

AB469 Rural School Funding Executive Summary

There are two funding issues within the reorganization of the Clark County School District that directly affect rural schools.

Funding Issue # 1: Rural school weighted funding as provided under AB 469.

Funding Issue # 2: The 85-15% funding split between a local school precinct and the central office that is required under AB469 and is common to all schools.

Before addressing these two main issues one must understand two organizing principles embedded within the AB469 reorganization plan.

The first organizing principle to be recognized focuses on responsibilities and funding. If the Central Office transfers any responsibility to a school precinct, the Central Office must fund that responsibility with the equivalent funding originally expended by the Central Office. This means that CCSD Central Administration cannot arbitrarily determine individual rural school precinct's funding and responsibility as they have in the past. Sec. 16 addresses this specifically.

Subsections 1 and 2 of Section 16 will provide the initial context necessary for understanding the transference of authority:

Sec. 16. 1. Except as otherwise provided in this section, the superintendent shall transfer authority to each local school precinct to carry out responsibilities in accordance with this section and the plan of operation approved for the local school precinct.

2. The superintendent shall transfer to each local school precinct the authority to carry out the following responsibilities:

(a) Select for the local school precinct the:

(1) Teachers;

(2) Administrators other than the principal; and

(3) Other staff who work under the direct supervision of the principal.

Subsection 8 clearly describes the responsibility of the Central Office to provide equivalent funding:

8. If the authority to carry out any responsibility is transferred to a local school precinct pursuant to subsection 7, the large school district **must allocate additional money to the local school precinct in an amount equal to the amount that would otherwise be paid by the large school district to carry out the responsibility.** [emphasis added]

This statute clearly states that responsibility and funding are inextricably connected. The funding is based on the previous cost of that same “responsibility” by the “large school district” and that the district must allocate that same money to the school and let them determine best use.

The second organizing principle that is embedded within Nevada’s current state educational plan commonly referred to as “the Nevada Plan,” and consistent with AB469, requires educational equity among rural schools compared to metropolitan schools. Rural schools suffer from the **lack of** economies of scale and **lack of** diverse educational options resulting from their remote locations. These are two of the reasons Nevada reallocates its educational resources into rural areas from metropolitan areas in order to maintain educational equity throughout the State.

With this background, focus can be turned on the two statutory school funding concerns initially mentioned.

Funding Issue # 1: Rural school weighted funding as provided under AB 469.

Funding Issue # 1 is broken down into two concerns under AB 469 reform.

First, is an example where CCSD Central Administration, have at their own expense and responsibility, identified positions and programs necessary to establish educational equity for rural school students. The CCSD Central Administration appropriately supplied rural schools “off ratio” administrative and teaching positions to address rural school educational equity even though the student numbers didn’t meet currently established student criteria ratio for the Las Vegas Valley metropolitan schools.

The CCSD Central Administration has traditionally assumed the responsibility for funding these positions that are critical to rural education equity. Within the 2017-18 school budget, however, the CCSD Central office arbitrarily removed the funding for those position from rural school budgets. Removing the funding for these positions effectively transfers the responsibility of those positions to the rural school precincts. This is an unfunded transfer of responsibility. Section 16, Subsection 8 clearly prohibits this action.

During public testimony before the State Educational Advisory Committee, the Superintendent stated those “off ratio” positions were merely “gifts” and CCSD will not fund them. If we accept this explanation then CCSD is guilty of arbitrarily and capriciously breaching their core objective of providing all students, including rural students, within CCSD, an equitable education. The responsibility represented by those administrative and teaching positions previously funded by the Central Office are now left unfunded, this breaches both the spirit and the letter of AB469 reform.

The second part of Funding Issue #1 is more direct. The arbitrary funding reduction of rural school precincts directly violates AB 496: Sec.19.3.

the weights and categories assigned pursuant to this section must ensure that any specialty school or rural school that exists on the effective date of this act or before the school district becomes a large school district continues to receive not less than the proportionally larger amount of money that was used to fund the specialty school or rural school before those dates. (Legislation signed on May 8, 2017) [emphasis added]

This section of AB 469 deals with weighted funding for rural schools. For the most part, weighting for the rural schools is based on staffing. Any reduction in staffing will affect the weighted funding in the rural schools.

To figure the weighting for rural schools one must know the district’s base per pupil funding in relation to the per pupil funding in the specific rural school during the 2016-17 school year. One

must convert the staffing to a per pupil funding so a comparison of the funding for the current school year can be made with the 2016-17 funding. The proportional difference in 2017-18 must not be less than that in 2016-17.

