Modernization of

The Equity Allocation Model

Report of the Equity Allocation Working Group

January – June 2016

Agenda Item VIII A-4-EDUCATION
Meeting Date: 07-28-16

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Introduction

As recommended by the Task Force on K-12 Public Education Funding and with the passage of SB508 during the 78th Legislative Session, the Department of Education formed the Equity Allocation Model Working Group by soliciting Nevada's seventeen school districts and the State Public Charter School Authority for volunteers. The group included a veteran district superintendent and financial officers familiar with the current Equity Allocation Model as well as financial officers with limited historical knowledge.

The working group was tasked with reviewing the current Equity Allocation Model, both in form and content; developing a simplified model that demonstrates transparency and ease of understanding for the general public; as well as completing a review of the factors used within the model.

Regular Members

Phyllys Dowd	Director of Business Services, Churchill County School District
Andrew J. Feuling	Director of Fiscal Services, Carson City School District
Jessica Hoban	Administrative Services Officer, State Public Charter School Authority
Paul Johnson	Chief Financial Officer, White Pine County School District
Patti Lamb	Business Manager, Storey County School District
James McIntosh	Chief Financial Officer, Clark County School District
Jerri Norton	Director of Fiscal Services, Elko County School District
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Julie Waller	Senior Program Analyst, Fiscal Analyst Division
Jaimarie Dagdagan	Program Analyst, Fiscal Analyst Division
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2016 Meetings

The working group met seven times from January through June 2016, including 1 all-day working session. Two sub groups were formed to review the Groupings concept and Attendance Area concept. The Attendance and Teacher Allotment sub group met twice during this period and the Groupings sub group met once.

Background

The Equity Allocation Model is part of "The Nevada Plan" [NRS 387.121 and NRS 387.122], Nevada's statewide, formula-based funding mechanism for public K-12 education. Under the plan, the state determines a guaranteed amount of funding for districts and charter schools ("the pie"). This pie is then used as a basis for determining the basic per pupil support dollar amount for each district through an Equity Allocation Model that considers:

- Demographic characteristics of each district;
- A weighted average costs of operations, salaries and benefits;
- 85% of average transportation costs over a four-year period, adjusted for inflation using the Consumer Price Index (CPI);
- Licensed teacher, administrative and support services staffing requirements based on a school district's urban or rural characteristics through the concept of "attendance areas";
- Ability of a district to generate revenues in addition to the guaranteed funding (a district's wealth). Also referred to as "outside revenue" or local revenue NOT guaranteed by the Nevada Plan such as 2/3 PSOPT (Public School Operating Property Tax), Government Service and Franchise Taxes.

Prior to the Working Groups development of a simplified model, the Equity Allocation Model consisted of 12 Modules or spreadsheets with 2-4 tabs each, linked and interdependent on each other as well as 3 additional workbooks that were required to "run" the model that included "assumptions", a teacher allotment model based on attendance areas and taxes (projected and actual). The model was extremely complex, laborious to update and very difficult to follow.

SB 508 (2015) Requirements

- Codified the Equity Allocation Model in statute;
- Provides that the weighted average per pupil must be calculated as a basic support guarantee for each school district through an Equity Allocation Model;
- Model must incorporate factors relating to wealth in a school district, salary costs, transportation and;
- Any other factor determined by the State Superintendent after consultation with the school district and the Charter School Authority;
- The factors used for the Equity Allocation Model must be reviewed and revised as necessary each even-numbered year by July 1st;
- Review and proposed revisions must be presented to the Legislative Committee on Education (LCE) for consideration and recommendations;
- State Superintendent considers LCE recommendations and determines if they will be incorporated;
- Final Adopted Model must be submitted to the Governor and Director of the Legislative Counsel Bureau (LCB) for transmittal to the next regular legislative session; and
- The Model must be made available on the Department's website.

Goals for Modernization

1. Improve Identification of 12 Modules. The 12 modules had number titles only. Example: "DSA-1" and did not inform as to purpose. A descriptive file name was added to help identify the function and purpose of each module.
2. Replace 12 Module System with a simplified model. Retain only the necessary components from the 12 module system and create a single self-contained, independent workbook. Test the new Simplified Model to confirm the per pupil basic support guarantee numbers generated in both the old system and the new model are consistent.
3. Improve Transparency for the Public. Include in the new Simplified model section notes and other, more user-friendly guides to assist the general public with understanding how the model works.

