively young teaching staff with fewer advanced degrees and slightly lower salaries than their peers—excluding benefits.
14. Nevada ranks near the bottom of the 50 states in per pupil expenditure, and the lowest in the per pupil expenditure per \$1,000 of personal income.
15. Per student expenditures varies greatly among Nevada districts.

## **NEVADA SCHOOL FINANCE AND BUDGETING**

### **Federal Support**

Nevada receives monies from the Federal Government through allotments, formulas and competitive grants. Dollars received are for specific purposes and must be used according to guidelines. The federal dollars available during the 2001-2002 school year total \$189,976,301. Included among the major federal programs are: Nutrition Program - \$44M; Special Education - \$34.7M; Title I programs - \$32.3M; Carl Perkins Occupational Education - \$5.9M. For a complete listing, see **Attachment B**.

During 2001, the Department was successful in securing almost \$50,000,000 in competitive grants beyond what had been awarded in prior years. In addition, the Nevada Public Education Foundation has been re-established to assist districts in securing funds from all sources, including private foundations. The Department will continue to aggressively pursue funds from all sources. Although Nevada leads the nation in percentage of land owned by the federal

government, it has ranked near the bottom of all states in the amount of federal dollars received for K-12 education.

Revenue for K-12 public education is currently 5% federal, 56% local and 39% state funding.

**Attachment C** provides revenue data for public schools for all 50 states compiled by the U.S. Department of Education for 1997-98 (the most recent data available). Even though the data is almost 4 years old, the relationships among the various states have not varied significantly. The data is sorted by percent of state funding for education for all 50 states. It ranges from a low of 9.3% for New Hampshire to a high of 89.0% for Hawaii. The national average is 48.4%. You will note that Nevada is number 46 out of the 50 states in terms of the percentage of state funding for K12 education at 31.8%.

While the numbers here are very telling, they can be somewhat misleading in that many states that fund at a higher rate can do so because they also collect a portion of the local property tax specifically legislated for public education. However, even in those states with the larger amounts of state funding, it is well recognized that the state funding alone is still not adequate. Therefore, districts in most of those states are allowed to go to the local voters for a tax override or tax levy sometimes referred to as a Maintenance and Operations Levy to address the local district's educational funding needs.

In Nevada, local school districts have no such mechanism or process to increase funding if their combined state and local funds are short of their needs.

### **Annual Budget Challenges**

School Districts face many challenges each year when developing their budgets. The districts must submit balanced budgets, with the projected expenditures staying within predetermined resources. Some of the specific issues that have presented the greatest challenges are:

**Health insurance benefit costs** have risen sharply over the last several years. Statewide premiums have increased 20.1% from FY2000 to FY2002. During that same period the Distributive School Account (DSA) line item that supports the legislatively approved budgets reflects only a 12% increase. Funding to pay the difference must come from elsewhere in the school districts' budgets.

**Utility costs** have also shown significant increases from FY2000 to FY2002. The per square foot cost of heating the state's schools increased 75%; the DSA line item dropped by 5.4%. Again, the funding to pay the difference must come from elsewhere in the school districts' budgets.

The per square foot cost of **electricity** increased 31.4% from FY2000 to FY2002. The DSA line item increased by 31.7%. However, in FY2000 the DSA line item was 15.4% below the actual cost and the FY2002 rate is 15.2% below projected costs. The funding to pay the difference must come from elsewhere in the school districts' budgets.

Because of the recent tragedies in a few of the nation's schools, the districts have had to confront increased **security and safety** issues. The costs for these important matters have not been part of the DSA budgeting process. The funding for the added cost must come from somewhere else in the school districts' budgets.

The costs of providing Federally mandated services to **special education** students have not been provided sufficiently by the Federal government. The amount currently recognized as support for special education in the DSA covers only slightly more than half of the actual costs. The additional funding must come from elsewhere in the school districts' budgets.

In some cases, programs that are funded either by the State or by the Federal government end up costing the local school districts more than the amount of the grants. For example, in many cases the amounts paid to the districts for the Class Size Reduction (CSR) program are not sufficient to cover all of the salary and related costs for the class size reduction teachers. Costs not directly related to the teachers in the CSR are also incurred—supervision, supplies, furniture, equipment, added space. These costs also must come from elsewhere in the school districts' budgets.