The District is presently in violation of Section 18.2 of AB 469 which states: **The superintendent shall post the information pursuant to Subsection 1 on the Internet website of the large school district and made available to any person upon request.**”

The district refuses to release this information. Numerous requests addressed to various central office personnel have been made and the information is not forthcoming. As a result of this refusal, the rural schools have no way of knowing whether proportional funding is being maintained. To fulfill transparency implicit with AB 469 reform and ensure adequate checks and balances, this information must be publicly available to the rural School Organizational Teams (SOT) before they finalize their budgets.

During testimony to the Technical Advisory Committee, CCSD’s CFO, Jim McIntosh, provided 2015-16 weighted rural school funding figures. He stated the 2015-16 base funding was calculated on the General /SPED budget and came to an average of \$8,337 per pupil. The CCSD CFO then produced a chart showing that the proportional rural school funding which started at a low of 9% above the base and ended with a high of 389% above the base.

Sec. 19.3 states: . . . **rural school that exists on the effective date of this act . . . continues to receive not less than the proportionally larger amount of money that was used to fund the... rural school before those dates.** [emphasis added] “Proportionally larger amount” refers to that specific amount over the base funding for CCSD schools. Example: if the base is \$8,337 per pupil and in the previous year CCSD funded that school at 10% over the base then one would add 10% of \$8,337, which is \$834. The \$834 per pupil would be added to the base to find the **proportionally larger amount of money** per pupil the rural school should receive. In this case, to ensure educational equity for the rural school student, this rural school precinct would receive \$9,172 per pupil.

CCSD has not provided the figures for the base funding of rural schools in 2016-17, which was last year’s funding. This is critical because the law requires this year’s funding to remain proportionally not less than that of the 2016-17 school year. While the District provided the per pupil information, 2015-16, when they testified in front of the Legislative Committee to Reorganization the Clark County School District and the Technical Advisory Committee, they have refused to release that information for the 2016-17 school year.

Using the District’s rationale for determining the district-wide base per pupil funding our best

speculation based on the available data is shown below:

General/SPED budget 2016-17: \$2,592,559,789 divided by 310,222 students equals \$8,358 per pupil as the base.

General/SPED budget 2017-18: \$2,787,755,105 divided by 321,466 students equals \$8,672 per pupil as the base.

That is one half of the equation. To figure out the proportional funding for the rural schools one must know the total funding per pupil for each rural school in the 2016-17 school year. The District has repeatedly refused to provide the other half of this equation. This weighting compensates for school size and the lack of diverse educational opportunities that are available in large metropolitan schools, such as credit retrieval and other proficiency based programs. The question should be asked if this year's (2017-18) budget can increase by no less than 5- 7.5%, how can rural school budget not increase in the same proportion?

Rural communities understand there was an over projection on the part of those responsible for developing the CCSD budget for the 2017-18 school year. It is now necessary to adjust the budget to the actual rather than the desired funding. The rural schools are willing to participate in that budget adjustment in a proportional way. Taking the rural proportional funding difference, that ranges from 9% to 389% over the baseline and adding this to the proportionally cut base line, funding would remain proportional. This allows the rural schools to participate in the budget cutting while maintaining rural equity.

Funding Issue # 2. The 85%-15% funding split between a local school precinct and the central office that is required under AB469 and is common to all schools.

The entire AB 469 reorganization hinges upon transferring educational decisions and funding from the central office down to the school precinct. The preamble to AB 469 makes this point abundantly clear:

“ . . .transferring the authority to carry out certain responsibilities from the central administrative staff of large school districts to such local school precincts; requiring large school districts to allocate money to local school precincts to carry out the responsibilities transferred to the local school precincts; providing for the reorganization of the central administrative staff of large school districts; requiring a plan of operation to be developed for each local school precinct; . . .”

Change requires doing something different. The Legislative Committee to Reorganize the Clark County School District heard testimony from a number of educational experts who supported the fact that Funding Issue #2 goes to the core of a successful reorganization.

Section 18 of AB 469 spells out that the first year CCSD Central office must redirect 80% of unrestricted funds to the school precinct. Then in year two it climbs to 85%. The 15% balance remains at the Central Office for administrative functions.

Section 18 1(b) (1) For the first school year in which the large school district operates pursuant to the provisions of sections 2 to 34, inclusive, of this act, not less than 80 percent of the **total amount of money from all sources** received by the large school district **that is unrestricted** for the school year;

(2) For each subsequent school year, 85 percent of the **total amount of money from all sources** received by the large school district **that is unrestricted** for the school year.

