

**MINUTES OF THE MEETING OF THE
SENATE COMMITTEE ON FINANCE
AND
ASSEMBLY COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEES ON K-12/HIGHER EDUCATION/CIP**

**Eighty-second Session
May 9, 2023**

The joint meeting of the Subcommittees on K-12/Higher Education/CIP of the Senate Committee on Finance and the Assembly Committee on Ways and Means was called to order by Chair Marilyn Dondero Loop at 8:13 a.m. on Tuesday, May 9, 2023, in Room 3137 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

SENATE SUBCOMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Nicole J. Cannizzaro
Senator Dina Neal
Senator Heidi Seevers Gansert
Senator Robin L. Titus

ASSEMBLY SUBCOMMITTEE MEMBERS PRESENT:

Assemblywoman Shea Backus, Chair
Assemblywoman Sandra Jauregui, Vice Chair
Assemblywoman Heidi Kasama
Assemblyman Cameron (C.H.) Miller
Assemblywoman Daniele Monroe-Moreno
Assemblyman P.K. O'Neill
Assemblywoman Sarah Peters
Assemblyman Steve Yeager

STAFF MEMBERS PRESENT:

Wayne Thorley, Senate Fiscal Analyst
Sarah Coffman, Assembly Fiscal Analyst

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Adam Drost, Principal Program Analyst
Madison Ryan, Program Analyst
Lilliana Camacho-Polkow, Program Analyst
Paul Breen, Committee Assistant
Marie Bell, Committee Secretary
Dee Chekowitz-Dykes, Committee Secretary

OTHERS PRESENT:

Megan Peterson, Deputy Superintendent, Student Investment Division,
Nevada Department of Education
Jhone M. Ebert, Superintendent of Public Instruction, Nevada Department
of Education
Chris Daly, Nevada State Education Association
Stacy Stosich, Board Member, Washoe Education Association
Gilbert Lenz, Washoe Education Association
Brent Busboom, Washoe Education Association
John Hancock
Jenny Hunt, Director and Principal, Mariposa Language and Learning Academy
Alecs Noles
Maggie Babb, Washoe Education Association
Justin Jervinis
Staci Roybal
Madison Freitas
Rachel Oregon
Ann Byington
Elizabeth Echebarria
Calen Evans, President, Washoe Education Association
Terri Shuman

CHAIR DONDERO LOOP:

We will close three K-12 Education Funding budgets. We will begin with Budget Account (B/A) 203-2608, the Nevada Department of Education (NDE), Education Stabilization Account.

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ADAM DROST (Principal Program Analyst):

Nevada Department of Education's Education Stabilization Account was not included in the Executive Budget for the 2023-2025 biennium. However, during the K-12 Education work session on March 31, 2023, the Subcommittees expressed interest in including this account in the K-12 Education Funding Bill which would make it subject to the provisions of the State Budget Act. Fiscal staff has prepared this closing document to memorialize the closing recommendations of the Subcommittees.

Nevada Revised Statutes (NRS) 387.1213 establishes the Education Stabilization Account, also known as the K-12 Rainy Day Fund, in the State Education Fund. Balances remaining in the State Education Fund that have not been committed for expenditure at the end of the biennium are transferred to the Education Stabilization Account. In addition, each county school district must generally transfer to the Education Stabilization Account any ending fund balance that exceeds 16.6 percent of the total expenditures for the fund.

The Interim Finance Committee (IFC) may transfer funding from the Education Stabilization Account to the State Education Fund if it determines that actual enrollment for a fiscal year (FY) exceeds the projected enrollment growth or the collection of revenue in any fiscal year will result in the State Education Fund receiving 97 percent or less of the money authorized for expenditure.

Pursuant to NRS 387.1213, the balance in the Education Stabilization Account must not exceed 15 percent of the total of all appropriations and authorizations from the State Education Fund for the preceding fiscal year. Any remaining balance that exceeds that amount must instead be transferred to the State Education Fund, also known as the Pupil-Centered Funding Plan (PCFP) Account.

The Education Stabilization Account was initially funded with a \$50 million loan from the General Fund approved in the Eighty-first Session. The Office of the Governor, Office of Finance (GFO) indicated that General Fund loan will be fully repaid during the FY 2022-2023 closing process.

On page 4 of K-12 Higher Education, CIP Joint Subcommittees Closing List #8 ([Exhibit C](#)), there is one Major Closing Issue for B/A 203-2608, the projected

transfers and statutory changes for the account. The Governor recommends allowing the account to be used to provide advances to the PCFP B/A 203-2609 if needed for cash flow purposes; not including a balance forward amount from the account to the PCFP, although it appears the account would reach its statutory cap of 15 percent at the end of FY 2022-2023; and not including the account in the Executive Budget, which would allow this budget to operate outside the requirements of the State Budget Act and IFC review and approval in certain circumstances.

EDUCATION

DEPARTMENT OF EDUCATION

NDE - Pupil-Centered Funding Plan Account — Budget Page
K-12 EDUCATION-12 (Volume I)
Budget Account 203-2609

During the K-12 Education work session on March 31, 2023, the Subcommittees discussed all these items including cash flow of monthly payments from the PCFP account that begin in late July of each fiscal year. This is an issue as some revenue is received in the account in later months after its collection. General Fund appropriations are used to fund expenditures in this budget at the start of the year. Once the General Fund appropriations are spent, the budget may reflect a negative balance until other revenue resources are deposited in the account.

To address this issue, the Eighty-first Session approved the K-12 Education Funding Bill that allowed the transfer of General Fund appropriations between fiscal years without IFC approval. That authority would only assist with cash flow in the first year of the biennium. In the second year, there would not be General Fund appropriations to transfer from year one to year two.

In FY 2021-2022, revenue in the PCFP account exceeded forecasts. This allowed funding totaling approximately \$527 million to be balanced forward in the budget from FY 2021-2022 into FY 2022-2023. Despite that excess revenue and lower than projected enrollment, in April 2022, the GFO processed a non-IFC work program that transferred General Fund appropriations of

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\$88 million from FY 2022-2023 into FY 2021-2022. That transfer provided the temporary cash flow needed to make payments from the account. The GFO later transferred \$88 million back to again reflect the Legislatively-approved General Fund appropriations in the PCFP account.

The NDE indicates its intent is to utilize funding in the Education Stabilization Account to provide advances to the PCFP account. Assembly Bill (A.B.) 458 would allow that to occur.

ASSEMBLY BILL 458: Revises provisions relating to the financial support of public schools. (BDR 34-1080)

Assembly Bill 458, as introduced, would not require IFC approval for such advances. The balance forward as mentioned previously in FY 2021-2022 funding totaling approximately \$527 million was balanced forward in the budget from FY 2021-2022 into FY 2022-2023. It appears a similar amount of excess revenue would also be available in FY 2022-2023. Despite that, the Executive Budget does not include a balance forward in the PCFP reflecting the increased balance forward and the cap being reached in the Education Stabilization Account.

When asked during the PCFP budget hearing about the inclusion of the PCFP in the Executive Budget, the director of the GFO indicated this recommendation was consistent with the State's Account to Stabilize the Operation of the State Government, commonly known as the State Rainy Day Fund, which is also not reflected in the Executive Budget. As previously mentioned, IFC may transfer funding from the Education Stabilization Account if actual enrollment is greater than projected or if the collection of revenue in the State Education Fund is 97 percent or less of the money authorized for expenditure.

On page 6 of Exhibit C, A.B. 400 has been introduced by the Governor. This bill as introduced, would implement changes for the distribution of funding and the Education Stabilization Account. The Education Stabilization Account will not be required to retain its interest earnings. This revenue will be transferred to the existing Teach Nevada Scholarship Program Account and the new Nevada Teacher Advancement Scholarship Program Account. Assembly Bill 400 will require funding in excess of 15 percent in the Education Stabilization

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Account to be transferred to the new State Teacher Pipeline Account and the new Early Childhood Literacy and Readiness Account.

ASSEMBLY BILL 400: Revises various provisions relating to education.
(BDR 34-1088)

During the work session on March 31, 2023, the Subcommittees discussed cash flow and members of the Subcommittees appeared to favor utilizing the Education Stabilization Account to provide advances to the PCFP account as proposed in A.B. 458. The Subcommittees favored requiring IFC approval for such advances. After the work session, NDE and GFO expressed concerns regarding cash flow specifically due to the increased share of non-General Fund revenue projected for the PCFP and possible delays in receiving that funding.

The Subcommittees could consider providing NDE with authority to obtain an advance from the General Fund in addition to the advances from the Education Stabilization Account. This authority was provided under the former Nevada Plan K-12 funding formula. Given the Subcommittees' interest in requiring IFC approval for advances from the Education Stabilization Account, they may also want to require IFC approval for advances from the General Fund, if advances from the General Fund are approved. This will keep the Legislature and the IFC aware of revenue and cash flow issues with the PCFP and keep IFC informed of NDE's and GFO's plan to address those issues.

The balance forward provisions in NRS 387.1213 are discussed on page 7 of Exhibit C. At the work session, members of the Subcommittees discussed the Education Stabilization Account balance and that it might exceed the 15 percent cap of all appropriations and authorizations from the State Education Fund. The Subcommittees also discussed the Governor's submission of A.B. 400, but members of the Subcommittees favored continuing to utilize the current transfer and 15 percent cap reflected in NRS 387.1213. Members of the Subcommittees also expressed interest in increasing the Education Stabilization Account cap to 20 percent for the transfer that would occur at the end of the 2023-2025 biennium.

After the work session, NDE was provided with updated FY 2022-2023 revenue projections that were prepared by the Legislative Counsel Bureau (LCB),

Fiscal Analysis Division and GFO. The NDE also prepared their projected FY 2022-2023 expenditure projections. The table on page 7 of [Exhibit C](#) provides those revenue and expenditure projections. The NDE calculates a remaining ending fund balance in the PCFP of \$1.1 billion, and the Department projects the Education Stabilization Account can have up to a 15 percent cap of \$826.2 million. The amount above the 15 percent cap, \$291.4 million, would be transferred to the PCFP account.

Based on the Department's projections, the Subcommittees could recommend approval of funding of \$826.2 million in FY 2023-2024 in the Education Stabilization Account. Since this account has no projected expenditures, funding could be placed in reserve.

On page 8 of [Exhibit C](#), there is discussion about the inclusion of the Education Stabilization Account in the Executive Budget. The Subcommittees could provide a recommendation on B/A 203-2608 to the Full Committee for closing. Fiscal staff would include it in the 2023 K-12 Education Funding Bill which would make this budget account subject to the various provisions of the State Budget Act including IFC review and approval.

After the work session, Fiscal staff met with NDE staff who had concerns about a minor 3 percent or less revenue shortfall in the PCFP account. The IFC may allocate funding from the Education Stabilization Account to the PCFP account if there is 97 percent or less of the authorized revenue collected. The NDE requested revisions to the allowable use of the Education Stabilization Account to allow IFC to approve transfers from the account for any shortfalls in authorizations for expenditures.

Finally, the GFO working with the Office of the State Treasurer prepared interest projections for the Education Stabilization Account based on projected balances. The Education Stabilization Account is projected to generate interest revenue of \$25.6 million in FY 2023-2024 and \$27.2 million in FY 2024-2025. The Subcommittees may wish to approve these interest projections so they can be reflected in the account for the 2023-2025 biennium. Since this account has no projected expenditures, this funding could also be placed in reserves.