Process

The working group initially split into teams of 2 or 3 to review each Module contained in the original Model. The group then got together as a whole to review in detail each module, the data contained within and the calculations.

Over the years, a few attempts were made to consolidate the 12 Modules and 3 Auxiliary Spreadsheets. The working group reviewed these models and incorporated certain features from both to come up with a finished product of one spreadsheet with 10 tabs.

The 12 Modules were very extensive and included both historical data and analytical data comparing year-to-year figures. The working group decided to maintain the historical data elsewhere (in one excel spreadsheet) and any other analytical or data comparisons outside the model could be completed on an ad hoc basis.

A side-by-side comparison was completed with the old 12 Module system and the new Simplified Model using data available at the last legislative session (FY 2014). FY15 data was input into both models, and the per pupil basic support guarantee generated by both models mirrored each other, and that as legislatively approved in SB 515 (2015). Success.

The New Simplified Model

- Incorporates all 12 Modules and 3 auxiliary spreadsheets into one worksheet with 10 tabs;
- Includes an introduction tab with general information regarding the model and the key to following the calculations;
- Section notes in each tab provide guidance, clarification and explanation;
- Eliminates duplicate entry of data elements, identifies source of data;
- Provides consistency with decimal places, terminology and formatting;
- Verifies and validates data elements (salaries, benefits, operating costs, transportation, etc.).

The following table provides a summary of each Module and the relative location within the new Simplified Model containing that data and/or calculations.

12 Modules transformed to a new Simplified Model

Module	Description	New Model Location
1 – Enrollment and Staffing	Input module for projected enrollment for apportionment purposes, staff salaries and benefits and calculation of average salaries.	Grouping & Data Tab Light yellow highlighted cells
2 – Legislative Basic Support	Input of Legislatively Approved Basic Support and comparison of prior biennium	Final Basic Support Tab Rows 32 through 37
3 – Taxes and Outside Revenue	Input of district actual governmental services tax and franchise fee revenues as reported on most recent NRS 387.303 report. Input of Public Schools Operating Property Taxes (portion of property taxes) and Net Proceeds of Minerals	Wealth Adjustment Tab Columns B, C, F and G
4 – Transportation and Operating Expenses	Input of district Transportation and Operating Costs over prior 4 years and calculation of 4-year average per pupil transportation and operating expenses.	Transportation Tab and Groupings & Data Tab for Operating Expenses
5 – Licensed Staff Allotments and Ratios AND Teacher Allotment Tables Worksheet	Calculates average licensed salaries and benefits based on teachers allotted from Teacher Allotment Tables. Calculates weighted group average and total dollar expense based on generated allotments.	Groupings & Data Tab and Teacher Allotment Summary, Teacher Allotment Tables and Attendance Areas Tabs
6 – Operating and Other Staff Expenses	Calculates the average operating and other staff salary and benefits per pupil amount as well as weighted average for the district groupings.	Grouping & Data Tab
7 – Basic Support Ratio	Calculates the basic support ratio for each district. The basic support ratio represents a district's variance from the statewide per pupil average for staff salaries and benefits, operational and equipment costs	Basic Support Ratio Tab
8 – Wealth Adjustment	Calculates wealth adjustment for each district. Each district's local "outside" revenues are compared to the statewide average to determine a per pupil amount to "normalize" the effects of a district's ability to generate local revenues.	Wealth Adjustment Tab
9 – Transportation Equalization	Calculates the average per pupil transportation costs for the prior 4 year period, increases for inflation, and compares to statewide average to determine each district's transportation adjustment.	Transportation Tab
10 – Final per pupil Basic Support Guarantee	Calculates the final per pupil basic support guarantee for each district by multiplying the statewide basic support guarantee (without transportation costs) by the district's Basic Support Ratio adding relative wealth adjustment and the transportation adjustment.	Final Basic Support Tab
11 – Tax Projection Test	For State Use: Calculates projected Basic Support Guarantee dollars that will be generated by taxes.	Intentionally left out of new model
12 – Second Year of the Biennium Projections	Calculates the per pupil Basic Support Guarantee for the second year of the biennium based on tax and enrollment projections.	Final Basic Support Tab

Below is a sample from the draft new Simplified Equity Allocation Model demonstrating the formatting, look and feel of the new model.