When local revenues decrease because of devaluation of taxable property, while the State incurs the loss of the 25¢ portion of the property tax, the school district suffers the loss of the 50¢ portion. If the Basic Government Services Tax (Motor Vehicle Privilege Tax) falls below projections, the districts also suffer that loss. These are resources that necessitate reductions in the expenditures of the district.

Increases in local revenue, especially property tax, result in an increase to the district for the current year. Adjustments will be made in the next calculation of the basic support that will take the new revenues into consideration. The trade-off for the State taking increases in sales tax and in the 25¢ property tax is that the State guarantees the legislatively approved level of funding. In years in which the sales tax revenues and the 25¢ property tax revenues fall below the budgeted needs, the Legislature will provide supplemental funding when reconvened.

School boards also have no control over inflationary rises in the costs of good and supplies. And, with technology needing constant upgrade, repair and replacement, school boards have no choice other than to reduce other portions of the budget in order to provide technology as part of the instructional program.

### **Budget Reductions**

A governing school board has few options when making decisions to reduce expenditures since no local option for raising general revenues exist other than through foundation or private support. In general, 89.3% of a budget is spent on salaries with 53.6% of that for instructional staff. An average of 1.6% is spent on non-school site administration. Of the remainder of the budget, 3.39% is for fixed costs such as insurance, utilities and energy. The remaining 7.3% is available for instructional materials, textbooks, maintenance and repair, and equipment including technology. The actual budget percentages for smaller districts in the rural alliance reflect their size and geographic sparsity. **Attachment D** is a list of these percentages for the 17 school districts and the charter schools in the 2000-2001 school year.

Unable to cut or control fixed costs or the effects of inflation on materials, equipment, supplies, and utilities, districts look to the bulk of their budgets—personnel—as the place to reduce expenditures. Budget trends for the two largest school districts—Clark and Washoe—show that significant reductions have been made in the past three years. The pattern is similar for many districts in the rural alliance. Declining enrollment districts have been granted “hold harmless” status through legislation in order to delay budget reductions and use staff turnover, including retirement, to avoid layoffs and resulting program reductions. Districts indicate that the legislatively authorized increase will be used entirely for the 2% COLA in 2002-2003. This leaves no increase in funding to pay for normal incremental longevity rollups and other inflation.

FY 2003 will be the fourth year in a row that **Clark County School District** has made budget reductions.

Backup materials submitted by Clark County School District budget staff for the 2001-2002 amended budget gives an idea of current conditions. A summary of the points made:

- Adjustments to weighted enrollment (kindergarten) coming in under estimate resulting in \$2,600,000 less in state basic support.
- The general operating budget, including basic services to all students and all adjustments necessary to reflect the current conditions totals \$1,188,338,600. While this figure represents an increase of \$97,375,251, or 8.9% over the 2000-2001 general operating budget, from these funds the district must pay for all costs for a 6% enrollment increase and costs associated with opening 15 new schools. Also, this revenue includes mid-term financing and transfers from other funds of \$10,400,000 designated for specific purposes. Based on FY 2001 actual revenues, the 2002 budget also reflects reductions in other projected revenues of \$8,300,000.
- The outcome of collective bargaining for employee groups for 2001-2002 has not been determined. Adjustments above revenue received will affect the remainder of the budget and possibly lead to reductions.
- Although \$566,117 was restored in the contingency reserve account in this budget, this amount is well below the ¼% CCSD policy requirement of \$2,900,000. The unreserved ending fund balance of \$10,700,000 representing less than 1% of the district’s budget is below the 2% CCSD policy requirement of \$23,700,000.
  - The Department of Taxation recommends an ending fund balance of between 3 and 8% depending on size of district.
  - The current CCSD unreserved fund balance has dropped from 2% of budget to less than 1% of budget. The 1%—approximately \$11,000,000 will operate Clark County schools for only 2 ½ days.
- Based on early indicators that enrollment would be less than originally budgeted, administrative departments have been asked to reduce their budgets by 10% or approximately \$3,400,000 via reductions in outside purchases or vacancy savings. Because the certified

enrollment is less than anticipated, it is recommended that further reductions of approximately \$800,000 be identified during the remainder of this budget year.

- Preliminary projections for FY 2002-2003 indicate that CCSD will have a \$12,000,000 to \$15,000,000 fiscal shortfall to maintain existing programs and services, and to increase salaries by the legislatively authorized 2%.