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On page 9 of [Exhibit C](#) are the decisions for the Subcommittees. Do the Subcommittees wish to recommend approval of NDE's projections that would provide funding of \$826.2 million for the Education Stabilization Account and a balance forward of \$291.4 million into the PCFP at the beginning of FY 2023-2024?

Do the Subcommittees wish to recommend approval of the GFO's and the Office of the State Treasurer's interest revenue projections, which would provide the Education Stabilization Account with interest revenue of \$25.6 million in FY 2023-2024 and \$27.2 million in FY 2024-2025?

Do the Subcommittees wish to recommend approval of revising NRS 387.1213, through passage of [A.B. 458](#) or other enabling legislation to allow funding from the Education Stabilization Account to be used to provide advances to the PCFP Account if needed for cash flow purposes and recommend the PCFP be eligible for advances from the General Fund with IFC approval, if necessary and only if advances from the Education Stabilization Account would not provide the necessary cash flow for payments? This authority for a General Fund advance could be provided through [A.B. 458](#) or language in the 2023 K-12 Education Funding Bill.

Do the Subcommittees wish to recommend approval of revising NRS 387.1213 through the passage of enabling legislation beginning October 1, 2023, to increase the Education Stabilization Account cap from 15 percent of all appropriations and authorizations from the State Education Fund for the prior fiscal year excluding the Education Stabilization Account to 20 percent of all appropriations and authorizations for the prior fiscal year?

Do the Subcommittees wish to recommend revising NRS 387.1213 through the passage of enabling legislation to allow IFC to transfer funding from the Education Stabilization Account to the State Education Fund if there are any reductions in the collection of non-General Fund revenue in the PCFP account?

Do the Subcommittees wish to recommend approval of the Education Stabilization Account by the Full Committees and included in the 2023 K-12 Education Funding Bill, making the account subject to the provisions of the State Budget Act?

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Do the Subcommittees wish to recommend approval of authority for Fiscal staff to make technical adjustments as necessary?

SENATOR NEAL:

I read in A.B. 400 and its amendments, the Bill will allow for deferred maintenance for local school districts. How does this Bill relate to the Education Stabilization Account? I understand large school districts have bonding authority for capital improvements. Will the money in the Education Stabilization Account be used for deferred maintenance? Why would we roll deferred maintenance into another part of the budget?

MR. DROST:

I cannot speak to that deferred maintenance section of the Bill, but A.B. 400 as it relates to the Education Stabilization Account, seeks to change the interest earnings and the distribution for the Education Stabilization Account. The account may maintain its interest earnings, but under A.B. 400 as introduced, those interest earnings would instead be transferred to other programs. In addition, rather than the straight 15 percent in the Education Stabilization Account cap and the other funding flowing forward to the PCFP account, A.B.400 also allows a change that would have that funding flow to other categorical programs for NDE.

SENATOR SEEVERS GANSERT:

It makes sense to increase the Education Stabilization Account cap from 15 percent to 20 percent. Any amounts over the cap will continue to go into the PCFP. The interest is coming in consistently at about \$25 million per year. I like some of the ideas the Office of the Governor has proposed to move the interest into the State Teacher Pipeline Account or the Early Childhood Literacy and Readiness Account.

The PCFP has its own funding stream outside of the Executive Budget. I like using interest instead of General Fund monies to pay for programs outside of the PCFP and at the same time, we are increasing the level of savings in the Education Stabilization Account. It is not exactly what is being proposed, but it is not a bad idea to carve out the interest income for programs related to education and not put that into the PCFP.

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ASSEMBLYMAN YEAGER:

It makes sense to take this interest and balance it forward into the PCFP, which means that goes directly into the classrooms. There is an upcoming presentation about potentially using the Education Stabilization Account to maintain funding of the formula.

I am concerned the interest income will not be consistent throughout the biennium. I agree the programs stated in A.B. 400 are worthy programs. There needs to be a discussion about the right size for those programs and how we fund them out of the General Fund. I support the \$291.4 million being balanced forward. That level of funding from interest income will not be available going forward using what is planned with the cash flow of the Education Stabilization Account. This is a worthy plan, and it puts another \$291 million into the PCFP.

SENATOR CANNIZZARO:

I echo Speaker Yeager's concerns about the stability of the interest earnings, the excess revenue and needing a different conversation. What we have been talking about relates to the current status of the Education Stabilization Account and how additional money may flow into the PCFP. We can have a separate conversation about A.B. 400, but nothing we are doing today affects it or the passage of A.B. 400.

SENATOR SEEVERS GANSERT:

I would like to see a cash flow report quarterly or when we have IFC meetings on the Education Stabilization Account so we can understand how this will work.

MR. DROST:

The Subcommittees expressed interest in having IFC approval whenever there is an advance from the Education Stabilization Account and the General Fund as shown on page 9 of [Exhibit C](#).

The current proposal before the Subcommittees is existing language in NRS. The 15 percent cap for the Education Stabilization Account and anything beyond that amount flows to the PCFP account beginning in FY 2023-2024, then it raises to 20 percent the following biennium.

ASSEMBLYWOMAN BACKUS MOVED TO RECOMMEND TO THE FULL COMMITTEES: TO APPROVE THE NEVADA DEPARTMENT OF EDUCATION'S PROJECTIONS THAT WOULD PROVIDE FUNDING OF \$826.2 MILLION FOR THE EDUCATION STABILIZATION B/A 203-2608 AND A BALANCE FORWARD OF \$291.4 MILLION INTO THE PCFP B/A 203-2609 AT THE BEGINNING OF FY 2023-2024; APPROVE THE GFO'S AND THE OFFICE OF THE STATE TREASURER'S INTEREST REVENUE PROJECTIONS, WHICH WOULD PROVIDE THE EDUCATION STABILIZATION ACCOUNT WITH INTEREST REVENUE OF \$25.6 MILLION IN FY 2023-2024 AND \$27.2 MILLION IN FY 2024-2025; REVISE NRS 387.1213 THROUGH PASSAGE OF A.B. 458 OR OTHER ENABLING LEGISLATION TO ALLOW FUNDING FROM THE EDUCATION STABILIZATION ACCOUNT TO BE USED TO PROVIDE ADVANCES TO THE PCFP ACCOUNT IF NEEDED FOR CASH FLOW PURPOSES; MAKE THE PCFP ELIGIBLE FOR ADVANCES FROM THE GENERAL FUND WITH IFC APPROVAL, IF NECESSARY AND ONLY IF ADVANCES FROM THE EDUCATION STABILIZATION ACCOUNT WOULD NOT PROVIDE THE NECESSARY CASH FLOW FOR PAYMENTS; PROVIDE AUTHORITY FOR A GENERAL FUND ADVANCE THROUGH A.B. 458 OR LANGUAGE IN THE 2023 K-12 EDUCATION FUNDING BILL; REVISE NRS 387.1213 THROUGH THE PASSAGE OF ENABLING LEGISLATION, BEGINNING OCTOBER 1, 2023, TO INCREASE THE EDUCATION STABILIZATION ACCOUNT CAP FROM 15 PERCENT OF ALL APPROPRIATIONS AND AUTHORIZATIONS FROM THE STATE EDUCATION FUND FOR THE PRIOR FISCAL YEAR, EXCLUDING THE EDUCATION STABILIZATION ACCOUNT, TO 20 PERCENT OF ALL APPROPRIATIONS AND AUTHORIZATIONS FOR THE PRIOR FISCAL YEAR; REVISE NRS 387.1213 THROUGH THE PASSAGE OF ENABLING LEGISLATION TO ALLOW IFC TO TRANSFER FUNDING FROM THE EDUCATION STABILIZATION ACCOUNT TO THE STATE EDUCATION FUND IF THERE ARE ANY REDUCTIONS IN THE COLLECTION OF NON-GENERAL FUND REVENUE IN THE PCFP ACCOUNT; RECOMMEND THE EDUCATION STABILIZATION ACCOUNT BE CLOSED BY THE FULL COMMITTEES AND INCLUDED IN THE 2023 K-12 EDUCATION FUNDING BILL, THEREBY MAKING THE ACCOUNT SUBJECT TO THE PROVISIONS OF THE STATE BUDGET

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ACT; AND PROVIDE FISCAL STAFF AUTHORITY TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR CANNIZZARO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

* * * * *

MR. DROST:

The next budget is the PCFP B/A 203-2609 as shown on Page 11 of [Exhibit C](#). This is the formula by which the State provides funding for K-12 education to school districts, charter schools and university schools for profoundly gifted pupils (USPGP) which is the Davidson Academy on the University of Nevada, Reno, campus.

A brief overview of the plan on page 11 of [Exhibit C](#) states the allocation of planned funding is provided for food service and transportation costs of school districts; local funding to support pupils with disabilities, in other words, special education pupils; base per pupil funding along with adjustment factors for the cost of living, cost of labor, and increased costs to operate schools in attendance areas with lower population densities; and weighted funding for English Learner, at-risk, and gifted and talented pupils. The PCFP allows school districts, charter schools and USPGP to retain a reasonably similar level of funding on a per pupil basis under the plan as they received in FY 2019-2020.

Budget account 203-2609 includes only a base decision unit for revenue and expenditures. Major Closing Issue 1 is on page 12 of [Exhibit C](#). The Governor recommends total revenue of \$10.9 billion over the 2023-2025 biennium for the plan. This is a total increase of \$2 billion compared to the amount approved by the Legislature for the 2021-2023 biennium. This increase is entirely due to projected increases in non-General Fund revenue. The Governor recommends no change in General Fund appropriations compared to the Legislatively-approved amount for the 2021-2023 biennium.

The PCFP is a revenue-based funding formula with revenue determining funding for K-12 education rather than using expenditures. Page 13 of [Exhibit C](#) discusses the General Fund appropriations. The NRS requires the Governor, as practicable, to recommend General Fund appropriations for the State Education Fund based on the State's Economic Forum revenue projections in comparison to the combined rate of inflation and the growth of enrollment. The [Executive Budget](#) does not reflect an increase in General Fund appropriations since the Governor has the authority to determine such an increase would be impracticable and may otherwise recommend a level of K-12 Education funding he determines to be appropriate. Although the Governor is provided with authority to make such a determination, NRS 387.12455, subsection 5, also requires the recommendation be accompanied by proposed legislation from the Governor to improve the method by which funding for public schools is determined. The Governor submitted [A.B.459](#) to comply with this NRS requirement.

[ASSEMBLY BILL 459](#): Revises provisions relating to education funding.
(BDR 34-1082)

The Department of Education was asked to provide its calculation of the General Fund appropriations that would have been provided for the plan had the Governor determined it was practicable. The amount provided was \$121 million over the 2023-2025 biennium as shown on page 14 of [Exhibit C](#).

Other revenue for the plan includes the Net Proceeds of Minerals for the school districts, and Net Proceeds of Minerals for the State. The Net Proceeds of Minerals for the school district is collected in one fiscal year but per the Nevada Constitution, must be provided back to the school districts and per NRS must be spent in the following year from its collection. There is another revenue stream called Net Proceeds of Minerals for the State. Senate Bill No. 3 of the 31st Special Session required the Net Proceeds of Minerals taxpayers to make an estimated payment to the General Fund to add funding for the State General Fund in FY 2020-2021, as the State dealt with the economic downturn during COVID-19.