Sample format of new Simplified Model

Nevada Plan Formula

Per Pupil Support Guarantee - Final Calculation

	Year 1 of the Biennium									
	1	2	3	4	5	6	7	8	9	10
School District	Enrollment for Apportionment Purposes	State Per Pupil Excluding Transportation	Basic Support Ratio (BSR)	BSR Adjusted Per Pupil Amount	Plus/Minus Wealth Adjustment	Plus Per Pupil Transport Adjustment	Per Pupil Adjusted for Wealth & Transportation	Total Preliminary Basic Support	Total Final Basic Support	Final Per Pupil Basic Support
		(see below)	(see Basic Support Ratio Tab)	(2 * 3)	(Calculated on Wealth Adjustment Tab)	(Calculated on Transportation Tab)	(4+5+6)	(7 * 1)	(8 / sum8*cellC33)	
Carson City	7,891.2	$ 5,342	1.2032	$ 6,427	$ 251	$ 275	$ 6,953	$ 54,871,415	$ 54,787,327	$ 6,943
Churchill	3,830.0	$ 5,342	1.1830	$ 6,320	$ 22	$ 423	$ 6,765	$ 25,908,364	$ 25,868,661	$ 6,754
Clark	333,956.3	$ 5,342	0.9554	$ 5,104	$ 47	$ 356	$ 5,507	$ 1,839,012,786	$ 1,836,194,586	$ 5,498
Douglas	6,077.9	$ 5,342	1.2075	$ 6,450	$ (941)	$ 520	$ 6,029	$ 36,646,485	$ 36,590,326	$ 6,020
Elko	9,850.4	$ 5,342	1.3425	$ 7,172	$ 128	$ 346	$ 7,646	$ 75,312,563	$ 75,197,150	$ 7,634
Esmeralda	67.2	$ 5,342	4.1737	$ 22,296	$ (801)	$ 4,933	$ 26,428	$ 1,775,955	$ 1,773,234	$ 26,387
Eureka	245.9	$ 5,342	3.4147	$ 18,241	$ (8,869)	$ 2,317	$ 11,689	$ 2,874,406	$ 2,870,001	$ 11,671
Humboldt	3,450.0	$ 5,342	1.3243	$ 7,074	$ (838)	$ 362	$ 6,598	$ 22,764,517	$ 22,729,631	$ 6,588
Lander	1,039.6	$ 5,342	1.4003	$ 7,480	$ (3,359)	$ 411	$ 4,532	$ 4,711,886	$ 4,704,665	$ 4,525
Lincoln	1,009.5	$ 5,342	1.7404	$ 9,297	$ 156	$ 435	$ 9,888	$ 9,982,155	$ 9,966,858	$ 9,873
Lyon	8,239.6	$ 5,342	1.2128	$ 6,479	$ 330	$ 482	$ 7,291	$ 60,073,091	$ 59,981,032	$ 7,280
Mineral	481.4	$ 5,342	1.5816	$ 8,449	$ (555)	$ 479	$ 8,373	$ 4,030,718	$ 4,024,541	$ 8,360
Nye	5,293.7	$ 5,342	1.3600	$ 7,265	$ (72)	$ 690	$ 7,883	$ 41,730,872	$ 41,666,922	$ 7,871
Pershing	681.5	$ 5,342	1.5386	$ 8,219	$ (557)	$ 998	$ 8,660	$ 5,901,927	$ 5,892,883	$ 8,647
Storey	403.9	$ 5,342	1.6868	$ 9,011	$ (2,601)	$ 912	$ 7,322	$ 2,957,310	$ 2,952,778	$ 7,311
Washoe	65,605.3	$ 5,342	0.9969	$ 5,325	$ (84)	$ 415	$ 5,656	$ 371,092,430	$ 370,523,748	$ 5,648
White Pine	1,381.6	$ 5,342	1.3589	$ 7,259	$ (127)	$ 785	$ 7,917	$ 10,938,464	$ 10,921,701	$ 7,905
State Totals	449,505.0	$ 5,342	1.5386		-	$ 368		$ 2,570,585,344	$ 2,566,646,043	