In **Washoe County School District**, the reductions for FY 2002 included:

- Reduced overtime by 50% - \$580,000
- Reduced travel and conference by 25% \$119,000
- Eliminated bus leases \$240,000
- Eliminated transfer to Extraordinary Maintenance Fund \$920,000 (entered into QZABs and Capital Leases instead)
- Reduced transfer to Extraordinary Maintenance Fund for FY 01 by \$600,000 to be included in beginning fund balance for FY 02 and used in FY 02
- Reduced budgeted ending fund balance by \$233,880 from \$633,880 to \$400,000
- Moved seven special education teachers back into the classroom as regular teachers \$291,767
- Increased class size in 4-6th grades from 24.5:1 to 25.0:1 for \$458,491 in savings

For FY2002-03, due to increased costs relating to the opening of two new high schools in FY2001-2002, a new elementary school in FY2002-03 and other growth costs, the Washoe County School District is faced with almost an \$8 million shortfall. Listed below is a partial list of items being reviewed for **potential** budget realignment\*\*:

- Delay textbook purchases
- Reduce NovaNet program
- Reduce overtime further
- Reduce custodial services
- Reduce school police
- Across the board cuts
- Increase class sizes
- Reduce alternative education teachers
- Reduce Washoe High School
- Reduce occupational education programs

\*\* Note that no decisions have been made as yet and there are many other areas under consideration. Washoe County School District anticipates that most of the realignment will be completed before the tentative budget is submitted on April 15, 2002.

**Attachment E** discusses budget issues of the **Carson City School District**.

## Summary

Challenges facing the financial capacity of Nevada K-12 public education to provide programs and services for all students are:

1. School districts face rising costs over which they have no control and no ability to raise additional revenue.
2. Local governing boards have very few options in making budget reductions that do not directly affect classrooms and students.
3. School districts—because of size, characteristics and geographic sparsity—need a different amount per pupil to provide similar programs.
4. Continued budget reductions reduce the capacity of Nevada's public education program to provide a desired level of K-12 programs for all Nevada children.

## LONG-TERM TEMPLATE FOR NEVADA K-12 PUBLIC EDUCATION

What should the structure of Nevada K-12 public education look like? What are major deficits in the structure of Nevada K-12 public education when compared to states achieving at the level Nevada's citizen's desire? Do Nevada's citizens want their public school system to rank number one? Be average? Be last in the nation?

Major issues to be addressed when developing the template for the Nevada K-12 public education system are desired achievement level of students, development of the future Nevada workforce, and funding adequacy.

### Developing a 21<sup>st</sup> Century Workforce

The Nevada Department of Taxation and the Nevada State demographer project a population increase of 72.1% between 2000 and 2018. The industry's need for an educated workforce will increase accordingly. According to the U.S. Bureau of Labor Statistics projection, Nevada's workforce will increase from 993,100 to 1,493,950 between 1998 and 2008. This is a projected 50.4% increase in the number of employed workers for the State and creates an even greater need for an educated, trained workforce.

Because Nevada's economy and workforce development is based upon and governed by a single, dominate industry—gaming and resorts—it is evident that this world-class industry drives the growth of occupational areas for the state. Education requirements for related jobs, based on the U.S. Bureau of Labor Statistics information, indicate that almost 80% require an associate degree or less. If Nevada's economic future requires workers to be trained at a level beyond an associate degree, the K-12 public school system needs to react accordingly in developing the post-secondary readiness of Nevada students.

Some facts regarding the workforce are:

<u>Categories</u>	<u>Rate</u>	<u>State Rank</u>
Private sector job growth, 9/99 – 9/00	4.5%	1
Change in manufacturing employment	4.5%	1
Net migration among states, 1990-99	433,219	6
Major new corporate facilities, 1999	36	29

What additions to the K-12 public education template are needed to ensure that Nevada's workforce needs are met?

