

**MINUTES OF THE MEETING OF  
THE COMMITTEE TO STUDY A NEW METHOD  
FOR FUNDING PUBLIC SCHOOLS  
Senate Bill 11, 2011 Legislature  
April 20, 2012**

The third meeting of the Committee to Study a New Method for Funding Public Schools was held at 9:00 a.m. on Friday, April 20, 2012, at the Grant Sawyer State Office Building, 555 East Washington Avenue, Room 4401, Las Vegas, with videoconference to the Nevada Legislative Building, 401 South Carson Street, Room 4100, Carson City, Nevada

**COMMITTEE MEMBERS PRESENT IN LAS VEGAS:**

Assemblyman Marcus Conklin, Chair  
Senator Moises Denis, Vice Chair  
Senator Shirley A. Breeden  
Assemblyman Ira Hansen

**COMMITTEE MEMBERS PRESENT IN CARSON CITY:**

Senator Greg Brower

**COMMITTEE MEMBERS ABSENT:**

Assemblywoman Marilyn Dondero Loop (Excused)

**STAFF:**

Mark Krmpotic, Senate Fiscal Analyst, Fiscal Analysis Division  
Rick Combs, Assembly Fiscal Analyst, Fiscal Analysis Division  
Julie Waller, Senior Program Analyst, Fiscal Analysis Division  
Brenda Erdoes, Legislative Counsel  
Eileen O'Grady, Chief Deputy Legislative Counsel  
Kristin Roberts, Senior Principal Deputy Legislative Counsel  
Mindy Martini, Senior Research Analyst  
Becky Lowe, Committee Secretary

**EXHIBITS:**

[Exhibit A](#) Meeting Packet and Agenda.

[Exhibit B](#) Presentation to the Committee to Study a New Method for Funding Public Schools in Nevada, American Institutes for Research

[Exhibit C](#) Presentation to the Committee for the Study of a New Method for Funding Public Schools in Nevada, Augenblick, Palaich & Associates

[Exhibit D](#) Building a 21<sup>st</sup> Century Nevada Plan, Cross & Joftus

[Exhibit E](#) A Proposal to Conduct a Study of a New Method for Funding Public Schools in Nevada, Lawrence O. Picus and Associates, LLC

**A. ROLL CALL.**

Chairman Marcus Conklin called the meeting to order at 9:04 a.m. The secretary called roll; Assemblywoman Dondero Loop was excused, Senator Denis would join the meeting shortly.

**B. PUBLIC COMMENT.**

There was no public comment.

**C. APPROVAL OF MINUTES OF THE MARCH 2, 2012, MEETING.**

SENATOR BREEDEN MOVED TO APPROVE THE MINUTES OF THE MARCH 2, 2012, MEETING OF THE COMMITTEE TO STUDY A NEW METHOD FOR FUNDING PUBLIC SCHOOLS. THE MOTION WAS SECONDED BY ASSEMBLYMAN HANSEN.

THE MOTION CARRIED UNANIMOUSLY. (Senator Denis was not present for the vote.)

**D. REPORT FROM STAFF ON PROPOSALS SUBMITTED BY PROSPECTIVE CONSULTANT(S) TO ASSIST THE COMMITTEE IN THE STUDY OF A NEW METHOD OF FUNDING PUBLIC SCHOOLS IN NEVADA.**

Julie Waller, Senior Program Analyst, Fiscal Analysis Division of the Legislative Counsel Bureau, reported that the request for proposals (RFP) for a consultant to assist in the study of a new method for funding public schools in Nevada was posted on March 6, 2012, and responses were due on April 6, 2012. There were six responses to the RFP. An evaluation team made up of Legislative Counsel Bureau (LCB) staff reviewed the responses for technical compliance and presented the results to Chairman Conklin. The meeting packet (page 33, [Exhibit A](#)), contains responses from four of the bidders who were selected by the Chairman to attend the meeting and present to the Committee. Bids from two of the responses were not within the available amount of funding, and those consultants were not invited to present to the Committee.

**E. DISCUSSION AND SELECTION OF A CONSULTANT(S) TO ASSIST THE COMMITTEE IN THE STUDY OF A NEW METHOD FUNDING PUBLIC SCHOOLS IN NEVADA AND AUTHORIZATION OF STAFF TO NEGOTIATE A CONTRACT(S).**

Chairman Conklin said each consultant would be given 15 minutes to present, and 15 minutes to answer questions from the Committee. He said the consultants would leave the meeting room during the other consultants' presentations. The presentations would be taken in alphabetical order. Chairman Conklin noted that Senator Denis had joined the meeting.

### ***American Institutes for Research (AIR)***

Dr. Jay Chambers, Senior Research Fellow and Managing Director, American Institutes for Research (AIR), said that he and Dr. Deborah Verstegen, Professor, University of Nevada Reno, would be Project Co-Principal Investigators of the study. He said that Dr. Jesse Levin would be the Project Director, and Dr. Theresa Jordan, Professor Emeritus, University of Nevada, Las Vegas, would also be involved in the study.