As the Governor prepared his budget following current law, there was no revenue projected to be collected from the General Fund portion of this tax in

FY 2023-2024 as the true-up payment was going to occur in that fiscal year. However, further revisions were made to the Net Proceeds of Minerals for the State through its passage of A.B. No. 495 of the 81st Session which requires this funding be deposited in the State Education Fund beginning in FY 2023-2024. Based on the recent provisions of S.B. 124 that were passed by the Eighty-second Legislature, the prepayment true-up will be moved from FY 2023-2024 in the State Education Fund to FY 2022-2023 in the General Fund. This will reduce funding in the General Fund in FY 2022-2023 by approximately \$70.3 million and provide additional revenues of \$37.5 million for the State Education Fund in FY 2023-2024 based on the May 2023 consensus State Education Fund forecast prepared by LCB Fiscal Analysis Division and the GFO.

SENATE BILL 124 (3rd Reprint): Revises provisions relating to the tax upon the net proceeds of minerals and royalties of mining operations. (BDR 32-908)

Other revenue found on page 15 of Exhibit C includes the agriculture fines for school districts. *Nevada Revised Statutes* allows the Director of the Nevada Department of Agriculture (NDA) to assess fines for the application of pesticides. This revenue is provided back to the school districts in which the violation occurred. This has provided minor funding of approximately \$11,000 annually. Since it was the intent of the Legislature to account for all revenue allocated to the school districts in the PCFP, the Subcommittees could consider revising the statute to instead have this revenue deposited in the State Education Fund.

The Education Stabilization Account has been previously discussed and is shown on pages 15 and 16 of Exhibit C.

The hearing discussion and post-hearing information update is on page 18 of Exhibit C. The Executive Budget does not increase General Fund appropriations for the PCFP. During the budget hearing, the Subcommittees asked why the Governor did not recommend an increase in General Fund appropriations. In response, the GFO stated that the Executive Budget reflects a significant increase for K-12 education through the dedicated revenue streams which provided an increase in the Statewide base per pupil amount and weighted pupil

funding. The GFO Director indicated the Governor maintains this provided an opportunity to use General Fund appropriations for other critical State functions.

During the closing of NDE Other State Education programs B/A 101-2699, the Subcommittees recommended not approving the Governor's recommendation for a new dual language pilot program. This was in recognition of the Legislature's intent to limit the number of K-12 education categorical programs. The Subcommittees recommended transferring the revised General Fund appropriations of \$5.3 million over the 2023-2025 biennium that had been recommended for the dual language pilot program to the PCFP to support the program. This provides an additional \$5.3 million for the PCFP beyond what the Governor recommends.

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The Eighty-second Session has also taken other action to modify the funding that would be provided to the PCFP through the passage of S.B. 124. This provided additional Net Proceeds of Minerals revenue for the plan in FY 2023-2024 by moving the prepayments true-up from FY 2023-2024 in the State Education Fund to FY 2022-2023 in the General Fund.

Prior to this legislation passing and being signed by the Governor, the elimination of the prepayments would have occurred in FY 2023-2024 causing no revenue to be provided by the Net Proceeds of Minerals for the State in the State Education Fund in FY 2023-2024 when the Executive Budget was prepared. It was originally estimated that approximately \$70.3 million would be provided to the State Education Fund because of the prepayment being eliminated in FY 2022-2023; however, the amount forecasted for Net Proceeds of Minerals for the State is anticipated to be \$37.5 million in FY 2023-2024 based on the consensus forecast developed by the GFO and LCB Fiscal Analysis Division.

As previously mentioned, the Director of the NDA can assess fines which could be deposited in the State Education Fund to support the PCFP. That would require a change to NRS 387.1212. That section of statute reflects most

revenue provided for K-12 Education. There are two revenue sources that could be added to that section and would provide members of the public a comprehensive list of all money provided to the fund which could be referenced by the State Treasurer's Office, State Controller's Office and the GFO.

The two additional revenue sources, donations from individuals entitled to unclaimed property and the remainder of the 15 percent excise tax on the sale to wholesalers of recreational marijuana not used for administrative costs are on page 19 of [Exhibit C](#). Those items are currently allowed to be deposited in the State Education Fund, but they are not reflected in NRS 387.1212.

The revenue projections provided for the PCFP are based on a consensus estimate by GFO and the LCB Fiscal Analysis Division. In December 2022, those revenue forecasts were prepared and used as the basis for the Executive Budget. However, an updated consensus forecast was prepared in May 2023. Based on those updates and including the various revenue items previously mentioned, which include the Net Proceeds of Minerals prepayment true-up, the NDA fines and the balance forward from the Education Stabilization Account as discussed in the previous budget non-General Fund revenue for the plan is projected to increase by \$313.2 million or 3.8 percent over the 2023-2025 biennium when compared to the projected amounts in the Executive Budget.

Page 41 of [Exhibit C](#) shows the Legislatively-approved revenue for the State Education Fund in the first column. The next three columns show the PCFP revenue as recommended by the Governor for the FY 2023-2024, FY 2024-2025 and the biennium total. The next columns are the May 2023 updates for FY 2023-2024, FY 2024-2025 and the biennium total. The final two columns compare the Executive Budget to the May 2023 projections.

The largest change includes the balance forward from the prior year, largely due to the balance forward from the Education Stabilization Account reaching its statutory cap of 15 percent and that excess balancing forward in the PCFP account. The local school support tax or sales tax decreased by \$26.7 million, and property tax increased by \$17 million. The Net Proceeds of Minerals for the State increased by \$28.5 million largely due to S.B. 124 that

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was discussed earlier. The gold and silver tax decreased by \$12 million and Nevada State Treasurer's interest increased by \$17 million.

Including the Governor's recommended General Fund appropriations, the transfer of General Fund appropriations from the dual language program and adjusting for Net Proceeds of Minerals revenue for school districts, total revenue for the PCFP is projected to be \$11.2 billion over the 2023-2025 biennium as shown on page 20 of [Exhibit C](#). That is an increase of approximately \$318.5 million or 2.9 percent when compared to the recommended funding in the [Executive Budget](#). There is a typo on page 20 of [Exhibit C](#). It indicates \$318.5 billion which should be \$318.5 million. Total funding for the PCFP of \$11.2 billion over the upcoming biennium reflects an increase of \$2.3 billion, or 26.2 percent, from the funding of \$8.9 billion approved in the Eighty-first Session for the PCFP in the 2021-2023 biennium.

The decisions for the Subcommittees are on page 21 of [Exhibit C](#). Do the Subcommittees wish to recommend approval of total funding for the plan of \$11.2 billion over the 2023-2025 biennium for the PCFP which includes the updated revenue projections for the PCFP based on the consensus forecast provided by LCB Fiscal Analysis Division and GFO which projects non-General Fund revenue of \$4 billion in FY 2023-2024 and \$4.2 billion in FY 2024-2025; NDE projected balance forward amount in the PCFP account from FY 2022-2023 into FY 2024-2025 of \$291.4 million; the Governor recommended General Fund appropriations for the PCFP account that when combined with the transferred funding from the new dual language pilot program would provide appropriations of \$2.6 billion over the 2023-2025 biennium; and NDA fine revenue of \$11,000 in each year of the 2023-2025 biennium?

In addition, do the Subcommittees also wish to recommend the Senate Committee on Finance and the Assembly Ways and Means Committee request a bill draft to amend NRS 555.470 to require revenue currently distributed to school districts through the NDA's Agriculture Fines budget to instead be deposited to the State Education Fund and reflect annual revenue of \$11,000 in each year of the 2023-2025 biennium and amend NRS 387.1212 to reflect the NDA fines and all other revenue currently provided to the State

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Education Fund? Fiscal staff requests authority to enter technical adjustments as necessary.

SENATOR SEEVERS GANSERT:

We have a significant increase in overall funding, 26.2 percent over the 2021-2023 biennium. We have all this money but are not necessarily going to assess the different programs to see if they are working. With another \$5.3 million, we will now have dual language programs or pilot programs. We need guard rails. The only measurements we will have left are exams which test the student, not the program effectiveness. We should be adding back the program assessments so we can address the funding accordingly.

We need to make sure we are not just talking about money; we need to be talking about outcomes and performance. These programs must work to lift our children up because in the end, it is about education and how our students are doing. The reason we keep adding more money is to make sure teachers are paid, that we can lower class sizes, and we can have effective programs.

ASSEMBLYWOMAN MONROE-MORENO:

When we started this Legislative Session, we knew we had \$2 billion going into our PCFP account. We have heard throughout this Session from our educators and staff who are working with our kids, the programs we have are working. We have seen kids come to testify about keeping those programs; some programs are doing extremely well.

We are adding an additional \$318.5 million which brings us to a 26.2 percent increase into the PCFP. We cannot negotiate collective bargaining contracts. I know there are superintendents in some districts who are listening. I encourage our superintendents in all our districts to look at this additional funding they will receive and put that money into the paychecks of our educators and staff. If staff does not have money to do the job, we will not be able to keep them. I also encourage them to put that money into the classrooms and into the resources that our educators need.

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CHAIR DONDERO LOOP:

I know how hard teachers are working. They are professionals who are taught to do assessments, and they take those professional skills into the classroom every day. I agree with my colleague.

SENATOR TITUS:

On page 20 of [Exhibit C](#), the Net Proceeds of Minerals are projected to increase to \$67.3 million. However, the table on page 41 reflects the Net Proceeds of Minerals decreased by 16 percent. What is the volatility of that revenue source?

MR. DROST:

What that indicates is the Net Proceeds of Minerals for the State portion is increasing from \$67.3 million as the Governor recommended for the upcoming biennium in that bold column to \$95.8 million based on the updated projections.

The increase is largely due to [S.B. 124](#) passing and the Governor signing it. That is the additional revenue in FY 2023-2024. That revenue decreased from what we projected. In speaking with our revenue team, it sounds as though the prepayment occurred in 2022 and many overpayments occurred, so the true-ups occurring in FY 2023-2024 lowered the revenue. In addition, the revenue team indicated the mining industry has experienced decreased production and increased deductions, which has also affected that revenue.

SENATOR TITUS:

That is exactly what I worry about, and I want to be mindful of the variability of those factors when we make decisions about education funding.