Total Legislative Appropriation	2,566,646,043
Total Estimated # of Students	449,505
State Basic Support	$5,710.00
Less: Transportation	($368.00)
Total Per Pupil	5,342.000

Note: Enrollment for Apportionment Purposes includes charter school students in their District of Residennce

Final Per Pupil Basic Support is calculated
1. Subtracting the statewide Transporation Adjustment Calculated on the Transporation Tab from the State Basic Support per pupil amount .
2. Multiplying this adjusted state basic support amount by each district's Basic Support Ratio (BSR) as calculated on the Basic Support Ratio Tab.
3. A district's WEalth Adjustment (as calculated on the Wealth Adjustment Tab) and a district's Tranporation Adjustment (as calculated on the Transportation Tab) is added to the Adjusted per pupil amount calculated in step 2 above.
4. A preliminary total dollar amount is calculated by multiplying the adjusted per pupil basic support amount calculated in step 3 above by the projected enrollment for the upcoming 1st year of the biennium for each district.
5. The percentage of each district's total dollar amount (step 4 above) to the state total basic support dollar amount as calculated through this model is then applied to the Total Legislative Appropriation (the "pie").

The following is a list of modifications made within the models that include rounding, replacing hard coded numbers with formulas and consistencies.

Summary of Equity Allocation Model Modifications

Modules			Description	New Simplified Model	
Module	Tab	Location		Tab	Location
1	Enrollment	Column C Rows 7 - 23	Weighted Enrollment for Apportionment Purposes rounded to 1 decimal place	Groupings & Data	Column R, 52-68
1	Enrollment	Column F Rows 7-23	Rounded 2nd year of biennium enrollment calculation to 1 decimal place to be consistent with 1st year enrollment projection. Included box in new model to plug in projected enrollment growth percentage to calculate.	Final Basic Support	Column N Rows 12-28
1	Staff Data	Columns W and X Cells 26 - 42	Replaced Research Bulletin Average Salaries for Licensed Teachers and Licensed other personnel with calculated averages	Groupings & Data	Columns M and N Rows 52 through 68
1	Staff Data	Columns AO and AP Rows 6 - 22	Assured Consistency with groups included in the Other Licensed Non-Teaching Staff Totals to include Functions 2100/2200 Student/Instruction SUPPORT and Functions 2300/2400 ADMINISTRATION SUPPORT ONLY **(NOT 2500-2900 OTHER SUPPORT staff).**	Groupings & Data	Columns E and F, Rows 52 - 68
4	DataOut	Columns N-R Rows 69-86	Corrected formula to round to two decimal places, consistent with Module 4	Transportation	Columns L - O, Rows 8- 25
4	DataOut	Column R Rows 69-86	Corrected formula to round to zero decimal places, consistent with Module 4	Transportation	Column P - S, Rows 8-25
5	Process	Column H Rows 30-46	Replaced hard coded numbers with correct formula to pick up Grouped Licensed Administrative Salary and Benefit Expense from Grouping Table	Basic Support Ratio	Column R Rows 6-22
5	Process-1	Column J Row 19	Deleted Adjustment of -$8,000 from the Small Grouping Average Teachers Salary and Benefit amount.	Groupings & Data	Column P Rows 27 and 29
5	Input-Output	Column B Rows 29-45	Replaced hard coded numbers with formula to calculate total dollar value of licensed administrative staff salary and benefits times number of licensed administrative staff positions (based on Teacher Allotment Tables)	Basic Support Ratio	Column S Rows 6-22
9	Process	Column G Row 44	Corrected formula, originally multiplied by 4 x inflationary rate instead of 2 x	Transportation	Column Q Row 25
10	Final DSA	Column F Rows 6-22	Rounded Final Per Pupil Basic Support amount to 0 decimal places to be consistent with Module 10	Final Basic Support	Column K Rows 12-28

Consideration of Task Force on K-12 Public Education Funding Recommendations

The following actions were taken by the working group to address the Task Force on K-12 Public Education Funding recommendations pertaining to Nevada's K-12 base funding formula *(see Resources/Reference Material Section for link to full report.)*

- **Review and if necessary, revise the Teacher Allotment Tables and Attendance Areas**;
  The Equity Allocation Model includes a separate Teacher Allotment Table used to "allot" elementary and secondary teachers to individual districts based on student population. Within the Teacher Allotment Tables, each district is divided into "attendance areas" relative to the rural/urban concentration of schools. The model "allots" teachers based on the total student population of each attendance area.