Dr. Chambers said the study was in some ways complex, yet simple. He said the study would not duplicate studies of the past, but rather explore ways that Nevada compares to other states around the country. He referred to the AIR presentation material ([Exhibit B](#)) that outlined the four objectives of the study.

Regarding the first objective, Dr. Chambers said Dr. Verstegen and Dr. Jordan have both done extensive work on inventories of states that address individual student needs and characteristics. He said they know the history of K-12 school finance in Nevada extremely well. He said the analysis would compare Nevada with other states in the nation to see where the state ranks in terms of various characteristics. Key categories established in the RFP related to costs were poverty, or at-risk students; English language learners (ELL); students with disabilities; and, district characteristics, such as size and remoteness.

Dr. Chambers said he thought school finance formulas should be cost-based, which requires an understanding of the relationship between factors that impact the variation of costs across local school districts, and the projects, services and outcomes that can be provided. He said the three major factors of poverty, ELL and students with disabilities are well known. He told the Committee that as a member of the President's Commission on Special Education, he was involved in three of the four major studies on special education expenditures and costs in the United States, including the latest study for the Office of Special Education Programs, the Special Education Expenditure Project.

Dr. Chambers said the second objective was to identify states that are comparable to Nevada to address individual student needs and special district characteristics. The first two objectives would draw upon the knowledge of Dr. Verstegen and Dr. Jordan. In addition, Bruce Baker, a longtime friend and colleague and a well-known school finance analyst, would be a consultant to the team on this project. The team will select candidate states and examine district diversity related to student needs to identify the states that are like Nevada. This is an area in which the team will be communicating directly with the Committee, which would be an opportunity to draw in information, testimony or data from other districts in the state, as well as from the Committee members. His group would work with the Committee to select final comparison states to understand factors in which Nevada is similar. He said New Mexico has some similarities to Nevada in terms of the relative composition of urban and rural communities. He said his group studied pupil need, diversity of school district size and remoteness in its studies of the school systems of New Mexico, California and New York.

Dr. Chambers said the study would consider the cost to provide education to all students, and understand the characteristics of a good funding formula. A good funding formula needs to be adequate and equitable, which he believed were inextricably linked. The formula must be transparent, understandable and accessible to the people using the formula. The formula should be cost-based to allow for the difference in cost of providing services in different locations. The formula should minimize incentives that create problems, such as the issue of identifying special education students. The formulas should be reasonable in terms of administrative costs, predictable, flexible, and oriented toward outcome and spending accountability, particularly due to the limited resources. Finally, the formula needs to be politically acceptable.

Dr. Chambers said the third objective was in some ways the heart of the project. He said his group would work with the Committee to incorporate the best practices identified into a simulation model, and provide options for making choices. Alternative scenarios would be generated using best practices, to document funding outcomes for Nevada. He emphasized that it would not be a cost study, rather, the team would draw on the best practices to come up with reasonable estimates of differential costs, and perform sensitivity analysis and simulations of the impact. He urged the Committee members to keep the study simple. He said there was no single correct approach, and no one formula would correctly adjust for poverty. He said there were some consistent patterns that other states have used that would be helpful to understand how best to adopt practices in Nevada. He said, based on studies on the cost of special education, a spending ratio of 2:1 for the average student would be consistent. The studies strongly recommend a census-based formula that assumes a constant rate, rather than having school districts identify the students. There are lots of incentives created for identifying kids as special education students. For high-cost students, a catastrophic aid program is recommended.

In conclusion, Dr. Chambers said the fourth objective would be to prepare deliverables, a simulation model, and a preliminary report. The group would meet with the Committee on two occasions: 1) to present a draft report and analysis, to get feedback from the Committee, and to make modifications and adjustments in suggested best practices, and 2) to present a final report.

Chairman Conklin noted that Dr. Chambers had divided the factors into two categories: 1) small and remote schools, and 2) student need adjustments. He noted the Committee's RFP listed specific student needs, but did not limit the student needs. He asked what other categories Dr. Chambers anticipated including in the study.

Dr. Chambers said he would opt to keep the study simple. He said the factors identified in New Mexico were poverty, ELL, students with disabilities, and the mobility of students. He said lots of New Mexico students moved from one area to the other, which was common in Nevada as well. Some other factors were, Gifted and Talented Education (GATE), vocational education, and low-performing students. He said issues could arise if incentives were used, and noted there were gifted students in every school district. He said the identification of gifted students tended to be in alignment with

socio-economic status, but there were more areas of giftedness that need to be recognized. He tended to provide the dollars and hold the school districts accountable for results, but recommend against providing additional resources for gifted students. That did not mean they would not be included in a simulation model. He said career or vocational education was also an issue, but for those kids who choose career education, adjustments would be made for the additional cost of specialized vocational education program. He said performance-based funding created incentives for kids not being reclassified. For example, if children were identified at a certain age as being low performing, he recommended that the child remain in that classification for the purpose of the funding formula for the period the child is in that school. The child could be reclassified if he or she moved to a new school. He said tests are not precise enough to determine whether a student is low performing one year, and not low performing the next year. He said it was important for the districts to know how many dollars would be coming in the next year.