ASSEMBLYWOMAN BACKUS MOVED TO RECOMMEND TO THE FULL COMMITTEES AS SHOWN ON PAGE 21 OF [EXHIBIT C](#), TO APPROVE TOTAL FUNDING FOR THE PCFP B/A 203-2609 OF \$11.2 BILLION OVER THE 2023-2025 BIENNIUM, WHICH INCLUDES UPDATED REVENUE PROJECTIONS FOR THE PCFP BASED ON THE CONSENSUS FORECAST PROVIDED BY LCB FISCAL ANALYSIS DIVISION AND THE GFO WHICH PROJECTS NON-GENERAL FUND REVENUE OF \$4.0 BILLION IN FY 2023-2024 AND \$4.2 BILLION IN FY 2024-2025; INCLUDING THE NDE PROJECTED BALANCE FORWARD AMOUNT IN THE PCFP ACCOUNT FROM FY 2022-2023 INTO FY 2023-2024 OF

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\$291.4 MILLION; AND THE GOVERNOR RECOMMENDED GENERAL FUND APPROPRIATIONS FOR THE PCFP ACCOUNT THAT WHEN COMBINED WITH THE TRANSFERRED FUNDING FROM THE NEW DUAL LANGUAGE PILOT PROGRAM WOULD PROVIDE APPROPRIATIONS OF \$2.6 BILLION OVER THE 2023-2025 BIENNIUM; AND NDA AGRICULTURE FINE REVENUE OF \$11,000 IN EACH YEAR OF THE 2023-2025 BIENNIUM; REQUEST A BILL DRAFT TO AMEND NRS 555.470 TO REQUIRE REVENUE CURRENTLY DISTRIBUTED TO SCHOOL DISTRICTS THROUGH THE NDA'S AGRICULTURE FINES BUDGET TO INSTEAD BE DEPOSITED TO THE STATE EDUCATION FUND AND REFLECT ANNUAL REVENUE OF \$11,000 IN EACH YEAR OF THE 2023-2025 BIENNIUM AND AMEND NRS 387.1212 TO REFLECT THE NDA AGRICULTURE FINES AND ALL OTHER REVENUE CURRENTLY PROVIDED TO THE STATE EDUCATION FUND; AND WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR CANNIZZARO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MR. DROST:

Major Closing Issue 2 in B/A 203-2609 is the base and adjusted base per pupil, weighted and other funding from the PCFP account. I will provide an update to the plan based on the direction the Subcommittees provided during the work session on March 31, 2023.

On page 22 of [Exhibit C](#), funding for food service and transportation costs in the [Executive Budget](#) is calculated using reports provided by each school district, charter school, and the USPGP as required by NRS 387.303. In addition, local funding to support pupils with disabilities is also based on information collected by the school districts and charter schools as required by NRS 387.303.

The Governor calculated the Statewide base per pupil funding amount for the Executive Budget, shown on page 23 of [Exhibit C](#), based on an inflationary increase of 4.52 percent in each year, residual funding that is available for the plan and a proportional reduction to balance to the revenue in the plan. The Statewide base per pupil amount is \$8,596 in FY 2023-2024 and \$9,023 in FY 2024-2025. The table on page 23 documents the Consumer Price Index increase used in the Executive Budget.

The enrollment projections provided by the Governor on page 24 of [Exhibit C](#) show approximately 475,000 pupils are projected for FY 2023-2024 and 476,000 pupils in FY 2024-2025. The cost adjustment factor established for each county by NRS 387.1215 is discussed on page 25 of [Exhibit C](#). Known as the Nevada Cost of Education Index, the factor is comprised of two components: the Comparative Wage Index and the Regional Price Parities Index. The Governor recommends applying a floor of 1.0 to this index, which would allow the index to not take from any districts based on the application of that floor. On page 26 of [Exhibit C](#) is a table listing the Legislatively-approved Nevada Cost of Education Index for all counties and the index recommended by the Governor. In the far-right column, only Clark County received an index greater than 1.0 and will receive additional funding based on that index in the Executive Budget.

On the bottom of page 26 of [Exhibit C](#) is the attendance area adjustment. An attendance area adjustment is established for each portion of a school district to account for the increased cost to provide services in areas with lower population densities. Charter schools that provide in-person instruction receive the same attendance area adjustment on a per pupil basis that a public school within a school district at the same location would receive.

On page 27 of [Exhibit C](#) is a table of the Governor's recommended adjusted base per pupil funding amounts. Three school districts, Esmerelda, Eureka and Storey County would be placed under the FY 2019-2020 baseline funding or hold harmless provisions under the PCFP, providing them with a reasonably similar level of funding on a per pupil basis as they received in FY 2019-2020.

Discussed on page 28 of [Exhibit C](#), is the dual enrollment and online school districts. The 2021 Legislature provided NDE with a letter of intent directing the

Department to work with the Commission on School Funding to review high school dual enrollment programs to determine if there are any recommended funding changes for those programs. Also to be reviewed are online schools operated by school districts to determine if the funding provided to full-time students at those schools should align with the funding provided to online charter schools, which only receive the Statewide base per pupil funding amount.

The Commission on School Funding studied these two items over the 2021-2022 Interim and recommended no changes for the high school dual enrollment programs but recommended the online schools operated by school districts receive funding aligned with the charter schools. That recommendation was not included in the Executive Budget.

The Executive Budget provides a weighted funding for English Learner, at-risk, and gifted and talented pupils as discussed on page 29 of [Exhibit C](#). Funding for these pupils is based on the audited October 1, 2022, enrollment counts applied for both FY 2023-2024 and FY 2024-2025, with pupils eligible for special education funding excluded from this count. Per NRS, a student only receives the greatest weight for which that pupil is eligible. The Governor recommends a weight of 0.50 for English Learner pupils, a weight of 0.30 for at-risk pupils, and a weight of 0.12 for gifted pupils. The Governor's recommendation for the identification of at-risk pupils changed from the use of the free and reduced-price lunch program to the graduation-related analytic data (GRAD) score calculated using data from the Infinite Campus Student Data System. The revised methodology resulted in a dramatic decrease in the number of at-risk pupils being funded in this category.

The October 1, 2022, enrollment counts were used to identify these pupils. The NDE would like the authority to update its weighted enrollment counts for FY 2024-2025 using October 1, 2023, enrollment counts. The NDE would come to IFC and request authority to transfer authority between categories or request funding from the Education Stabilization Account if an increase in funding is needed to support the additional costs in the second year of the biennium.

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Based on the Governor's recommendation, the total funding for the PCFP by school district, charter schools as a group and the USPGP is provided on page 31 of [Exhibit C](#). The Subcommittees provided direction to NDE and Fiscal staff for updates on the PCFP which begins on page 32.

The Commission on School Funding recommended transportation funding be provided to charter schools and the USPGP. The Executive Budget does not recommend that funding be provided to those schools. During the work session, the Subcommittees favored approving the Governor's recommendation in the Executive Budget to continue only providing transportation funding to school districts and continuing to exclude charter schools and the USPGP from receiving this funding. The updated PCFP continues to reflect only school districts receiving transportation funding.

During the budget hearing, it was noted there appeared to be various anomalies related to the local funding to support pupils with disabilities. In response, NDE continued to work with school districts and charter schools to determine if any corrections were needed for the FY 2021-2022 revenue and expenditure information that was reported in compliance with NRS 387.303. After this work was completed, NDE updated its NRS 387 report that serves as a basis for the local funding to support pupils with disabilities. Based on those corrections, NDE increased funding for this funding tier by an additional \$10 million.

The NDE identified an issue whereby school district sponsored charter schools are receiving this funding from their sponsoring school district and on an individual school basis through the PCFP. The NDE and GFO agreed this funding, which was not excluded from the initial calculation in the Executive Budget, should be excluded from the funding tier. This change appears reasonable as the charter schools would have received this funding from both the school district and the State under the former calculations. Accordingly, the funding provided by the sponsoring school district has been excluded from the updated PCFP model.

On page 32 of [Exhibit C](#), is the inflationary adjustment calculation. The Governor recommends increasing the Statewide base per pupil amount by the 4.52 percent consumer price index inflationary increase from calendar

year (CY) 2020 to CY 2021. The State has continued to experience inflationary increases from CY 2021 to CY 2022 reflecting an 8.01 percent increase.

During the budget hearing and the subsequent work session, there was discussion about the use of an inflationary increase from a single period to budget for future increases. The Subcommittees favored using the Governor's recommended increase of 4.52 percent which is consistent with NRS. The Subcommittees also favored using a three-year average to calculate this change in the future. This would allow for smoothing of drastic annual increases or decreases. The Subcommittees may wish to recommend NRS 387.1214 and NRS 387.12455 be revised effective July 1, 2023, to define the rate of inflation for the PCFP as the percentage increase or decrease of the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the United States Department of Labor for the immediately preceding three calendar years.

The enrollment update is on page 33 of [Exhibit C](#). The table provided by NDE updates FY 2022-2023 enrollment numbers. The Department now estimates a total of 470,812 pupils in FY 2022-2023 and estimates a 0.1 percent increase in future fiscal years. As compared to the Executive Budget, this is a reduction of approximately 4,400 pupils in each year of the upcoming biennium.

The updated PCFP model reflects the updated NDE enrollment projections. Although there may be uncertainty regarding future enrollment, IFC may transfer funding from the Educational Stabilization Account to the State Education Fund if the Committee determines funding is needed due to actual enrollment exceeding projections.

Based on the various updates for the PCFP, the Statewide base per pupil funding amount was increased as shown on page 34 of [Exhibit C](#). The Executive Budget recommended \$8,596 for FY 2023-2024, but that number has been increased to \$8,966 based on the update. In FY 2024-2025 the Governor recommended \$9,023, which has been increased to \$9,414. This reflects approximately a 5 percent increase in the second year of the biennium consistent with the Executive Budget.

During the work session, the Subcommittees recommended accepting the Commission on School Funding's recommendation to apply a cost adjustment factor index of 1.00 for all counties for the 2023-2025 biennium only. Accordingly, an index of 1.00 has been applied in the updated PCFP model which has effectively removed any funding adjustment for that index. The Subcommittees may also wish to recommend the Full Committees issue a letter of intent to the Department of Education to work with the Commission on School Funding to study and recommend changes to the Nevada Cost of Education Index so a cost adjustment factor may be applied to the PCFP as specified in NRS.

During the work session, the Subcommittees expressed concern about school districts receiving FY 2019-2020 baseline funding that also operate online schools and the possible interplay between those two factors. The Subcommittees recommended approving the Governor's recommendation to continue to provide online school district schools with the adjusted base per pupil funding amount. The Subcommittees also expressed interest in recommending the Full Committees issue a letter of intent to NDE requiring it to work with the Commission on School Funding to study the effect and develop recommendations on providing school districts receiving FY 2019-2020 baseline funding with the Statewide base per pupil funding amount for their online schools. Based on the Subcommittees' direction, the updated PCFP model reflects all online school district schools receiving the adjusted base per pupil funding amount.

After the budget hearing, it was noted the Executive Budget had a discrepancy in the calculation for those school districts that would be assigned FY 2019-2020 baseline funding amounts for the 2023-2025 biennium. A consistent formula was not used for this calculation; however, the Executive Budget provided a consistent hold harmless amount for those school districts by providing an adjusted base per pupil amount that was equivalent to the per pupil amount received by the school districts in FY 2019-2020 under the Nevada Plan Funding Formula.

Under the updated calculations provided by the NDE and incorporated into the updated model, the school districts now receive the same amount of funding on a per pupil basis as they received in FY 2019-2020 under the Nevada Plan

Funding Formula and the K-12 categorical funding. To accomplish this, the weighted funding for those school districts remains at the same amounts awarded in FY 2019-2020 under the K-12 categorical programs, and the adjusted base per pupil amount for those school districts is adjusted with an increase if their enrollment is projected to increase, or a decrease if their enrollment is projected decrease. It appears this complies with NRS which generally requires the PCFP to provide a reasonably similar level of funding on a per pupil basis under the PCFP that the districts received in FY 2019-2020.

The October 1, 2022, audit enrollment counts were used for both FY 2023-2024 and FY 2024-2025. The Governor recommends weights of 0.50 for English Learners, 0.30 for at-risk pupils and 0.12 for gifted and talented pupils.