### **Desired Achievement Level**

At what level do we want Nevada's children to achieve? High achievement requires that all schools are safe, that additional time for students to learn is provided, and that a highly qualified, regularly trained, stable school workforce is available in all classrooms working with small numbers of students. Support staff in schools and district offices must also be highly skilled and regularly trained. The highest quality instructional materials and equipment should be utilized and state-of-the-art technology available to support classroom instruction, instructional decision-making and management services. Populations such as limited English speaking students, need additional time to learn, skilled teachers and materials designed to encourage skill and knowledge development while learning English. Instruction is based on high standards and assessment is used to help teachers teach. Examples of template considerations being used in other states to increase learning opportunities that are not part of Nevada's current K-12 template are universal pre-school, all day kindergarten with small class size, smaller class sizes at middle and high schools for language and mathematics, summer school, integrated health services, full inclusion special education program, and some form of differentiated teacher compensation. Some programs that enhance student learning provided in Nevada, to a limited degree, are long distance learning, immersion and dual immersion language training, honors and advanced placement classes, Gifted and Talented Education, and parental choice opportunities.

What adjustments/additions do we want to make to the current K-12 infrastructure?

### **Adequacy**

Why bring up "adequacy" in the Nevada K-12 Public Education Report?

Nevada's districts are extremely different – from small to the sixth largest urban school district in the nation. Within Nevada, "adequacy" is an emerging issue. And, with the new federal legislation H.R. 1 signed into law guaranteeing that "no child be left behind," districts will be challenged as to their capacity to meet the guarantee for all children. Further, the "adequacy" concept and how it has been addressed can give decision-makers a look at proven techniques to develop a funding model and per pupil amount for Nevada districts by comparing with the state (or states) that produces the desired level of academic performance.

Adequacy of education funding is becoming a major concern in the United States. A recent court decision in Ohio requires the state to provide additional revenues to the K-12 system. "Adequacy suits" have been filed in Michigan and California. What is adequacy?

The United States Congress made a profound decision in 1994 — Goals 2000: Educate America Act — which codified a national goal to teach all children to the same high standards. The debate over how the nation could expect all children to reach the same high academic standards when some had much greater needs resurrected longstanding questions about resources. The question was no longer about inequities in funding, but about whether the funding was "adequate" for all children to meet the academic standards to which they were being held accountable through high stakes testing and consequences. Nevada has the same challenge — holding all students accountable through the high school proficiency examination — with no exceptions.

Adequacy debates arouse different views. One opinion claims students cannot meet the high standards without additional resources. Another opinion would say that schools already receive sufficient funding and do not need more. Courts are now evaluating these two positions.

There are three basic models for attempting to answer questions about how much is enough. The first technique is a "judgment" approach, using panels of experts to estimate the costs of what an adequate education might look like. It is often conducted by counting the cost of items needed to teach each child under ideal circumstances. Such inventories include the costs of professional development, books, facilities, materials, technology, teachers and the like.

The second approach uses emerging research models and attempts to estimate the resource needs of school districts if all schools implemented such models. A third approach attempts to assess needed funding on the basis of typical high performing districts in a state or region. This approach benchmarks resources against academic goals and measures financial adequacy based on the resources available to the highest performing — not the highest spending — school districts in a state or region after adjusting for the needs of students. The judgment approach often results in little agreement on either the menu of items needed for an adequate education or their costs and there is no mechanism beyond the judgment of experts to tie the inputs to specified outcomes. The third approach is appealing because it is simple and is grounded in academic performance, not poverty or wealth. And, it uses commonly accepted adjustments for the higher costs of educating children who are poor, limited English proficient, or disabled. The definition of "adequacy," therefore, using the third model is: the amount of funding provided to students and schools in the highest performing public school systems in the comparison area. The third approach uses two overarching variables: the needs of the children and the resources of the highest achieving school systems in the comparison area.

## **SUMMARY**

Challenges facing decision-makers in developing a long-term template for K-12 public education are:

1. Nevada's workforce needs are growing at a rapid rate.
2. If the future economy is going to require workers with training beyond an associate degree level, the K-12 public education system must improve the post-secondary readiness of students.
3. The desired level of student achievement for all Nevada students must be a part of all decisions on providing support for proven programs to improve student learning.
4. The adequacy of support for Nevada schools must be addressed not only because it could be a source of future litigation, but also because providing all students the opportunity to achieve at the highest level is the right thing to do!