Chairman Conklin asked why American Institutes for Research was the right consultant for this study. Dr. Chambers explained that he had participated in school finance, adequacy studies in many states. He knew the landscape, and how to work with policymakers. He said there was no “right” answer to the study, but he would engage people who know the state, the politics, and the economic circumstances in Nevada. He said that was why Dr. Jordan and Dr. Verstegen were part of the team. He said Mr. Levin has worked with him for 10 years on these kinds of studies, and he had developed the simulation models.

Senator Denis asked if the study would consider input from parents, who have a vested interest in doing what is best for their children.

Dr. Chambers said that would be difficult, given the project timeline and the level of resources available. He said the proposal included one in-person meeting set for mid-June, at which time his team would meet the interested parties in person. He said, given the quick timeline for the study, his group would be working on all of the objectives simultaneously.

Senator Denis suggested that, rather than add a component to the study, the team would review other states’ practices as to whether the community was asked to provide input.

Dr. Chambers said similar studies have been done in Nevada and in other states. He recalled a school funding and adequacy report that was prepared for the National Education Association, which included this kind of information, such as the professional judgments panels, the successful schools model, and the cost function approach. He recalled that the New Mexico study involved a large number of meetings with the public. The first thing to do when performing a school finance study is to identify the goals. Without that, it was a meaningless exercise. He said the study would look at the goals, and the relationships that were revealed by the cost analyses.

Senator Brower noted that the study was funded by donations rather than taxpayer dollars. He noted the study was being driven by Clark County, and he wanted assurance that the study would incorporate input from Washoe County and the rural counties as well.

Dr. Chambers said to understand the factors that impact variations in costs, you need to understand that somewhere between 85 percent and 88 percent of the children in Nevada attend school in either Washoe County or Clark County. At the same time, some of the very small school districts deal with issues created by remoteness. Those school districts have costs related to transportation, and diseconomies of the smaller scale, which might be ameliorated by improved technology for some programs. In addition, it is hard to recruit physical and occupational therapist or special education teachers to work in the remote communities, and turnover of these positions is high. He said that has been the experience in other states as well. He said, as the team reviews the best practices in other states, it will be important to keep in mind the 12 percent to 15 percent of children who attend school in the other 15 school districts in the state. He said that Dr. Verstegen and Dr. Jordan have engaged with interested parties in the state, and will bring that perspective to the study.

Senator Brower believed the Committee would like for the study to include the unique challenges in the remote counties. He said, despite the Governor's clear statement that he would not cut education any further, and despite the fact that most of the legislators supported him in that regard, there was still a finite amount of money. He was concerned that if the formula was revised in a way that takes into account the unique needs of Clark County, the result may be that more funding is provided to Clark County, and the other counties will lose money. He hoped that the study would be sensitive to those issues.

Dr. Chambers said AIR had been involved in a district-level study called Strategic School Funding for Results. The study sought to find ways to allocate resources more effectively within those districts. He said one difference between a state and district study was that adequacy was not an issue. A school district does not have the option to increase taxes, and must work with the revenue available. He said AIR has developed a targeted revenue model based on the dollars that are available, and puts the district into a position to make the serious choices as to how the dollars are divided between the central office and the schools, among schools at different levels, among students with different needs, and how the difference in school size is recognized in the formula. In the end, a set of student weights are developed. The weights are implicit, and the process is iterative. He explained that the school district must think about the goals for the students, and the implications for determining how dollars are allocated from the central office to the schools. He suggested that could be a model to consider in the simulation. It would force the state to think about how to allocate funds between suburban districts and the very small districts that exist in the state. He said the average percentage of kids attending school in remote rural communities in most states is well below 10 percent, and Nevada is near that range. He said the school districts in remote areas were facing some serious issues. He said the state might considering

making some one-time investments in technology to attract high-quality teachers from urban areas in the state to the remote communities, especially for specialized high school programs.

### ***Augenblick, Palaich & Associates***

Justin Silverstein, Vice President, Augenblick, Palaich and Associates (APA), and Dr. Mark Fermanich, a subcontractor who would be working with APA on the study, introduced themselves to the Committee. Mr. Silverstein said that APA is a Denver-based education policy consulting firm, which has been in existence for almost 30 years. He said APA has designed and carried out a number of education finance policy studies in all 50 states, and a number of states used school finance formulas designed by APA. Over the past decade, APA has developed funding formulas for a number of states targeted toward student-specific needs, and insuring that those needs are funded. He said district characteristics that are out of the districts' control are also addressed in the school finance formula. He said that APA has implemented funding formulas in Maryland, Pennsylvania, Louisiana, Mississippi, New Jersey, and number of other states. Over the past decade, APA has been a leader in the area of analyzing and redesigning state funding formulas, specifically costing out studies.