During the work session on March 31, 2023, the Subcommittees expressed approval for using the GRAD Score to identify at-risk pupils. The Subcommittees also directed Fiscal staff and the NDE to update the weights to reflect funding of 0.45 for English Learner pupils, 0.35 for at-risk pupils and 0.12 for gifted and talented pupils. Consistent with the Subcommittees' direction, the updated PCFP model reflects those revised weights. The table on page 36 of [Exhibit C](#) shows a comparison of funding for the Governor's recommended weights and the updated weights based on the Subcommittees' direction. The Subcommittees could also recommend providing NDE with the ability to update its weighted enrollment in FY 2024-2025, the second year of the biennium, based on October 1, 2023, enrollment counts.

The total funding for the PCFP in the FY 2023-2025 biennium is shown in the table on page 37 of [Exhibit C](#). The funding is shown by school district, charter schools as a group, and the USGP under the PCFP and based on all updates. These are draft projections and do not reflect final amounts. The amounts may change based on the final recommendations of the Subcommittees and possible technical adjustments by Fiscal staff.

The chart for the PCFP funding labeled attachment B on page 60 of [Exhibit C](#), shows the funding distributed for each school district, all charter schools combined, and USGP as approved by the 2021 Legislature for the 2021-2023 biennium, the amounts recommended by the Governor for the

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2023-2025 biennium, and the revised amounts based on May 2023 updates for revenue and other adjustments.

The decisions for the Subcommittees are on page 38 of [Exhibit C](#). Do the Subcommittees wish to recommend: approving the revised amounts for food service funding, transportation funding and local funding to support pupils with disabilities, as provided by NDE; approving the Governor's recommendation to continue only providing transportation funding to school districts in the 2023-2025 biennium; approving the revised Statewide base per pupil amount of \$8,966 for FY 2023-2024 and \$9,414 for FY 2024-2025, based on an inflationary increase of 4.52 percent and residual funding available in the State Education Fund; reflecting updated pupil enrollment counts in the PCFP model based on revised information provided by NDE, which reflect projected enrollment of 471,283 in FY 2023-2024 and 471,754 in FY 2024-2025; not approving the Governor's recommended application of the Nevada Cost of Education Index and instead applying an index of 1.0 for all counties, which would effectively eliminate the index for the 2023-2025 biennium as recommended by the Commission on School Funding; not approving the Governor's recommendation for weighted funding and instead approving weighted funding of 0.45 for English Learner pupils, 0.35 for at-risk pupils identified using the GRAD Score, and 0.12 for gifted and talented pupils; revising NRS 387.1214 and NRS 387.12455 effective July 1, 2023, to define the rate of inflation for the PCFP as the percentage increase or decrease for the Consumer Price Index for All Urban Consumers, West Region (All Items) as published by the U.S. Department of Labor for the immediately preceding three calendar years; approving the Governor's recommendation to provide pupils enrolled in online school district schools with the adjusted base per pupil amount; providing NDE with authority in the 2023 K-12 Education Funding Bill to update its FY 2024-2025 weighted funding amounts based on October 1, 2023, enrollment counts?

Do the Subcommittees also wish to recommend a letter of intent be issued by the Full Committees directing NDE to work with the Commission on School Funding to: study and recommend changes to the Nevada Cost of Education Index so a cost adjustment factor may be applied to the PCFP in future biennia as specified in NRS 387.1215; study the effect and develop recommendations on providing school districts receiving FY 2019-2020 baseline funding with the

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Statewide base per pupil funding amount for their online schools; and grant Fiscal staff authority to enter technical adjustments as necessary?

SENATOR NEAL:

Is academic proficiency the same as prior academic loss? Will the definition include students who are two grades behind and consider their prior academic loss? We have an increased number of students behind because of COVID-19, but we knew we had this issue prior to COVID-19. Ultimately, we know that students will come out of that at-risk category if they are properly educated. I am not clear on the GRAD score. How does that apply to an elementary school student?

MR. DROST:

Regarding your question about the academic proficiency, NDE indicates there are over 70 different items considered to create an individual student's GRAD score. The NDE stated the bottom twentieth percentile of pupils align with the distribution of their cohorts who do or do not graduate. With elementary school pupils, NDE indicated it is a learning model considering other pupils and applying that to the earlier grades. If additional information is needed, perhaps NDE could respond.

SENATOR NEAL:

I want to get additional data on this methodology in the interim. I would like to see the data after the implementation of this methodology to see if it brings clarity to what is going on with the students. Changes might be needed.

MEGAN PETERSON (Deputy Superintendent, Student Investment Division, Nevada Department of Education):

It is important to step back and look at the entire intent of the GRAD score, which looks at every student individually regardless of where they are in their educational career. It compares performance, proficiency and other factors which might set students back to keep them from graduating with their peers.

A student in the third grade will have a GRAD score because it looks at the student's progression in comparison to their peers along the scale towards the point of graduation and any factors that might contribute to the student falling

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behind. Once areas of concern are identified, students are provided additional support until they are performing and can graduate with their peers.

SENATOR NEAL:

How many years have you been using the GRAD score?

JHONE M. EBERT (Superintendent of Public Instruction, Nevada Department of Education):

It has been functioning for two years.

SENATOR NEAL:

The GRAD score was used during COVID-19 when students were doing distance learning. My concern is it has not been used when kids are physically in school and not in distance learning. Will this achieve the desired outcome which is to identify the academic loss and target the kids' needs at the local school district level? If this works, in 2025 you should be coming back to tell us the third grader who was reading at a first-grade level no longer exists.

My concern is that we have many students who are below grade level. Many who did not learn digitally during COVID-19 are now behind. I want them to receive the support they need. I want that prior academic loss to be in this conversation.

CHAIR DONDERO LOOP:

I would suggest that this might be a good conversation for our Commission on School Funding to undertake during its meetings.

MS. EBERT:

I agree with Senator Neal's concerns. We are fortunate to have ten years of cumulative data that exists within Infinite Campus from all campus customers across the State. There are very few States that have that longitudinal data. We are strategically using that data and Nevada school districts have had the GRAD score portion available to them for the last two years.

To Senator Neal's point, there should be gains. We should see those students that have been identified as not proficient in core subjects receive the services they need to be able to achieve. That expectation is there, these dollars that

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you have allocated them will do just that. Next year we will have the conversation with all of you and the school district leaders before the next biennium.

SENATOR SEEVERS GANSERT:

The language in the inflationary adjustment calculation talks about the Consumer Price Index Western Region as published by the U. S. Department of Labor for the immediately preceding three calendar years. It does not say the average of the preceding three years. We might want to make sure of this calculation so that we do not add them together or multiply them.

The chart, attachment B on page 60 of [Exhibit C](#), shows funding in FY 2022-2023 of about \$9,184 per student. In FY 2024-2025 we are looking to appropriate \$12,125, almost \$3,000 more per student. We have never seen an increase like that. We need to take a moment to recognize the progress we have made, and this funding formula is putting much more money into education which is a significant improvement. We should expect our children to be literate at third grade, which changes a child's whole trajectory.

I do not remember hearing a number for this Eighty-second Session, but in the Eighty-first Session, 114,000 out of 485,000 students were not reading at grade level. I expect those numbers to go down as we raise our proficiency rates. We have people who keep asking for more money because we are not at the National average in per pupil funding. We have made immense progress. I am looking forward to seeing the outcomes given the huge improvement in funding we can provide this biennium.

CHAIR DONDERO LOOP:

I appreciate your concerns. It may not be exactly that amount the way I calculate it. It is probably only about \$300 per student with the excess. You are right, we have made great strides forward, but we came from far behind.

We need to make a couple addendums to the decision. Mr. Drost, would you please clarify what we are adding to the motion?

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MR. DROST:

One change for the Subcommittees' consideration is the revision of NRS 387.124 and NRS 387.12455 relating to the Consumer Price Index change effective July 1, 2023, to define the rate of inflation for the PCFP as the average percentage increase or decrease for the Consumer Price Index for All Urban Consumers, West Region, (All Items), as published by the U.S. Department of Labor for the immediately preceding three calendar years.

The other change to be added is a third item in the letter of intent to have the Department work with the Commission on School Funding to study the GRAD score and determine the effectiveness of the GRAD score to identify at-risk pupils.

ASSEMBLYWOMAN BACKUS MOVED TO RECOMMEND TO THE FULL COMMITTEES AS SHOWN ON PAGE 38 OF [EXHIBIT C](#), B/A 203-2609: TO APPROVE THE REVISED AMOUNTS FOR FOOD SERVICE FUNDING, TRANSPORTATION FUNDING AND LOCAL FUNDING TO SUPPORT PUPILS WITH DISABILITIES AS PROVIDED BY NDE; APPROVE THE GOVERNOR'S RECOMMENDATION TO CONTINUE ONLY PROVIDING TRANSPORTATION FUNDING TO SCHOOL DISTRICTS IN THE 2023-2025 BIENNIUM; APPROVE THE REVISED STATEWIDE BASE PER PUPIL AMOUNT OF \$8,966 FOR FY 2023-2024 AND \$9,414 FOR FY 2024-2025 BASED ON AN INFLATIONARY INCREASE OF 4.52 PERCENT AND RESIDUAL FUNDING AVAILABLE IN THE STATE EDUCATION FUND; APPROVE UPDATED PUPIL ENROLLMENT COUNTS IN THE PCFP MODEL BASED ON REVISED INFORMATION PROVIDED BY NDE WHICH REFLECT PROJECTED ENROLLMENT OF 471,283 IN FY 2023-2024 AND 471,754 IN FY 2024-2025; TO NOT APPROVE THE GOVERNOR'S RECOMMENDED APPLICATION OF THE NEVADA COST OF EDUCATION INDEX, AND INSTEAD APPLY AN INDEX OF 1.0 FOR ALL COUNTIES, WHICH WOULD EFFECTIVELY ELIMINATE THE INDEX FOR THE 2023-2025 BIENNIUM AS RECOMMENDED BY THE COMMISSION ON SCHOOL FUNDING; TO NOT APPROVE THE GOVERNOR'S RECOMMENDATION FOR WEIGHTED FUNDING AND INSTEAD APPROVE WEIGHTED FUNDING OF 0.45 FOR ENGLISH LEARNER PUPILS, 0.35 FOR AT-RISK PUPILS IDENTIFIED USING THE GRAD SCORE AND 0.12 FOR GIFTED AND TALENTED PUPILS; REVISE

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NRS 387.1214 AND NRS 387.12455 EFFECTIVE JULY 1, 2023, TO DEFINE THE RATE OF INFLATION FOR THE PCFP AS THE AVERAGE PERCENTAGE INCREASE OR DECREASE FOR THE CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS, WEST REGION, ALL ITEMS, AS PUBLISHED BY THE U.S. DEPARTMENT OF LABOR FOR THE IMMEDIATELY PRECEDING THREE CALENDAR YEARS; APPROVE THE GOVERNOR'S RECOMMENDATION TO PROVIDE PUPILS ENROLLED IN ONLINE SCHOOL DISTRICT SCHOOLS WITH THE ADJUSTED BASE PER PUPIL AMOUNT; PROVIDE NDE WITH AUTHORITY IN THE 2023 K-12 EDUCATION FUNDING BILL TO UPDATE ITS FY 2024-2025 WEIGHTED FUNDING AMOUNTS BASED ON OCTOBER 1, 2023, ENROLLMENT COUNTS; ISSUE A LETTER OF INTENT DIRECTING NDE TO WORK WITH THE COMMISSION ON SCHOOL FUNDING TO STUDY AND RECOMMEND CHANGES TO THE NEVADA COST OF EDUCATION INDEX SO A COST ADJUSTMENT FACTOR MAY BE APPLIED TO THE PCFP IN FUTURE BIENNIA AS SPECIFIED IN NRS 387.1215; STUDY THE EFFECT AND DEVELOP RECOMMENDATIONS ON PROVIDING SCHOOL DISTRICTS RECEIVING FY 2019-2020 BASELINE FUNDING WITH THE STATEWIDE BASE PER PUPIL FUNDING AMOUNT FOR THEIR ONLINE SCHOOLS, AND STUDY THE GRAD SCORE AND DETERMINE THE EFFECTIVENESS OF THE GRAD SCORE TO IDENTIFY AT-RISK PUPILS; AND AUTHORIZE FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR CANNIZZARO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED. (SENATOR TITUS VOTED NO.)