- A sub group was formed specifically to review the Teacher Allotment Tables and Attendance Areas.
  - The sub group reviewed attendance areas, enrollments and teacher allotment calculations;
  - Requested updated staffing data from all districts that included:
    - The number of full time equivalent (FTE) licensed teachers paid with **General Funds** coded to Function 1000 Instruction for each school within their district for FY14 and FY15.
    - The number of full time equivalent (FTE) licensed teachers paid with **State Special Educational Funds** coded to Function 1000 Instruction for each school within their district for FY14 and FY15.
  - Updated student enrollments and full time equivalent (FTE) teacher counts for each school within a district, statewide;
  - Actual FTEs from each school with similar student populations were compared with the generated allotments from the Teacher Allotment Tables.
    - Uniform comparison was not achieved from all elementary and secondary schools as some middle schools within our state include 6th, 7th, and 8th grades while others include 7th and 8th only.
  - The sub group determined the current Teacher Allotment model remains "reasonably equitable" and therefore warranted no change within the new Simplified model.

- **Update the staffing and expenditure data used in the [Equity Allocation Model] calculations;**
  All data elements input into the model were validated, verified, and updated by the working group. In addition, the new Simplified Model includes the source of all data elements hard coded within the model.

- **Replace the implicit wage differential adjustment in the DSA with a more objective measure of geographic labor cost variation, such as the Comparable Wage Index (CWI);**
  Within the new Simplified Model, average staff salaries (licensed teachers, licensed administrative support and all other staff) are calculated based on total salary dollars expended by a district and actual FTEs as reported annually on the NRS 387.303 report. Previously, average salary data was derived from the Research Bulletin publication from the Department of Education that is no long available.

  The working group recommends further study into the appropriate wage calculation within the model, consideration to a wage increase cap while maintaining the ability to allow for the uniqueness of districts.

- **Reconsider the way the DSA groups districts for calculations;**
  The purpose of grouping districts within the Equity Allocation Model is to group similarly situated districts according to costs, geography, urban/rural status, and student population. In order to help offset large fluctuations in district spending and/or costs.
  - A sub group was formed specifically to review the district groupings and compared to using an "across the board" statewide average. The group found a significant reduction in per pupil basic support in all but the largest of districts.

- The sub group calculated and incorporated a statewide average salary into the new Simplified Model and compared the resulting per pupil basic support amount per district with that generate from the original data.
- The sub group determined that the impact would not foster a reasonably equitable result and recommended keeping the current groupings as they are.
- The working group will continue to work with NDE to establish a percent cap that ensures reasonable and equitable basic support ratios for all of Nevada's children regardless of what size district they reside.

- **Consider alternatives to the current "single count day" approach to determining the enrollment on which school funding allocations are based.**
  With the passage of SB 508 (2015) Average Daily Enrollment is used to apportion Distributive School Account funds. The working group recommends the Department use a straight average of the four quarterly Average Daily Enrollment Reports as enrollment numbers within the Equity Allocation Model going forward.

Spending and Government Efficiency (SAGE) Commission NDE Staff Presentation

At the May 12th, 2016, SAGE Commission meeting, NDE staff was asked by the Commission to demonstrate how a significant salary change from a single school district can impact the districts within its grouping, and the impact to all 17 school districts within the Equity Allocation Model.