Mr. Silverstein said APA has experience designing school finance formulas for a range of states in terms of size, student population, and fiscal capacity. He said states are responsible for their education systems. The funding of the education systems, and the history and design of how states set up their education systems varied widely. Some states have a few districts, ranging from very small to very large. For example, the State of New Jersey has hundreds of school districts, without nearly the range in size difference between districts. Those characteristics become important when considering the type of formula that is being set up. The context of the state needs to be understood.

Mr. Silverstein said that in 2006, the APA was selected to undertake a costing-out study for the State of Nevada. The current study being proposed is not a costing out study, rather it is a review of the finance system and the development of recommendations for a different finance system. He said the former study gave APA insight into the current formula, and also some context. He noted that APA staff talked to educators around the state about what was going on with Nevada school finance in preparation for that study.

Mr. Silverstein said APA prides itself on its ability to work with policymakers to create reports that are clear, concise, and actionable. He said APA would work with the Committee and staff throughout the process to ensure that the report is in alignment with the needs and wants of the Committee. To do that, there must be dialog throughout the work period to ensure that the Committee is receiving the targeted information that it needs.

Mr. Silverstein said the APA study team has over 80 years of combined school finance experience in nearly every state in the country. He said Dr. John Augenblick would be the lead for the team and oversee the research project. In addition, Mr. Silverstein said he would be involved, as well as Dr. Fermanich, who teaches at Oregon State University, and other staff of APA. He said that the APA team has worked with Dr. Fermanich on a number of studies, including a study of the State of Colorado's student count system used in its school finance formula. In addition, Dr. Fermanich worked with APA on the evaluation of the North Carolina school finance system and recommendations for possible changes to the finance formula. He said this was not an adequacy or cost study, rather, it was a real review of the system, the components of the system, and how well they worked together.

Mr. Silverstein said that APA has a long history with Dr. Fermanich starting when he was employed by the State of Minnesota. He said that Dr. Fermanich has over 20 years of experience in school finance, including working with the legislature and at the district level. He has worked on school finance studies in nearly a dozen states, and has worked on implementing formulas in a couple of those states. He has great experience and ability in creating state and district databases, and working with staff.

Mr. Silverstein explained that it was important to design a system that identifies student-specific needs within districts, and considers the context of the state. He consulted the National Center for Education Statistics and the Nevada Department of Education website to get some information on the Nevada context. He said that Nevada has over 400,000 students in its 17 school districts, which range in size from 100 to 300,000 students, which is very unique in the western United States. He said student-specific characteristics show similar differences. He said the number of students eligible for free or reduced price lunch in Nevada ranged from 10 percent to 70 percent. He noted that was a frequent proxy for students who might be at risk. The ELL and limited English proficiency populations range from nearly zero to 20 percent. Special education percentages ranged from less than 10 percent to more than 20 percent. He said all of these differences are being addressed through a formula that was adopted in 1967, when these specific differences were not generally built into formulas.

Dr. Fermanich said the first step of the project would be a review of the 50 states' finance plans and formulas. He said the APA team recently performed such a review for the State of Colorado for the student count study. The count methods used for school finance purposes for all 50 states was summarized. He said the APA team knew where the information sources were. For example, the team knew which states had lots of information on their websites, and in which states they would need to spend more time talking to people to find out how the system really works. He said there was a fairly good method in place to understand and summarize the information. He said a report would be put together for each of the 50 states showing the basic structure of the funding formula, for example, foundation formula, equalization formula, or a hybrid. The team would also look at the components that make up the formula, whether student weighting was used to take into consideration the needs of the students, whether there



were categorical formulas, or some other formulas, what those various formulas look like that are specifically targeted to help at-risk, ELL, special education students, and other students with special needs, as well as the components addressing district-wide characteristics. He listed some of those characteristics as large districts; small districts; whether there is a cost-of-living adjustment across the state; or, whether there is a formula to account for districts that have small enrollment, but cover large areas. The team would also look at other relevant or unique components that might be involved in the state funding formulas, and include all funding sources whether they are local, state, federal or other funding sources. He noted that, in some states, county governments also provide revenues to school districts.

Dr. Fermanich said his team would also look at the last year that the system was overhauled to include current thinking and best practices. He said the next step would be to look at all the states in terms of the number of districts, the demographics of the students in those districts, and how the districts are dispersed. The information collected in the 50-state review would be used to select five states for an in-depth comparison with Nevada. That would not be an easy process, because there are not many states quite like Nevada, which is a large state with a small number of districts, and one very dominant district. He said his team would work closely with the staff in Nevada to choose the comparison states in order to make sure there is true value from the analysis.

Dr. Fermanich said, in the event that the five states selected for comparison to Nevada do not also include an adjustment for small and necessary schools, additional states that are also similar to Nevada, that do have adjustments for small and necessary schools, will be added. He said up to eight states would be compared to encompass the characteristics the Committee is interested in including in the study.