* * * * *

MR. DROST:

Other Closing Items for B/A 203-2609 begin on page 38 of [Exhibit C](#). Other Closing Item 1 is the transfer of the Dual Language Pilot Program funding. The Subcommittees recommended not approving the Dual Language Pilot Program and instead recommended transferring the revised General Fund appropriations

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of \$5.3 million over the 2023-2025 biennium to the PCFP and using that funding to support the plan. Fiscal staff entered technical adjustments to reflect this transfer of General Fund appropriations in new decision unit E-900 and reflect those expenditures in a PCFP expenditure category in the new decision unit E-500.

On page 39 of [Exhibit C](#) is Other Closing Item 2. In the 2021 K-12 Education Funding Bill, S.B. No. 458 of the Eighty-first Session, the Legislature provided the NDE with authority to transfer General Fund appropriations for the PCFP account between fiscal years of the 2021-2023 biennium with the approval of the Governor and upon the recommendation of the director of the GFO. The Subcommittees may wish to continue to provide this authority in the back language of the 2023 K-12 Education Funding Bill. The Subcommittees may also wish to recommend this authority be provided with the intent that an advance from the Education Stabilization Account be used prior to General Fund transfers between fiscal years if needed for cash flow.

In addition, General Fund appropriations in the PCFP account do not earn interest while non-General Fund revenue in this account earns interest. Therefore, the Subcommittees may also wish to provide this authority with the understanding that General Fund appropriation transfers from FY 2024-2025 to FY 2023-2024 be amended once FY 2023-2024 closes to reflect the Legislatively-approved appropriations, or as reasonably similar as possible, once NDE can determine whether that transfer needed to occur in whole or in part, based on the actual revenue collections and expenditures.

Fiscal staff recommends Other Closing Item 1 be approved with the noted technical adjustments and Other Closing Item 2 be approved by providing NDE with authority to transfer General Fund appropriations for the PCFP account between fiscal years of the 2023-2025 biennium with the approval of the Governor upon the recommendation of the director of GFO. Fiscal staff requests authority to make technical adjustments as necessary.

ASSEMBLYWOMAN BACKUS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE AS SHOWN ON PAGES 38 TO 39 OF [EXHIBIT C](#) FOR B/A 203-2609 OTHER CLOSING ITEM 1 WITH THE NOTED TECHNICAL ADJUSTMENTS AND OTHER CLOSING ITEM 2 BY

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PROVIDING NDE WITH AUTHORITY TO TRANSFER GENERAL FUND APPROPRIATIONS FOR THE PCFP ACCOUNT BETWEEN FISCAL YEARS OF THE 2023-2025 BIENNIUM WITH THE APPROVAL OF THE GOVERNOR UPON THE RECOMMENDATION OF THE DIRECTOR OF THE GFO; WITH AUTHORITY FOR FISCAL STAFF TO MAKE OTHER TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR CANNIZZARO SECONDED THE MOTION.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

MADISON RYAN (Program Analyst):

The next budget, B/A 101-2619, on page 43 of [Exhibit C](#) is the Account for State Special Education Services. This account was heard by the Subcommittees on March 1, 2023, and was part of the work session on March 31, 2023. The Account for State Special Education Services provides State funding for pupils with disabilities. The State Special Education Program, Students with Disabilities Exceeding 13 percent, and the Special Education Contingency Program are three areas identified on page 43 of [Exhibit C](#).

NDE - Account For State Special Education Services — Budget Page
K-12 EDUCATION-117 (Volume I)
Budget Account 101-2619

The Major Closing Issue is funding for pupils with disabilities and the distribution methodology for the State Special Education Program. The Governor recommends General Fund appropriations of \$233.1 million in FY 2023-2024 and \$237.5 million in FY 2024-2025 for the State Special Education Program. This includes \$13.1 million over the 2023-2025 biennium to fund 2 percent roll-up costs related to merit increases for Special Education Program staff as they attain additional education and/or additional years of service.

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The NDE has identified 57,353 pupils with disabilities based on the October 1, 2022, enrollment counts. Based on Fiscal staff's analysis of the current level of funding and enrollment counts included in the Executive Budget for both the PCFP account and the Account for State Special Education Services, it appears the Statewide average weighted multiplier and average per pupil amount for special education pupils could be less than the weighted multiplier and average per pupil amount for English Learner pupils in each year of the 2023-2025 biennium.

The current distribution methodology used by NDE for the State Special Education Program results in some school districts, charter schools sponsored by the State Public Charter School Authority and the USPGP receiving less per pupil funding for special education pupils than the Statewide average in FY 2022-2023 and in each year of the 2023-2025 biennium.

The 2021 Legislature approved the Governor's recommendation to provide funding for pupils with disabilities outside of the PCFP and approved excluding special education pupils who belong to other weighted categories from receiving other weighted funding related to English Learner, at-risk and gifted and talented pupils. Funding for special education pupils was provided as a multiplier, which was higher when compared to weighted funding provided through the PCFP in the 2021-2023 biennium.

The Governor recommends special education pupils who belong to other weighted categories be excluded from other weighted funding for the 2023-2025 biennium. It appears that English Learner pupils would receive more on an average per pupil basis than special education pupils in each year of the 2023-2025 biennium. Appendix A on page 55 of Exhibit C provides a comparison between the weighted funding, including pupils with disabilities as calculated by Fiscal staff, approved by the 2021 Legislature for FY 2022-2023 and recommended by the Governor for FY 2023-2024 and FY 2024-2025 based on the October 1, 2022, enrollment counts.

On pages 45 and 46 of Exhibit C is information related to the maintenance of effort and maintenance of fiscal support requirements that outlines the consequences of not meeting the federal maintenance of effort and fiscal support requirements for both the State and the local educational agency.

Based on NDE's current methodology, the level of funding provided to school districts with static or decreasing special education enrollment is held at a somewhat consistent level. Alternatively, entities that have growth in special education enrollment, such as the State Public Charter School Authority, are also held at a somewhat consistent funding level which reduces the funding provided on a per pupil basis.

Appendix B on page 56 of [Exhibit C](#) provides an overview of the current methodology NDE uses to distribute a similar level of State special education funding and the impact this distribution methodology has on the average per pupil amount and the average weighted multiplier. Appendix B also identifies those school districts, charter schools and the USGP that received a per pupil amount and had a calculated weighted multiplier less than the Statewide average in FY 2022-2023, FY 2023-2024 and FY 2024-2025.

At the March 31, 2023, work session, various scenarios were provided based on the [Executive Budget](#) as outlined at the bottom of page 47 of [Exhibit C](#). The Subcommittees favored Scenario B during the work session which would provide a per pupil amount higher than what is recommended for English Learners in each year of the 2023-2025 biennium. Additionally, on page 48 of [Exhibit C](#) are other alternative funding scenarios provided for the Subcommittees' consideration during the work session which included reducing the weighted multiplier for English Learners in the PCFP along with other options.

During the March 1, 2023, budget hearing, NDE indicated it is in the process of contracting with subject matter experts, WestEd, to review and study the current distribution methodology for State special education funding and the various factors related to the distribution of this funding. The Subcommittees could recommend the Full Committees issue a letter of intent directing NDE and the Commission on School Funding to study the State Special Education Program and a target weighted multiplier similar to the Commission on School Funding's recommended weighted multipliers of 0.50 for English Learners, 0.30 for at-risk and 0.14 for gifted and talented pupils, and report its findings and the findings by WestEd to IFC for possible consideration as the [Executive Budget](#) for the 2025-2027 biennium is developed.

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Additionally, the Subcommittees favored reducing the weighted multiplier for English Language Learners from 0.50 as recommended by the Governor, to 0.45 for the 2023-2025 biennium. This could result in the Statewide average weighted multiplier for the State Special Education Program being the highest weighted category for the 2023-2025 biennium. Based on the updated information in the PCFP for the 2023-2025 biennium, it appears that the average per pupil amount for the State Special Education Program is expected to be higher than the average per pupil amount for English Learners in FY 2023-2024 but not in FY 2024-2025.

Also, during the work session on March 31, 2023, the Subcommittees favored providing additional funding for the State Special Education Program as outlined in Scenario B on page 47 of [Exhibit C](#), which was calculated based on the weighted funding included in the PCFP and the Account for State Special Education Services as recommended by the Governor and prior to any updates provided in May 2023.

The concept of Scenario B as favored by the Subcommittees was to provide each school district, charter school, and the USPGP with a minimum special education per pupil amount in each year of the 2023-2025 biennium, higher than the per pupil amount for English Language Learners in each year of the 2023-2025 biennium in the PCFP. This was to ensure that each school district, charter school and the USPGP would be provided with a per pupil amount at least equal to the projected Statewide average per pupil amount for State special education as calculated in Appendix C on page 57 of [Exhibit C](#). Based on this updated information, the per pupil amount for State special education funding of \$4,115 and the average weighted multiplier of 0.46 in FY 2023-2024 would be higher than the per pupil amount and weighted multiplier projected for English Language Learners in FY 2023-2024. Additional funding would still be needed in FY 2023-2024 under the concept of Scenario B to provide all school districts, charter schools and the USPGP with at least the Statewide average per pupil amount.

Should the Subcommittees still wish to provide additional funding for the State Special Education Program for the 2023-2025 biennium based on the concept of Scenario B as revised to take into consideration the May 2023 updates to the PCFP, this revised scenario would require additional General Fund

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appropriations of \$11.1 million in FY2023-2024 and \$13.8 million in FY 2024-2025 when compared to the Executive Budget.

Appendix E, on page 59 of [Exhibit C](#), provides an overview of how this projected additional funding would be distributed to the school districts, charter schools and the USPGP to provide a minimum special education per pupil amount of \$4,115 in FY 2023-2024 and \$4,250 in FY 2023-2025. The Scenario B projections could change when implemented by NDE based on updated enrollment information when the school years begin in FY 2023-2024 and FY 2024-2025.