## **FINAL NOTE**

So, here we are on February 13, 2002. The President has signed H.R. 1 committing the nation and all states that receive federal dollars to "No Child Left Behind." The penalties for failing to meet the goal are financial. Falling short also means that Nevada citizens and Nevada could fall short of realizing their dreams. Nevada K-12 public education currently has many needs—from providing a stable and quality workforce to time to meet the needs of our growing student population. Our capacity to "leave no child behind" is question based on where we stand with the rest of the nation on many issues. We are a diverse K-12 system – in ethnicity, size and instructional opportunity. We have a solid standards, assessment and accountability framework in place established by the Nevada Education Reform Act. With adjustments, the NERA can be strengthened and provide a roadmap to the achievement level we desire. We need additional support to provide the K-12 template that will produce that achievement.

K-12 public education stands ready to assist you in your deliberations, answer questions, provide financial data and make recommendations on the future K-12 template.

## ATTACHMENT A

1999-2000 School Year		
School District	Expenditures per Student	Total Expenditures
Carson City	\$ 6,345	\$51,328,521.00
Churchill	\$ 6,427	\$30,056,057
Clark	\$ 5,501	\$1,154,437,233
Douglas	\$ 6,268	\$43,664,624
Elko	\$ 6,422	\$63,145,205
Esmeralda	\$ 14,949	\$1,515,779
Eureka	\$ 13,866	\$4,639,530
Humboldt	\$ 6,544	\$25,620,269
Lander	\$ 7,124	\$10,488,646
Lincoln	\$ 9,477	\$9,374,681
Lyon	\$ 6,154	\$38,909,083
Mineral	\$ 8,242	\$7,241,452
Nye	\$ 6,491	\$34,062,885
Pershing	\$ 9,567	\$8,914,781
Storey	\$ 10,677	\$4,732,020
Washoe	\$ 5,571	\$293,957,415
White Pine	\$ 8,335	\$13,210,979
<b>Total, State</b>	<b>\$ 5,710</b>	<b>\$1,795,299,160</b>

## ATTACHMENT B

FEDERAL PROGRAMS ADMINISTERED BY THE NEVADA DEPARTMENT OF EDUCATION	
Program	FY 2002
Drug Free Schools	1,714,346
Student Incentive	150,743
Aids Education	227,592
Perkins Grant	5,854,216
Perkins Tech Prep	576,717
Gear-up	10,773,122
Adult Education	2,179,202
English Literacy/Civics Ed	539,186
Nutrition Programs	44,069,624
Charter Schools	2,411,072
Federal Class Size Reduction	7,615,200
Technology Literacy	2,250,000
McAuliffe Fellowship Grant	33,214
Learn & Serve America	99,459
Homeless Children	138,494
Bilingual Education	100,000
School Renovation	5,483,750
Reading Excellence	26,189,248
Byrd Scholarships	277,500
Advanced Placement	242,717
Teacher Quality Enhancement	469,370
Refugee SIG Grant	100,000
Immigrant Children	1,148,922
Title I Basic	32,281,713
Neglect & Delinquent	153,779
Migrant	334,834
Even Start	1,122,500
Accountability Grant	862,349
Comp School Reform	994,868
Standards, Assessments	225,000
Title VI-Innovative Programs	2,491,619
Eisenhower-Math & Science	1,826,050
IDEA-Special Education	34,727,666
Early Childhood IDEA	2,312,229
<b>Totals:</b>	<b>189,976,301</b>