Dr. Fermanich said when the 50-state review and 5-state in-depth analysis is complete, and in-depth literature review will be conducted to find the latest thinking is school finance formulas, equitable ways to distribute money, and different ways to accommodate unique student characteristics or district characteristics. For instance, for at-risk, most states used a measure of poverty, such as free and reduced lunch, as an indicator, but an increasing number of states also used some definition of students who were far behind meeting needs. He said it was important to get a sense of the practitioners and policymakers' concerns about the current formula, and their thoughts about some of the ideas discovered by the analyses. He would convene a number of focus groups around the state and talk to legislative policymakers and staff, including people at the Department of Education and the school districts around the state, to get a cross section of the issues, the strengths and weaknesses of the current formula, and the strengths and weaknesses of the recommendations being developed. At that point, APA would finish developing the recommendations, and once the recommendations are completed, a model would be developed to estimate any impacts on the state budget and the districts so that the Committee members and the legislators would be able to make an informed decision.

Senator Denis asked if APA would speak to parents as part of its focus group input. Dr. Fermanich said that the proposal includes contacts with parents and the business community to ensure they have some context around the formula. He said those parents should have knowledge of the current formula. Senator Denis expressed concern that if the state implements a change that the parents do not think is fair, then the parents would be in an upheaval because they were not part of the process.

Senator Brower asked for more details on the 2006 study of the Nevada school financing by APA. Mr. Silverstein said in 2006 APA was selected to perform a costing-out study for the State of Nevada through a similar RFP process. The costing-out study differs from the current study in that it was looking at the necessary resources to meet absolute goals set by the state for every student and district in the state. In 2006, the No Child Left Behind legislation required that 100 percent of the students be proficient on state-mandated tests. He said APA undertook a statewide study using a couple of approaches that are accepted across the country to estimate the cost to get that done for every district in the state. The study did not specifically address re-doing the Nevada Plan, though it made some recommendations. It did address many of the parameters necessary for a new type of finance formula, but its biggest goal was to look at the overall need from current funding to ensure a certain performance level. Mr. Silverstein noted that the study also included an equity study of the Nevada Plan.

Senator Brower noted the State of Nevada was not listed on APA's list of references. He asked which agency contracted with APA for the 2006 study. Mr. Silverstein recalled that APA was contracted by the Legislature, and Mindy Martini, then Program Analyst in the LCB Fiscal Analysis Division, was the main contact.

Chairman Conklin told Senator Brower that LCB staff would assist him with any questions about the 2006 study.

Assemblyman Hansen asked if there was an advantage to using a subcontractor to perform the study. He noted that Dr. Fermanich was not a permanent member of the APA staff. He asked if a subcontractor was used for the 2006 study.

Mr. Silverstein thought there had been a couple of subcontractors on that study, but he did not remember precisely. He noted that APA has worked closely with Dr. Fermanich on a number of school finance projects. He said Dr. Fermanich had skills that APA had in-house, but on a greater scale. Mr. Silverstein said Dr. Fermanich's university position makes him knowledgeable of what is going on across the country. He said although APA staff has that knowledge, it is through a different lens, because APA works almost exclusively with policymakers. Dr. Fermanich has policymaker and academic experience. He believed that made for a more complete team. He said APA frequently works with subcontractors, and it is a normal practice in the industry.

Chairman Conklin said he had done some economic consulting, and said it was standard practice to work with subcontractors, because the areas of expertise were highly specialized.

### ***Cross and Joftus***

Dr. Richard Seder, Cross and Joftus, said he would present an analytical proposal to conduct a study for a new method of funding public schools in Nevada (Building a 21<sup>st</sup> Century Nevada Plan, [Exhibit D](#)). Dr. Seder said that four members of the Cross and Joftus team would be working on the study. He said Christopher T. Cross, Chairman, brings a great deal of Nevada-based education policy experience, and has been in the state for about 14 years. He said Mr. Cross was instrumental in working with the blue ribbon panel on Nevada's Race to the Top application, and the subsequent report, Nevada's Promise. His familiarity with the State of Nevada is a tremendous asset to Cross and Joftus. Dr. Seder, an Associate with Cross and Joftus, said he has worked nationally and internationally on school finance and governance issues. He said Victoria Carreon, an Associate with Cross and Joftus, is a resident of Las Vegas. He said Cross and Joftus was pleased to have both Mr. Cross's experience in the state, and Ms. Carreon as a locally-based resource. He said Robert Manwaring, an associate with Cross and Joftus, would be involved in the study as well.

Dr. Seder said education and education policy are often seen as distinct and separate parts. Whether the topic is standards, accountability, assessment, school finance, or human capital, they are often dealt with piecemeal. He said the standards movement from the 1990s into the early 2000s dealt with standards in one particular way. Assessment followed the same pattern – it was often tied to standards, but was sometimes completely disjointed. For far too many states, accountability requirements came from the federal government, and were not necessarily aligned to anything that was going on in the particular state. All of these different parts worked together, sometimes in concert with one another, and sometimes competing with one another.