Decision Unit M-101 includes General Fund appropriations of \$4.3 million in FY 2023-2024 and \$8.8 million in FY 2024-2025 to fund 2 percent roll-up costs; however, the Executive Budget is \$300 less in FY 2023-2024 than was intended. The GFO indicates FY 2023-2024 should reflect \$300 more than what is currently included in the Executive Budget. Fiscal staff entered a technical adjustment to add additional General Fund appropriations of \$300 in FY 2023-2024.

M-101 Agency Specific Inflation — Page K-12 EDUCATION-118

The decision for the Subcommittees on page 51 of [Exhibit C](#) shows the Subcommittees have three options. Do the Subcommittees wish to recommend: Option 1, approval of the Governor's recommended funding of \$233.1 million in FY 2023-2024 and \$237.5 million in FY 2024-2025 for the State Special Education Program, which includes \$13.1 million over the 2023-2025 biennium to fund 2 percent roll-up costs and may not provide the highest weighted funding when compared to the weighted funding recommended in the PCFP for English Learners, at-risk and gifted and talented pupils?

Do the Subcommittees wish to recommend: Option 2, approval of the Governor's recommended funding and additional General Fund appropriations, as provided for in Scenario B, of \$11.1 million in FY 2023-2024 and \$13.8 million in FY 2024-2025 for the State Special Education Program to provide a minimum level of State special education funding on a per pupil basis for each school district, charter school, and the USPGP? However, doing so

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would require that funding be provided on an ongoing basis to comply with federal maintenance of fiscal support requirements.

Do the Subcommittees wish to recommend: Option 3, approval of the Governor's recommended funding and additional General Fund appropriations for the State Special Education Program that would need to be determined by the Subcommittees to provide a minimum level of State special education funding, either on a per pupil or weighted basis for each school district, charter school, and the USPGP? However, doing so would require that funding to be provided on an ongoing basis to comply with federal maintenance of fiscal support requirements. Fiscal staff requests authority to enter technical adjustments as necessary based on the Subcommittees' recommendation, including the additional General Fund appropriations of \$300 in FY 2023-2024 for decision unit M-101.

Regardless of the Subcommittees' recommendation, the Subcommittees may also wish to consider recommending that the Full Committees issue a letter of intent directing NDE and the Commission on School Funding to study the State Special Education Program and a target weighted multiplier similar to the Commission on School Funding's recommended weighted multipliers of 0.50 for English Language Learners, 0.30 for at-risk, and 0.14 for gifted and talented pupils and report its findings as well as the findings of the review and study of the current distribution methodology for State special education funding to be completed by WestEd. The NDE could report its findings to the IFC by August 1, 2024, for possible consideration as the Executive Budget for the 2025-2027 biennium is developed.

CHAIR DONDERO LOOP:

I would suggest we choose with Option 2 with the fiscal authority, technical adjustments, the other stated items, and adding a letter of intent.

ASSEMBLYWOMAN BACKUS MOVED TO RECOMMEND TO THE FULL COMMITTEES TO APPROVE AS SHOWN ON PAGE 51 OF [EXHIBIT C](#), OPTION 2 IN B/A 101-2619, THE GOVERNOR'S RECOMMENDED FUNDING AND ADDITIONAL GENERAL FUND APPROPRIATIONS, AS PROVIDED FOR IN SCENARIO B OF \$11.1 MILLION IN FY 2023-2024 AND \$13.8 MILLION IN FY 2024-2025 FOR THE STATE SPECIAL

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EDUCATION PROGRAM TO PROVIDE A MINIMUM LEVEL OF STATE SPECIAL EDUCATION FUNDING ON A PER PUPIL BASIS FOR EACH SCHOOL DISTRICT, CHARTER SCHOOL, AND THE USGP, WITH THE UNDERSTANDING THAT DOING SO WOULD REQUIRE THAT FUNDING BE PROVIDED ON AN ONGOING BASIS TO COMPLY WITH FEDERAL MAINTENANCE OF FISCAL SUPPORT REQUIREMENTS; AND TO ISSUE A LETTER OF INTENT DIRECTING NDE AND THE COMMISSION ON SCHOOL FUNDING TO STUDY THE STATE SPECIAL EDUCATION PROGRAM AND A TARGET WEIGHTED MULTIPLIER SIMILAR TO THE COMMISSION ON SCHOOL FUNDING'S RECOMMENDED WEIGHTED MULTIPLIERS OF 0.50 FOR ENGLISH LEARNERS, 0.30 FOR AT-RISK, AND 0.14 FOR GIFTED AND TALENTED PUPILS AND REPORT ITS FINDINGS AND THE FINDINGS OF THE REVIEW AND STUDY OF THE CURRENT DISTRIBUTION METHODOLOGY FOR STATE SPECIAL EDUCATION FUNDING TO BE COMPLETED BY WESTED TO IFC BY AUGUST 1, 2024, FOR POSSIBLE CONSIDERATION AS THE EXECUTIVE BUDGET FOR THE 2025-2027 BIENNIUM IS DEVELOPED; AND WITH AUTHORITY FOR FISCAL STAFF TO MAKE TECHNICAL ADJUSTMENTS AS NECESSARY.

SENATOR CANNIZZARO SECONDED THE MOTION.

SENATOR SEEVERS GANSERT:

I support Option 2. It is important to make sure there is parity in special education funding, whether students are in a traditional public school or in a charter school. The discussion we had about the level of funding for FY 2024-2025 relative to some of the other weights is also important. I will support the motion.

ASSEMBLY: THE MOTION CARRIED UNANIMOUSLY.

SENATE: THE MOTION CARRIED UNANIMOUSLY.

* * * * *

CHAIR DONDERO LOOP:

We will now hear public comment.

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CHRIS DALY (Nevada State Education Association):

Nevada ranks near the bottom of States in education funding, at forty-eighth in per pupil funding according to the National Education Association's ranking of the states, even behind Mississippi. Everyone knows Nevada has the largest class sizes in the Nation. It has been that way for some time now. The crisis of educator vacancies in Nevada schools has reached a tipping point. In the last two years alone, Nevada is projected to lose a net 3,200 teachers, or 15 percent of our teaching workforce, by far the largest reduction in the Nation. We also have a serious problem with vacancies in classified positions, the people who make our schools run. With the end of the school year and new round of departures, Nevada's severe educator shortage threatens the basic function of our school system.

We have heard State revenue has reached an all-time high. Governor Lombardo has recommended stashing away record funds and reserves between his proposal to expand the Rainy Day Fund from 20 to 30 percent and maxing out the Education Stabilization Account. This total is nearly \$2.5 billion in reserves, more than six times the State's previous high of about \$400 million.

The Economic Forum has projected an additional \$250 million and better than anticipated revenue along with additional funds to K-12 education. While we appreciate the action taken today to add \$318 million to education, this action also raised the Education Stabilization Account to 20 percent, which will have the effect of increasing the K-12 Rainy Day Fund by about \$322 million in the 2023-2024 biennium. That means a bigger increase for reserves than for our schools and the action taken by these Subcommittees today, it is a rainy day in Nevada schools. It is irresponsible to continue to underfund education while overinflating reserves. It is wrong-headed to consider raising caps on the Rainy Day Fund and the Education Stabilization Account when we cannot retain educators or fill their positions when they leave. The money should be used to fund Time for 20: a 20 percent raise for every Nevada educator, a starting pay of \$20 an hour and average class sizes of 20 students.

STACY STOSICH (Board Member, Washoe Education Association):

I am a Washoe County Education Association board member. I teach the third grade at Echo Loder Elementary School in Reno, Nevada. I have been teaching in Nevada for 10 years, but more importantly, I am a single mother of

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2 beautiful girls, Avery and Vivian, who attend public schools. When I first moved to Nevada, a decade ago, my friends told me not to get sick. I was told I would not be able to find a doctor and that Nevada health care was risky at best.

Nevada's nurses are dealing with staffing shortages, higher patient to nurse ratios, longer shifts and burnout. When you look at the number of physicians per capita, Nevada currently ranks forty-eighth. The impact in Nevada of ranking forty-ninth in educational attainment, forty-second in school quality, forty-sixth in the American school system and last in the share of doctorate degrees in the Nation is life threatening. I am tired of living and working in the State whose career politicians put health and education of Nevada's children dead last. With three medical schools, Nevada could have a promising supply of medical professionals, but why would they want to raise a family in a State that cares so little about its children? The \$2.5 billion does not belong in Nevada's Rainy Day Fund. Please hear me when I say, we desperately need you to allocate it now and stop chronically under funding education.

GILBERT LENZ (Washoe County Education Association):

I have been a Nevada educator for 15 years. I hold a master's degree from the University of Nevada, Reno. I am an Afghanistan combat veteran. I am a major in the Nevada Army Guard where I have served for 24 years. I teach agricultural welding and mechanics at North Valleys High School, and my students build Nevada.

Last night, I attended a meeting about school overcrowding in the North Valleys area. The presenter spoke of the urgent need for new classrooms and facilities. They told us about the aging buildings, increasing cost of maintenance, buildings with inadequate HVAC, plumbing and electrical infrastructure. Their solution was to build new bigger, better schools. They showed us beautiful pictures of what the new schools would look like with glass walls, bright lights, and attractive common space. The pictures looked more like a college advertisement than a high school campus. The dream of such a beautiful facility in my mind shattered the fact that we cannot find teachers to teach in these beautiful facilities that we are building.

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Although it is great to have money for things like facilities, our priorities might be misaligned with what we really need. I am fortunate to teach career and technical education. My students want to work. They want to come to school. They want to learn skills and trades.

Unfortunately, not every high school in the Washoe County School District has a program like mine, and it is not because they do not have the money for career and technical education. It is because they do not have the teachers to teach those programs. I was at a meeting at a high school about two weeks ago and I walked to check out the area of the school where my classroom would be, because it was the same design. Where the diesel tech shop is at my high school, they have a dance studio. There is a high demand for mechanics and construction workers in those career and technical education (CTE) trades right now. The only reason we do not have those programs is because we cannot find teachers.

We need highly qualified professional educators now. We need them to educate our students who are the future of Nevada. We need to offer those educators pay, benefits and respect requisite to their profession, which means we need to prioritize money for our educators. We also need to lure back those educators who have left. They did not necessarily leave because they did not love teaching; they left because they could not afford to continue to be teachers. The conditions are dire; it is time to act now. Now might be our last chance to act for a long time. We have the money to make the right choice; choose the future. It is Time for 20.

BRENT BUSBOOM (Washoe Education Association):

I am a 24-year teacher and a proud member of the Washoe Education Association. During spring break, my wife who teaches fifth grade in Reno, experienced a terrible accidental fall, compressing her spine and snapping her first lumbar vertebrae. Later that night, she went to the hospital. For the last seven weeks, my wife has been in significant pain and unable to teach. Her students have sent heartfelt messages like this one. Mrs. Busboom, please get well soon. School was always so fun when you were here. Letters like these leave my wife in tears. It is the past tense that gets her; school was fun.

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My wife's school had to rely on long-term substitutes who tried their best, but they are not full-time teachers. Unfortunately, the idea that school was fun is a reality in too many Nevada classrooms. In Nevada, there are over 1,000 classrooms without fully licensed teachers. That means there are over 10,000 students sitting in Nevada classrooms right now feeling the same loss, disconnection, and boredom that my wife's students are experiencing.