School districts with common characteristics are divided into groupings within the Equity Allocation Model. Grouping was introduced so that one district would not be disproportionately rewarded more than all districts based on expenditure patterns. Average expenditures for the group are considered in the model. When significant changes in expenditures from a district occur, it is reflected in the average expenditures for that grouping as a whole. Staff salaries for any district represent the most significant portion of school district expenses and as such are the main drivers of the Equity Allocation Model. Two scenarios were presented: 1) a 10% increase in licensed teacher salaries in one of Nevada's largest school districts and 2) a 10% increase in licensed teacher salaries in one of Nevada's centralized school districts. In both scenarios, all districts within the same grouping as the district with the large salary increase benefited by an increase in their per pupil basic support, and conversely all districts outside this grouping realized a decrease in per pupil amounts (to fund the increase).

The impact from large fluctuations in salary expenses from one of the two members of the "large" group is disproportionate compared to the same percentage shift in any other sized grouping. In fact, a single 10% salary increase in the large group with 2 members resulted in a shift of $15,160,208 being diverted away from all other districts. Whereas a single 10% shift in the Centralized Group with 4 members resulted in a shift of just $2,172,624 being diverted away from all other districts.

Recommendations

The Equity Allocation Working Group presents the following recommendations for the Superintendent of Public Instruction to consider:

1) **Adopt New Simplified Model**
   The old 12 Module system was not easily understood by the public and therefore lacked transparency. The working group recommends that the Superintendent retire the old 12 Module system and replace it with the new Simplified Model which includes:
   - A tab for general information about DSA funding and links for more information
   - Numbering of tabs so that the public can more easily navigate the model
   - Use of shading and color coding to help identify data relationships
   - "Section Notes" added beneath every section to explain purpose and relationship
   - Consistency with decimal places, terminology and formatting
   - A tab with a matrix to cross reference the location of data in the old model to its location in the new model
   - The Equity Allocation Working Group should begin the process of reviewing the model no later than January of each even numbered year.

   Staff Notes: For the upcoming legislative session, both models will be used to demonstrate consistency prior to retirement of the 12 Module system, if approved.

2) **Consistency in Formatting**
   A few of the modules in the old system had hard coded numbers in sections where a formula would ensure greater consistency. In order to eliminate the question, "*Where did that number come from?"* the working group recommends yellow highlighting be designated to signify hard coded data inputs, thus making a clear distinction between updated data inputs and the calculations that are formula driven. Sources of data inputs are as follows:
   - NRS 387.303 Annual Report
   - Department of Taxation Reports
   - Comprehensive Annual Financial Report (CAFR)

   Data inputs from these reports are updated each biennium and are the factors that drive the final per pupil basic support guarantee.

3) **Stabilization of Cost Impact**
   As a result of the sub group study on grouping of districts, no change was recommended. The working group does recommend the model include a formula to determine the average percent increase for salary and/or operating expenses for all districts, statewide, and place a cap not to exceed a certain percentage above the statewide average.

4) **Incorporating ADE**
When the FY18-19 model is updated with FY16 data inputs, it will be the first time Average Daily Enrollment (ADE) will be used in the model as "count day" is no longer used. The working group recommends that enrollment data be calculated using the average of all four quarters of ADE enrollment for the previous school year.

5) **Uniformity of Data Sets**
Different components within the model vary as to the number of years of historical data included for analysis. Operating and transportation costs are averaged over 4 years of data whereas salaries use only the most recent year. The working group recommends that while the calculation may not always be based on all 4 years, the model should include 4 years of historical data across the board.

6) **Continuation of the Working Group**
Members of the group recommended further exploration of important topics. (See recommendations 8 and 9 below.) They also recommended expanding the group to include alternate members for succession planning as various concepts in education funding can be fairly complex. The working group recommends that NDE continue quarterly meetings of the Equity Allocation Working Group.

Staff Notes: Current staff to this working group will make themselves available to assist and coordinate future meetings.

7) **Ensure Consistent NRS 387.303 Reporting**
As a result of the sub group review of attendance areas and teacher allotments, it was discovered that there were inconsistencies in how districts were calculating FTEs. While the group determined the allotments provided in the model remain reasonably equitable, they recommend continued annual and online training opportunities for all charter schools, district superintendents and finance officers to ensure consistency with reporting FTEs and with reporting revenues and expenses in the NRS 387.303 report.