Dr. Seder said Cross and Joftus proposes the creation of coherent education systems. The education system should be seen as interconnected pieces of a whole, and when there is a fully coherent system, the whole is always greater than the sum of its parts. Right now, Nevada, and far too many other states, have lots of good parts, but are not realizing the full benefit of those parts, because often they are not working together. He proposed bringing the school finance system together with the parts that Nevada has made so much effort in creating.

Dr. Seder said the analytical framework for a 21<sup>st</sup> century Nevada Plan was as follows (page 4, [Exhibit D](#)):

- Create clear funding policy strategies aligned to education system goals, which is a continuation of the efforts of the Blue Ribbon Panel and the 2011 Legislature and the vision of Nevada's Promise. He said a great deal of work has been done over the past few years toward building a coherent system, and the school finance system should be brought into alignment with the rest of the efforts.
- Equitable and efficient funding mechanisms.
- Stable & predictable funding.
- Transparent formulas, allocation, and monitoring.

Dr. Seder said there were lots of things that the Nevada Plan got right. It was largely seen as equitable when accounting for district level and district type needs. His group would explore options to improve those parts of the equitable system. Moreover, what the Nevada Plan does not do very well, if at all, is address student needs. It addresses special education, but it does not address the issues of student poverty, ELL, and other at-risk factors. He said the charge would be to build a more equitable system from an existing equitable system.

Dr. Seder said in creating a 21<sup>st</sup> century Nevada Plan, the study would incorporate the experience of other states, research, and other areas of leading practice. There would be an inventory of adjustments and programmatic approaches, and a comparison of states chosen through a set of robust criteria.

Dr. Seder said that, more than anything else, his team understood that one size does not fit all. He said the recommendations from many lots school finance studies across the country look exactly the same from one state to the next. He said, perhaps most important is to structure those mechanisms within the context of the entire education system. He said this would particularly come into play with ELL. Oftentimes, people talk about the weights and the mechanics of a particular formula, but there are lots of assessment accountability efforts that are associated with ELL. How are ELL students identified? What is an appropriate length of time to be in a bilingual education class, or a sheltered English environment? How is the funding associated with that type of identification? What would be the expected reclassification rates? He said those were all parts of the ELL environment that most school finance experts did not really discuss. His group would come forward with what it believed to be the funding mechanisms, and how to consider the issues around ELL, children otherwise at-risk, and the whole spectrum of student needs.

Dr. Seder said he would engage directly with Nevada's education stakeholders to better understand both the wide variety of district and school needs, but also the wide variety of student needs. His team plans to meet with Nevada's 17 district superintendents over the course of the study. His team will interview state and local teacher union leaders, state and local school board leaders, civil rights leaders, and others across the state. He said that Jim Guthrie, State Superintendent of Public Instruction, would bring

a great deal of experience in the school finance area, and his team would engage there as well.

Dr. Seder said that his group would clearly articulate the pros and cons of the different approaches. They would look at district-level and state-level financial estimates of alternative scenarios, implementation and phase-in alternatives for new funding formula mechanisms, and provide recommendations not just for the funding mechanisms, but how the funding system works within the larger education system.

In conclusion, Dr. Seder said that Cross and Joftus' greatest asset was the expertise in education funding in Nevada, nationally, and internationally, to provide a customized set of recommendations, based on Nevada's circumstances and context. Cross and Joftus will continue its working relationships with Nevada's educators and education policy community as part of a larger engagement strategy. Cross and Joftus recognizes that Nevada's efforts to create a coherent education system were already underway, and they intended to build on those existing efforts. He said Cross and Joftus would integrate the Nevada Plan with the vision of Nevada's Promise.

Senator Denis asked whether parents would be included in the list of stakeholders that the team would engage for the study. He thought it was interesting that the group included students, and he asked Dr. Seder to talk about that.

Dr. Seder said there are no shortage of stakeholders in the area of education. Clearly, students and parents have a voice, as they are the recipients of the services that are being provided. Talking with parents, would be an additional asset to pursue. He said the parent teacher associations at the school level would be an additional voice to listen to and get insight on how best to address the needs of the school and the needs of the community as a whole.

Chairman Conklin noted that the number of consultants with expertise in this area was small, and many of the consultants had worked together in the past. He asked what sets Cross and Joftus apart from the other consultants. Dr. Seder said that he had worked with several of the other consultants in the past and agreed it was a small community. He said that everyone would do essentially the same search of the literature, come forward with the same inventory, and provide a spreadsheet showing the results of different types of simulations. He said, what separates Cross and Joftus from the other groups is that we look at the system as a whole. Most other school finance experts will consider the mechanics of how a school finance system works in isolation. Oftentimes there is no additional thinking. For example, what goes into identifying an ELL student? How will those students be identified in the first place, and how do we consider their needs within the larger context of the education system? He believed Cross and Joftus would bring some of that discussion forward. He said Cross and Joftus would be looking at the system as a whole, the efforts that the Nevada Legislature has already made, particularly in the 2011 Legislative Session, and building on those efforts, and integrating the finance system with the rest of the system.