ATTACHMENT C

Table 159.--Revenues for public elementary and secondary schools, by source and state: 1997-98										
State or other area	Total, in thousands	Federal		State		Local and intermediate		Private <sup>(1)</sup>		
		Amount, in thousands	Per student	Percent of total	Amount, in thousands	Percent of total	Amount, in thousands	Percent of total		
1	2	3	4	5	6	7	8	9	10	11
United States .....	\$325,976,011	\$22,201,965	\$481	6.8	\$157,645,372	48.4	\$137,798,615	42.3	\$8,330,059	2.6
District of Columbia .....	706,935	116,363	1,509	16.5	---	---	587,111	83.1	3,461	0.5
1 Hawaii .....	1,282,702	110,725	583	8.6	1,141,002	89.0	6,229	0.5	24,746	1.9
2 New Mexico .....	1,952,452	258,676	780	13.2	1,409,495	72.2	240,582	12.3	43,699	2.2
3 North Carolina .....	7,188,615	520,907	421	7.2	4,838,150	67.3	1,631,999	22.7	197,558	2.7
4 Michigan .....	14,329,715	950,569	558	6.6	9,459,203	66.0	3,841,277	25.4	278,665	1.9
5 Washington .....	6,895,693	442,455	446	6.4	4,548,851	66.0	1,682,908	24.4	221,480	3.2
6 Delaware .....	913,616	69,240	618	7.6	588,211	64.4	243,784	26.7	12,380	1.4
7 Idaho .....	1,320,647	92,937	380	7.0	827,955	62.7	377,211	28.6	22,544	1.7
8 West Virginia .....	2,216,984	204,827	680	9.2	1,389,076	62.7	593,409	26.8	29,671	1.3
9 Alabama .....	4,146,629	389,242	520	9.4	2,589,826	62.5	960,799	23.2	206,762	5.0
10 Alaska .....	1,218,425	149,630	1,133	12.3	757,286	62.2	278,785	22.9	32,724	2.7
11 Kentucky .....	3,932,068	376,532	563	9.6	2,427,126	61.7	1,041,560	26.5	86,849	2.2
12 Oklahoma .....	3,416,296	295,299	473	8.6	2,103,243	61.6	837,037	24.5	180,716	5.3
13 Utah .....	2,305,397	159,879	331	6.9	1,406,577	61.0	681,185	29.5	57,756	2.5
14 California .....	38,142,613	3,120,793	538	8.2	22,963,395	60.2	11,655,935	30.6	402,490	1.1
15 Kansas .....	3,122,238	184,940	395	5.9	1,807,350	57.9	1,046,453	33.5	83,495	2.7
16 Arkansas .....	2,600,655	280,682	615	10.8	1,500,334	57.7	674,943	26.0	144,697	5.6
17 Oregon .....	3,883,939	248,549	459	6.4	2,204,918	56.8	1,305,950	33.6	124,523	3.2
18 Mississippi .....	2,407,954	339,316	672	14.1	1,333,568	55.4	653,106	27.1	81,964	3.4
19 Wisconsin .....	7,059,759	316,879	359	4.5	3,789,320	53.7	2,803,968	39.7	149,592	2.1
20 Minnesota .....	6,529,420	320,513	375	4.9	3,418,033	52.3	2,537,752	38.9	253,122	3.9
21 South Carolina .....	4,055,072	343,673	521	8.5	2,087,806	51.5	1,448,682	35.7	174,911	4.3
22 Indiana .....	7,513,407	363,393	368	4.8	3,860,331	51.4	3,072,377	40.9	217,307	2.9
23 Iowa .....	3,346,481	177,460	354	5.3	1,715,706	51.3	1,278,597	38.2	174,719	5.2
24 Georgia .....	9,041,434	616,455	448	6.8	4,625,560	51.2	3,625,225	40.1	174,194	1.9
25 Louisiana .....	4,494,429	506,525	652	11.3	2,266,287	50.4	1,612,455	35.9	109,162	2.4
26 Florida .....	14,988,118	1,145,240	499	7.6	7,311,149	48.8	5,945,424	39.7	586,304	3.9
27 Tennessee .....	4,815,833	425,768	477	8.8	2,299,491	47.7	1,751,162	36.4	339,411	7.0