Staff Notes: With regard to the annual NRS 387.303 reporting requirement, NDE will:

- Promote consistent reporting by districts and charter schools in their continued annual training and instruction with increased detailed instruction and guidance;
- Consider modifying current format to break out transportation costs from all categories so that the Comprehensive Annual Financial Report (CAFR) need not be used to capture the data elements for transportation costs within the model;
- Provide area for district to breakout individual unrestricted federal funds (i.e. Impact Aid, eRate, Forest Service, etc.) to include additional transparency;

8) **Stabilization and 4 Year Phase In – Future Study**
The group recognized that sudden and significant changes in either the formulas or assumptions within the equity allocation model can have devastating impact to districts, especially smaller districts with little in reserve. The group recommends that whenever significant changes in formulas or assumptions are proposed that a 4 year phase in be considered to prevent drastic reductions in per pupil funding. The group further recommends that this be a subject for a future sub group study to determine an appropriate method for phase in.

9) **Charter School Impact – Future Study**
The number of charter schools in Nevada has increased significantly in recent years. There are inconsistencies in how charter school enrollment is calculated in relation to districts. Neither the old 12 Module system nor the new Simplified Model incorporate charter school expenses in relation to the districts. The working group recommends that this be a subject matter for a future sub group study.

   Staff Notes: Data to provide the working group is readily available via the annual NRS 387.303 report and charter student enrollment by district of resident within the DSA payment workbook.

Conclusion

On June 30th, 2016 the Equity Allocation Working Group met with Superintendent Canavero to submit this written report, discuss their recommendations and the new Simplified Model and the process of the working group in general.

The written report is reflective of the general consensus of the group with additional notes from NDE staff. NDE staff felt it was important to provide a forum for the Superintendent to consider any dissenting opinions as well.

In addition to the written report and roundtable discussion, working group participants were offered an on-line exit survey as a more private opportunity to share their unique ideas or concerns.

Resources/Reference Material

The **Nevada Plan** for School Finance, An Overview by the Fiscal Analysis Division of the Legislative Counsel Bureau, 2015 Legislative Session

http://www.leg.state.nv.us/Division/Fiscal/NevadaPlan/Nevada_Plan.pdf

SB 508 of the 78th (2015) Nevada Legislative Session

http://www.leg.state.nv.us/Session/78th2015/Reports/history.cfm?ID=1085

Task Force on K-12 Public Education Funding Interim Report, Bulletin No. 15-5, January 2015

http://www.leg.state.nv.us/dbtw-wpd/exec/dbtwpub.dll?AC=CHANGE_REPORT&XC=/dbtw-wpd/exec/dbtwpub.dll&BU=http%3A%2F%2Fwww.leg.state.nv.us%2Fdbtw-wpd%2FReports.html&GI=&TN=Reports&SN=AUTO24866&SE=433&RN=0&MR=0&TR=0&TX=1000&ES=0&XP=&RF=Full&EF=Basic+Record+Form&DF=Catalog+Record&RL=1&EL=1&DL=0&NP=3&ID=&MF=MYWPMSG.INI&DT=&ST=0&IR=0&NR=0&NB=0&SV=0&SS=0&BG=&FG=000000&QS=queryscreen

NRS 387.303 Reports

http://www.doe.nv.gov/Business_Support_Services/Reports/

NRS 387.121 Legislative declaration; Nevada Plan

http://www.leg.state.nv.us/NRS/NRS-387.html#NRS387Sec121

> **NRS 387.121 Legislative declaration; Nevada Plan.** The Legislature declares that the proper objective of state financial aid to public education is to ensure each Nevada child a reasonably equal educational opportunity. Recognizing wide local variations in wealth and costs per pupil, this State should supplement local financial ability to whatever extent necessary in each school district to provide programs of instruction in both compulsory and elective subjects that offer full opportunity for every Nevada child to receive the benefit of the purposes for which public schools are maintained. Therefore, the quintessence of the State's financial obligation for such programs can be expressed in a formula partially on a per pupil basis and partially on a per program basis as: State financial aid to school districts equals the difference between school district basic support guarantee and local available funds produced by mandatory taxes minus all the local funds attributable to pupils who reside in the county but attend a charter school or a university school for profoundly gifted pupils. This formula is designated the Nevada Plan.
>
> (Added to NRS by 1967, 889; A 1973, 1419; 1997, 1859; 2007, 1199)