### ***Lawrence O. Picus and Associates***

Dr. Anabel Aportela, Lawrence O. Picus and Associates, said that Picus and Associates is an independent school finance consulting firm whose focus is to help states and districts to allocate resources, using strategies that improve student learning. She referred to the handout, A Proposal to Conduct a Study of a New Method for Funding Public Schools in Nevada ([Exhibit E](#)), and said she would talk about her team's qualifications, and the timeline for deliverables for the project.

Dr. Aportela pointed out that her team's style is collaborative in nature. She said her team would work collaboratively with the state to further define the requirements of the study. She said her team knows much about school finance, but the Committee and staff know much more about the State of Nevada.

Dr. Aportela said her team would compare all 50 states, and provide a general analysis of how each state allocates resources to schools, particularly how they address the needs of special populations of students, such as at-risk, special education, and ELL. The analysis would result in a series of tables giving general information about those systems, and how they treat those populations of students. To provide more detailed information, learn from those states and apply that to Nevada, we would provide a case study of five to seven states. The team would come forward with a set of recommendations for what those comparison states might be, and would work with the Committee to finalize the comparison list. She said the list would include states that share demographics such as student population and size, particularly the concentration of students in one or two major districts. She said there were several lower enrollment districts across the state. The study would include in-depth information about how schools are funded in the comparison states, and how those systems deal with the additional resources needed for special populations of students, particularly ELL and at-risk students.

Dr. Aportela said her approach was to estimate the additional cost of services for the special populations. In general, those additional costs include some kind of incentive for teachers. For example, students in ELL classrooms, high-poverty schools, etc. need to have access to high-quality teachers. Traditionally, those schools have a hard time attracting and retaining those teachers, so we are proposing an incentive to attract and retain teachers in those schools. She said students need more time with the content area, including one-to-one tutoring, small group tutoring, extended day programs, and summer school programs.

Dr. Aportela said additional pupil support could be part of that approach. That support could include guidance counselors and social workers for some of the schools as well. Dr. Aportela said that Dr. Robles would provide an update on the research on services for ELL and at-risk students and what is most effective for improving the learning of these students. Any findings would be incorporated into the model.

Dr. Aportela said that a census model is recommended for mild and moderate special education. This assumes there is a relatively equal distribution of these disability groups in districts across the state, and they are accounted for in the formula either as a weight or a category. Her group recommended that states fund severe and profound special education students at 100 percent. The costs for those students can be significant, especially for a smaller district with a smaller budget. If the recommendations for ELL and at-risk students are incorporated into the instructional strategies, there is a significant reduction in the number of students who are later identified with mild learning disabilities.

Dr. Aportela said most of the services for gifted students involve relatively little cost. It is a matter of accelerated curriculum, for example, professional development for teachers. In other states, a \$25 per pupil has been added for augmentation to the curriculum.

Dr. Aportela said the additional cost of services for these populations would be above the base. This approach assumes that the existing funding base is adequate. She said her group could also provide an evidence-based model, which looks at the core components of school funding, and provides cost estimates based on the evidence-based model, and the additional resources for those students. There are critical elements that are part of the base model that impact performance for these students. Those elements include class size, professional development of teachers, and pupil support.

Dr. Aportela said that a funding simulation model would be provided to estimate the cost of the recommendations for all of the state's school districts. She said alternative resource levels would be simulated to show the total cost, and the effect for each district. That can be done using the evidence-based funding model that her firm has developed, or using the state's funding model. Her team would then estimate the differences in cost, before and after, district-by-district to show those changes.

Regarding the timeline, Dr. Aportela said the project would begin on May 1, and there would be an initial meeting between Picus and Associates, LCB and Nevada Department of Education (NDE) staff to determine the data elements needed to run the model and talk about the comparison states. Her group would present a draft report by August 1, and get some feedback from the Committee so that a final report can be generated by August 28. Both Dr. Lawrence O. Picus and Dr. Allan R. Odden would attend those meetings to present the preliminary and final reports.

Dr. Aportela referred to page 4 of the handout ([Exhibit E](#)), to a list of other states with which Picus and Associates has worked on various studies. She emphasized that her group was collaborative, did not assume to know everything, and wanted to take in the particular context of the state, and answer questions that need to be answered in a manner that was most helpful to the state.

Senator Denis asked if Picus and Associates included input from parents in its studies. Dr. Aportela said she would work with the Committee staff to find out the best way to get input from constituents, whether they be parents or teachers.

Chairman Conklin noted that the number of firms with expertise in this area was very small. He asked what set Picus and Associates apart from the other consultants.

Dr. Aportela said the link between the allocation of resources and student outcomes sets Picus and Associates apart. She said Picus and Associates has many years of experience tying the two together. She said the point is not how much money is spent on public education, rather, it is how those resources are used. She said her group continued to cull the literature to find the best practices. She said education research was imprecise, and there was not one strategy that would work for all students. She said her group would learn from the research, and would apply a costing model to quantify that information to determine not just what is an appropriate level of spending, but how that spending could best be used to create student learning.