28 Wyoming .....	702,001	47,203	486	6.7	330,208	47.0	312,643	44.5	11,948	1.7
29 Montana .....	1,029,939	105,211	648	10.2	482,681	46.9	398,569	38.7	43,477	4.2
30 Maine .....	1,600,635	111,892	526	7.0	728,812	45.5	742,945	46.4	16,986	1.1
31 Arizona .....	4,731,675	482,748	593	10.2	2,096,739	44.3	2,045,829	43.2	106,360	2.2
32 Texas .....	24,179,060	1,845,074	474	7.6	10,675,578	44.2	11,070,763	45.8	587,646	2.4
33 Colorado .....	4,327,326	219,798	320	5.1	1,879,065	43.4	2,061,131	47.6	167,332	3.9
34 Ohio .....	13,458,095	783,397	424	5.8	5,547,736	41.2	6,581,231	48.9	545,731	4.1
35 North Dakota .....	682,419	84,339	711	12.4	280,238	41.1	280,742	41.1	37,100	5.4
36 Massachusetts .....	7,893,657	395,259	416	5.0	3,213,490	40.7	4,175,831	52.9	109,076	1.4
37 Rhode Island .....	1,264,156	68,680	448	5.4	507,377	40.1	671,445	53.1	16,653	1.3
38 New Jersey .....	13,189,983	477,088	382	3.6	5,246,646	39.8	7,159,186	54.3	307,064	2.3
39 New York .....	27,782,468	1,512,286	528	5.4	11,038,714	39.7	14,970,650	53.9	260,818	0.9
40 Missouri .....	6,005,256	375,185	412	6.2	2,384,741	39.7	3,009,034	50.1	236,295	3.9
41 Maryland .....	6,454,696	337,791	407	5.2	2,514,141	39.0	3,401,284	52.7	201,480	3.1
42 Pennsylvania .....	14,837,945	868,600	479	5.9	5,736,509	38.7	7,959,292	53.6	273,544	1.8
43 Connecticut .....	5,160,728	201,858	377	3.9	1,925,676	37.3	2,894,418	56.1	138,777	2.7
44 South Dakota .....	794,256	79,522	558	10.0	282,518	35.6	408,047	51.4	24,168	3.0
45 Nebraska .....	1,964,205	130,716	447	6.7	650,846	33.1	1,074,733	54.7	107,910	5.5
46 Nevada .....	1,910,794	87,580	286	4.6	607,846	31.8	1,149,020	60.1	66,347	3.5
47 Virginia .....	7,757,954	405,791	365	5.2	2,432,370	31.4	4,671,063	60.2	248,731	3.2
48 Vermont .....	861,643	44,752	422	5.2	253,572	29.4	547,924	63.6	15,395	1.8
49 Illinois .....	14,194,654	957,788	479	6.7	4,033,015	28.4	8,844,102	62.3	359,750	2.5
50 New Hampshire .....	1,364,943	51,940	258	3.8	127,607	9.3	1,152,828	84.5	32,567	2.4
Outlying areas										
American Samoa .....	49,677	38,669	2,542	77.8	10,897	21.9	28	0.1	82	0.2
Guam .....	173,339	18,100	558	10.4	---	---	151,023	87.1	4,216	2.4
Northern Marianas .....	58,239	15,242	1,648	26.2	42,796	73.5	132	0.2	70	0.1
Puerto Rico .....	2,094,025	572,495	928	27.3	1,520,398	72.6	320	(12)	811	(12)
Virgin Islands .....	152,499	27,719	1,252	18.2	---	---	124,635	81.7	146	0.1
---Not available.										
<sup>(1)</sup> Includes revenues from gifts, and tuition and fees from patrons.										
<sup>(2)</sup> Less than .05 percent.										
NOTE: Data have been revised from previously published figures. Excludes revenues for state education agencies. Detail may not sum to totals due to rounding.										
SOURCE: U.S. Department of Education, National Center for Education Statistics, Common Core of Data survey. (This table was prepared March 2000.)										