(Emphasis Added)

At the last Legislative Committee meeting CCSD made an attempt to show their compliance with this section of law. They produced a chart showing how they planned to achieve compliance. The chart CCSD produced was entitled: **Breaking it down Where does the Money Go?** The intent of the chart was to indicate to whom the money is allocated and who maintains the responsibility of how the money is spent. The chart was broken down into two main categories titled **Directly Serving Schools** and **Central**. Those two main categories were divided into four sub-categories: School Strategic Budgets, On Site Service Provided to one School, Services provided to Multiple Schools or with Students, Central Support.

The financial breakdown is listed below:

Directly Serving the Schools

School Strategic Budgets	\$ 1,312,371,300 (55%)
On Site Service Provided to One School	\$ 481,322,626 (20%)
Services Provided to Multiple Schools or with Students	\$ 313,703,865 (13%)

Central

Central Support	\$ 287,990,709 (12%)
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When these categories are added together the total unrestricted funds amounts to \$2,395,388,500. The first three categories on this chart total 88% of the unrestricted General/SPED funds.

The funding problem arises inside Categories II and III that make up 33% of the budget labeled “Directly Serving Schools.” The law specifically states “**total amount of money from all sources.**” It makes no provision for services that “directly serve schools” in lieu of “money” allocated directly to the schools. Providing services is not equivalent to allocating funds to a school. Further, having funds tied up in “services” does not empower the schools to choose the most impactful means to serve students. The school cannot convert an unneeded, unrequested, or esoteric service supplied by Central into other educational needs i.e. curriculum, supplies, or tutoring, but it can do so with a money allotment.

Categories II and III, that make up the flawed 33%, should not be classified as unrestricted money allocated to school precincts.

- Category II: CCSD labels this category as “On Site Services Provided to One School.” CCSD claims these funds are expended in the schools so they are an equivalent to funds in the strategic budget. However, they are **NOT** in the school precinct budget. They are services, not money as noted in the heading. Central office keeps these unrestricted General/SPED funds and maintains the responsibility for their expenditure. **This is money NOT allocated to the schools as per the law. It is money allocated to the CENTRAL OFFICE and spent at the Central Office’s discretion.** These funds belong in Category IV.
- Category III: CCSD labels this category as “Services Provided to Multiple Schools or with Students.” These funds are allocated to various Central office departments. These departments expend these funds at their sole discretion. The school precinct is not allocated these funds, nor is it responsible for their expenditures. **This is money NOT allocated to the schools. It is money allocated to the CENTRAL OFFICE and spent at Central Office discretion.** These funds belong in Category IV.

- Category IV is the final category. These funds are reserved for the Central Office, which the District claims to total 12% of the unrestricted funds. This comes in under the Central's 15% maximum required by law. As previously mentioned, Category II & III actually belong here because they are Central Office services not funds in the school precinct's budget. These funds are allotted to and controlled by the central office and not the school precinct. When one adds Category II and III with Category IV the Central Office maintains the control of 45% of the unrestricted General/SPED funds and it does not meet the 85/15 provision of AB 469.

The ironic headline of CCSD's chart labeled "*Breaking it Down – Where Does the Money Go?*" becomes a smoke and mirror break-down of CCSD's old strategic budget system where only 55% of the unrestricted funding from the General Operating Budget, rather than the required 85% percent, flows to the school precinct's budget. This chart indicates that there has been no change in financial allocation or responsibility within CCSD. This chart is merely an affirmation of the status quo.

At the August 7th meeting of this committee the district showed a total disregard for the rural school weighted funding as required by law. The Superintendent depicted himself as a benevolent dictator who merely gave away gifts of teaching and administrative positions to rural schools. He showed a willingness to ignore Section 19.3 of AB 469 and felt it was his prerogative to reduce funding to the rural schools at his whim of the moment. Further the District's confusion between services and money, intentional or not, merely intensifies the need for an independent enforcement agent to oversee the reorganization effort required by AB 469. This oversight agent needs to be independent from CCSD. The School Associate Superintendents cannot fill this role because they represent the district when dealing with the school precincts. The Trustees have already shown their inability to control the large bureaucracy. The school precincts need a neutral party to ensure that CCSD complies with AB 469. Section 33 indicates this to be the State Superintendent of Public Instruction.

- Sec. 33. 1. The Superintendent of Public Instruction shall take such actions as deemed necessary and appropriate to ensure that each large school district carries out the reorganization of the school district in accordance with sections 2 to 34, inclusive, of this act and any regulations adopted pursuant thereto.

It is imperative that the Superintendent of Public Instruction appoint an individual to oversee this reorganization. This would be the person SOTs, citizens, county commissioners, city councils, and CEABs could turn to when they suspect that the district is not complying with the law.