Chairman Conklin called for a recess at 10:38 a.m.

The Committee reconvened at 11:27 a.m.

Chairman Conklin said that the Committee would select two consultants: a primary and a secondary. The secondary consultant was necessary in case LCB was unable to negotiate a contract with the primary consultant. He asked the Committee members for their opinions on the contractors.

Senator Denis suggested that Cross and Joftus be selected, because they would look at the financing from a different perspective, especially the ELL. He noted that was a big part of his constituency, and it was important to consider how to determine which students were classified into the categories that are weighted for funding.

Senator Breeden said her top choice was AIR, because the group included staff from Southern Nevada and Northern Nevada who are familiar with Nevada education. In addition, the study dollars would be kept in the state.

Senator Brower said each of the presentations was appreciated. He said AIR was his first choice, and APA his second choice.

Assemblyman Hansen agreed that all four of the presentations were excellent. He would select AIR to perform the study.

Chairman said all of the presentations were excellent, and he appreciated the expertise of the consultants. He ranked Cross and Joftus first.

Senator Breeden said the Cross and Joftus was her second choice, and she would support a decision to select either consultant.



Senator Denis said the reason AIR was not his number one choice was that the stakeholders were an afterthought. He said it was important to get information from the stakeholders. He said any one of the consultants could provide the data. However, it was important to get further input. He agreed that the timeframe was tight, and the report must be completed on time; however, all of the consultants would be working under the same timeframe. Some of the other consultants specifically included input from focus groups and stakeholders.

SENATOR BREEDEN MOVED THAT THE COMMITTEE SELECT AMERICAN INSTITUTES OF RESEARCH TO ASSIST THE COMMITTEE IN THE STUDY OF A NEW METHOD FOR FUNDING PUBLIC SCHOOLS IN NEVADA. ASSEMBLYMAN HANSEN SECONDED THE MOTION.

Senator Denis said he would support the motion, but he hoped that the process would include input from focus groups. Chairman Conklin commented that the AIR proposal included a significant note to work with the Committee on the project going forward. The Committee would have an opportunity to add that into the process.

THE MOTION CARRIED UNANIMOUSLY.

Chairman Conklin asked for suggestions for an alternate choice. Senator Brower said both APA and Cross and Joftus made compelling presentations. Senator Breeden preferred Cross and Joftus as the alternate selection. Senator Denis agreed to Cross and Joftus as the alternate consultant. Assemblyman Hansen said he liked APA because they performed the 2006 study, but he would also agree to Cross and Joftus as the alternate consultant.

SENATOR DENIS MOVED THAT THE COMMITTEE SELECT CROSS AND JOFTUS AS AN ALTERNATE OPTION TO ASSIST THE COMMITTEE IN THE STUDY OF A NEW METHOD FOR FUNDING PUBLIC SCHOOLS IN NEVADA. ASSEMBLYMAN HANSEN SECONDED THE MOTION.

THE MOTION CARRIED UNANIMOUSLY.

## **F. REVIEW OF TIMELINE FOR CONDUCTING THE STUDY.**

Julie Waller, Senior Program Analyst, Fiscal Analysis Division of the Legislative Counsel Bureau, noted that the timeline for the study and the meetings of the Committee was on page 305 of the meeting packet ([Exhibit A](#)). She said LCB Legal Counsel would negotiate the contract with the selected consultant, and the LCB Director would be authorized to sign the contract. The target date for completion of the contract was April 27, 2012. Many of the proposals have a May 1, 2012, starting date. Once that contract is negotiated and signed, the study will begin. Legislative Counsel Bureau and NDE staff would be in contact with the consultant to arrange for meetings or data exchange.

Ms. Waller said the Committee would meet on Thursday, August 9, 2012, to receive the preliminary report from the consultant. The consultant will be present at the meeting to discuss with the Committee its findings and recommendations, and receive feedback as to whether additional information is needed or desired. The final report will be presented at the final meeting of the Committee on Tuesday, August 28, 2012, at which time the Committee will formulate its findings, recommendations, and possible bill draft requests for submission to the 2013 Session of the Nevada Legislature.

Chairman Conklin noted there were two Committee meetings left. He asked the Committee members to add those dates to their calendars. He noted that the Legislative Commission had granted the Committee with an extension from its June deadline, but there was no time for a second extension.

Chairman Conklin expressed his appreciation to the consultants for their willingness to meet with the Committee and their exceptional proposals. He said he looked forward to working with AIR on this study, and with the other consultants on future studies.

#### **G. PUBLIC COMMENT**

There was no public comment.

#### **H. ADJOURNMENT**

The meeting was adjourned at 11:46 a.m.

Respectfully submitted,

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Becky Lowe, Secretary

APPROVED:

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Assemblyman Marcus Conklin, Chairman

Date: \_\_\_\_\_