**ATTACHMENT D**

Percentages of Expenditures for Selected Line Items in School Districts & Charter Schools, FY2001					
School Districts	% Salary & Benefits (1)	% of Salary & Benefits for Instructional Staff (2)	"Fixed Costs" (Energy, Utilities, Insurance) (3)	Available for Other Costs (Textbooks, Library Books, Maintenance/Repair, Student Transportation, Equipment, etc.) (4)	% of Current Expenditures for Non-School Site Administration (FY2000) (5)
Carson City	87.6%	65.51%	2.79%	9.61%	1.22%
Churchill	89.1%	68.60%	3.25%	7.68%	1.16%
Clark	90.4%	66.93%	3.46%	6.15%	1.44%
Douglas	86.7%	68.35%	3.73%	9.59%	1.67%
Elko	86.9%	67.30%	3.28%	9.81%	0.93%
Esmeralda	76.7%	48.79%	5.04%	18.26%	8.26%
Eureka	83.0%	60.12%	3.96%	13.06%	7.82%
Humboldt	88.7%	67.70%	3.08%	8.19%	4.00%
Lander	87.8%	68.99%	3.57%	8.66%	3.80%
Lincoln	85.0%	69.18%	2.56%	12.47%	3.95%
Lyon	85.7%	62.84%	3.37%	10.96%	2.84%
Mineral	83.7%	63.07%	3.69%	12.62%	5.21%
Nye	86.5%	66.80%	3.85%	9.70%	3.62%
Pershing	80.0%	66.73%	4.27%	15.72%	4.80%
Storey	85.6%	62.32%	3.77%	10.64%	3.22%
Washoe	88.3%	70.19%	3.16%	8.50%	1.41%
White Pine	84.6%	61.91%	4.33%	11.07%	4.20%
<b>School District Totals</b>	<b>89.4%</b>	<b>67.35%</b>	<b>3.40%</b>	<b>7.25%</b>	<b>1.61%</b>
Coral Academy	54.9%	63.70%	1.19%	43.96%	
Gateways to Success	63.6%	22.14%	2.00%	34.40%	
ICDA Charter	71.9%	63.39%	2.17%	25.92%	
Keystone Academy	71.8%	71.58%	3.35%	24.84%	
Nevada Leadership Academy	0.0%	#DIV/0!	2.90%	97.10%	
Odyssey Charter	80.3%	66.95%	0.62%	19.12%	
Sierra Nevada Academy	58.1%	45.35%	1.85%	40.01%	
<b>Charter Schools Totals</b>	<b>63.3%</b>	<b>55.93%</b>	<b>1.72%</b>	<b>34.99%</b>	
<b>Statewide Totals</b>	<b>89.3%</b>	<b>67.32%</b>	<b>3.39%</b>	<b>7.35%</b>	
Sources: Columns 1-4 were calculated from the NRS 387.303 Reports for FY2001. Column 1 divides the totals from Line 78 by the totals of Line 101; Column 2 divides the totals of Lines 54-55a, 61, 65, 69, 72.1, 73, & 76.1 by the totals of Line 78; Column 3 divides the totals of Lines 79, 80, 86, 87, 88, & 93 by the totals of Line 101. Column 4 subtracts column 1 and column 3 from 100%.					
Column 5 was calculated from data submitted to the National Center for Education Statistics (NCES) for FY2000. The calculation involves dividing the total of Function 2300 "General Administration" by the Total Current Expenditures. (Object 700 and Capital Outlay and Debt Service are excluded in Current Expenditures. The Charter Schools data submitted to NCES is included in the information for the School Districts in which they are located.					

ATTACHMENT E

**FISCAL SERVICES**

MEMORANDUM:

To: Mary Pierczynski  
From: Bob Anderson  
Date: 01/22/02  
Re: NASS Meeting on Tax Policy

---

The funding needs or gaps in the K-12 infrastructure is the focus on the next NASS Meeting to be held on January 14, 2002. It is the request of Jack McLaughlin that the school districts supply ideas and suggestions relating to tax policy.

As you know, the school districts do not have many options for increasing the general fund revenue stream. Due to the Nevada Plan's formula, the amount of funding is limited to the basic support per pupil multiplied by the weighted enrollment. In FY 2001, the Distributive School Account projected contribution was reduced more than \$2.3 million from budget because sales tax revenue was greater than estimated. A strong performance in our local economy last year provided no additional revenue for the school district. The upside potential for favorable Local School Support Tax (sales tax) revenue variance is eliminated from the equation. Of course, the downside risk is also removed from the formula, because the state guarantees the basic support amount.

Therefore, the first recommendation to the current tax structure would be to remove the balancing formula on the upside of the Nevada Plan. The total amount of contributions from the State would be the budget amount of general fund. If the Local School Support Tax revenue is greater than projected, the amount would add to the ending fund balance. The favorable variance could be used to fill gaps in the next fiscal year since the reconciliation of sales taxes can not take place until the month of June's figures are validated sometime in August.

Secondly, the level of residential housing has a direct impact on the number of students attending school. An equitable means of charging a levy on new residential construction would provide additional capital for school district's to improve or build facilities. This new levy should not be part of the property tax structure. It should be separate and assessed at the time of permitting the new construction.

Nevada is the fastest growing state in the nation and has been for many years in a row. Population growth means school enrollment growth. School Districts should not be forced into voter approved bond issuance in order to accommodate enrollment growth.

Finally, unfunded mandates associated with class size reduction and special education require considerable general fund supplement in order to fully comply with state and federal regulations. Together, these two programs require \$5 million in general fund transfer. The cost to administer these two programs is increases faster than Distributive School Account contributions. Fully funding the total cost of these two programs would allow the general fund to be redirected for competing projects and programs.