Lawmakers have previously tried to address this problem by passing alternative routes to licensure and by handing out teaching scholarships. None of this worked. Our shortages just grew and grew. This Legislative Session offers a rare chance to succeed where past lawmakers have failed by tackling the crisis of funding, looking not at recruitment but looking at retention. It is pouring right now. Teachers are drowning. But do you know where it is not raining? The bank account of billionaire John Fisher, owner of the Oakland As. This is how teachers look at it. Every dollar given as a tax break for a billionaire sports owner, every dollar that is crammed into an already bursting Rainy Day Fund is a dollar stolen from Nevada education. Nevada teachers are watching you. Nevada students are relying on you. Do the right thing.

JOHN HANCOCK:

I am a proud union member, and I have been teaching for over 25 years in the Washoe County School District. I have been a classroom teacher and a counselor at the elementary, middle and high school levels. I have been around the block once or twice, and I appreciate this opportunity to address the public on a couple of issues that are crippling public education.

Teachers are not the root cause of the problems relating to education in this Country. They are the solution to those problems. When state legislatures pass common sense laws and fund education at the appropriate level it allows teachers, in all facets of education, such as special education or CTE, to do their jobs with a living wage.

Let me be clear. Both sides of the aisle have let down public education. Lawmakers are defunding it on multiple levels, especially by privatizing it and spending way too much money on testing. They are ignoring the fact that discipline is impossible when there are no meaningful consequences to an epidemic of defiant, disruptive and dangerous behavior. Funding levels have

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made teaching and learning difficult to impossible in this environment. I am not the person you are letting down. I have been at this 25 plus years, and I can see light at the end of the tunnel. It has been a long time coming, but I do not feel undercompensated or unsafe because I finally achieved a decent salary, and I will have a good retirement. Those two things are important.

You need to understand that most educators, and especially the new ones, do not feel that way and see no good reason to enter or stay in a profession where State funding makes it impossible to earn a living or do their job in a safe, secure environment. Public education is devalued when vital programs such as counseling, special education, CTE and facilities are not fully funded, emphasized or supported through meaningful policy, good salaries and benefits.

You owe every child and every teacher more than you have given in that regard. The root cause of some major funding issues in public education would be you. Public education is the best investment this Country has ever made, and it makes no sense to tear it down by ignoring basic needs such as a living wage and reasonable benefits. Young teachers need a reason to stay in the profession. Salaries and benefits matter.

Common sense laws about funding and school discipline should be something we all agree on. Appropriate funding addresses a major problem in a practical manner. Properly funded public education is far more important than ideology. Laws should be based on the needs of the people who do the work. Classroom teachers, counselors and special education teachers know what works and what students need to succeed. Please listen to us. At the end of the day, you either support public education or you do not. A well-paid teacher or a well-educated student will vote for you or against you one day. Please make sure you are on the right side of the argument.

JENNY HUNT (Director and Principal, Mariposa Language and Learning Academy):
We are a public charter school in Reno and serve approximately 180 students in the Reno area. All of them receive free and reduced-price lunch; 90 percent are Hispanic, and 45 to 50 percent are English Language Learners. We are proud that in the last three years, we have implemented a high level of resources for our learners and have moved on the Star Framework. If we were awarded stars, we would have moved from a one-star or two-star school in 2017 to

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a four-star school this year. We are proud of the accomplishments of our students.

I want to bring to light the attendance area adjustment, and ask for a conversation or review of equitable funding. School districts access those attendance area adjustments, and those dollars are blended into overall costs. Ultimately, that results in less per pupil funding for a charter school in the same district. In Washoe County School District, there is an approximate \$242 difference in funding for a student who goes to Mariposa Academy versus a student who goes to Smithridge Elementary School.

To echo what Senator Neal said, it is important to follow up on that accountability and review that mechanism for identifying at-risk funding. We are proud that we have been proactive using Elementary and Secondary School Emergency Relief dollars, Zoom dollars and Title 1 of the Elementary and Secondary Education Act of 1965 to support our diverse demographic. That has led to great success. We are anxiously awaiting the outcome of the change in the identification of at-risk funding.

ALECS NOLES:

I am a speech language pathologist at Clayton Middle School. I have been with Washoe County School District since 2006 and in my current role since 2012. I have my master's degree from the University of Nevada, Reno and am a member of the Washoe Education Association. I have devoted my life and career to supporting children in my community. I call them my kiddos.

Some of my kiddos cannot pronounce a sound correctly and get regularly frustrated because they are so frequently misunderstood. Some kiddos are nearly impossible to understand, and I have sat in to interpret when they are talking to a caseworker from Child Protective Services. Some kiddos stutter and everyone thinks they do not know what they want to say, but they do, and I can help them get it out smoothly since society is not patient.

Some kiddos do not comprehend language, so they get in trouble all the time because they do not know what they should be doing. Some kiddos cannot formulate their thoughts in a way that makes sense to others. If they need to report bullying, how can they explain what happened? Many of my kiddos have

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autism, and they do not connect their unexpected behavior to their lack of friendships. I cannot share my kiddos names or stories specifically because confidentiality is paramount. But every one of my kiddos matters to me. I know their quirks, their secret fears, their dreams. My kiddos know that I adore them and will help them in any way I can.

We are in a crisis out there. Historically, our State has not cared to remedy education for the most privileged in our community, let alone for the most vulnerable, those with disabilities, trauma and children of color. We must be aggressive to stop the downward spiral we are on. It is not sustainable. The money is there. How could you hold the power to rectify such a tragedy and choose not to?

MAGGIE BABB (Washoe Education Association):

I am a second grade teacher in the Washoe County School District. I also serve as an at-large director for the Washoe Education Association. I have a master's degree in elementary education and have been teaching in Nevada for eight years. I have been in this building several times this Legislative Session and have noticed that you are really listening to educators. That does not go unnoticed. You have heard many times this Legislative Session, education in Nevada is chronically underfunded. I invite you to visit a public school to see the challenges we face and the resilience with which we attempt to rise to meet those challenges.

Take a moment to think about what underfunding truly means for our students and educators around the State. We have a teacher shortage. When a job goes unfilled in our schools, the students take the brunt of the consequences. There are elementary classes that have upwards of 30 students in the classroom due to unfilled jobs. How is a student to receive a high-quality education with these types of odds? They will not.

Teachers are leaving in droves because they can no longer afford to live in their communities on their salary. Teachers who went into teaching passionate about education are asking, "Is this worth it?" They worry they cannot pay the bills on their own, when they are expected as professionals to give up their own family time for unpaid labor to write Individual Education Plans, be in meetings, grade, plan, and on and on. Educators are professionals, are passionate, want to do

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good things and want to help others, but not at this cost. We can no longer martyr ourselves for a profession that will not respect us back.

Revenue in the State is up, and we have heard all about the historic funding this Legislative Session. There is \$2.5 billion in the Rainy Day Fund. You can continue to appropriate even more money towards education now. You can let the light into Nevada schools and fend off the pouring rain our schools are facing. I ask that you continue to fight with us and continue to fund our education system for our students and for the future of Nevada.

JUSTIN JERVINIS:

I am a special education teacher in the Strategies Program at Galena High School in Reno. I am also a member of the Washoe Education Association. The Strategies Program is a self-contained classroom for children with autism. I feel passionate about this population and earned my autism endorsement in Nevada two years ago. This population of students can hurt other people without any triggers at any time. I am always on alert even when everything is going well.

More than two weeks ago, I had students slap, scratch and headbutt seven people within two minutes. Two school police officers had to intervene before I arrived on the scene. Had I not been there, more people would have been injured. People like me keep my students safe and they enjoy coming to school every day.

Recently, I looked at the Washoe County School District Job Board. There are hundreds of job openings for the next school year. More than half of those openings are in special education, and more than 60 percent of those openings are in self-contained programs. Teachers in special education are expected to teach students that are not potty trained, scratch, spit, bite and punch students and staff in school. There is no investment in pay, training, or compassion for what self-contained teachers and support staff do. Some strategies programs have long-term substitutes because no one wants to work with students with significant needs. For students in self-contained programs, to have an inconsistent teacher routine and procedures is unacceptable.

One day, I want to be a coach to special educators. If teachers are not being compensated or respected, I will have no one left to coach because they will choose to do something else rather than teach our students. I am asking you to

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invest in our teachers, invest in our children and invest in our education in Nevada. We all deserve better than this, the Time for 20 is now.

STACI ROYBAL:

I am a teacher at Damonte Ranch High School and a member of the Washoe Education Association. I am a Nationally board-certified teacher and have been in Washoe County for the last 17 years. The neglect Nevada has shown towards education in these last decades is frustrating. The massive crisis in public education shows help is needed and we, the educators, need help. The support staff that is invaluable to our special education students and programs needs help. Most importantly, our students need help. We are tired of not having the funds, tired of not having the resources, tired of not having enough for our students. You have the power to give more money to education. Please do it now, the Time for 20 is now.

MADISON FREITAS:

I am an eighth grade math teacher in Washoe County, a fifth generation Nevadan and a third generation educator. From a young age I loved working with children, seeing the light in their eyes as they learn and experience new things. My passion for learning led me to the teaching profession. I am now a second-year teacher. I just turned 27 years old, and last year my hair started turning gray. I struggle to pay my bills. I am getting a master's degree, teaching full-time, and working extra jobs for supplemental income.

I teach four classes, each with over 32 students. About 65 to 70 percent of my students are receiving special education services, which is above the recommended ratio. I cannot do my job well with that many students in a classroom. I am tired of not having support in the classroom, tired of watching my students struggle and tired of not being treated like the professional that I am. I am good at what I do.

I continue to better myself any chance I get. My parents did not raise me to be a fool. I know when I am being taken advantage of. Every month when I get my paycheck, I know I am being foolish. I am foolish for staying in a State that does not value me, that calls me a hero with their mouths but acts indifferently. Nevada is my home. I love chucker hunting, hiking the Ruby Mountains, skiing Mt. Rose and camping in Austin. I love this State with all my heart and want to

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grow a family here. Please do not make me leave to chase my passion of teaching elsewhere.

I am not like many of the teachers here today. I do not have too many years in your system to not consider leaving. I will walk away and many more will too. You will be left with a generation of unqualified and ineffective teachers because that is all you will be able to get. Those of us that know our worth, will seek out states willing to pay for it. You are asking us to sign a 30-year contract, and I cannot be bought for less than 20 percent.

RACHEL OREGON:

I am a fourth year teacher in the Washoe County School District. I am a secondary education teacher, licensed in mathematics. I have a mathematics education equivalent to an engineer, and am getting paid a teacher's salary. I teach seventh grade math and eighth grade algebra at F.W. Traner Middle School, a Title 1 school. Here is my typical day.

I arrive at school at 6:00 a.m. Given the shortage of substitute teachers, my prep time is usually spent in another classroom covering another teacher's room. I must get there an hour early before contract time each day to plan. It is a Friday. My first class of students show up. This is a co-taught class but because our special education allocations are slim, I only have a co-teacher on Monday and Tuesday. About 40 percent of this class requires special education services. My students call out my name for help. I look around, some are staring at their papers not knowing what to do. I try to help one student and another student calls my name. At the end of class, I realized that I was not able to help most of them. There just is not enough of me to go around.

Class after class, I try to help students with academics, but the ones with poor behavior start to surface. I am yelled at and called a slut by one student. Another student is distracting the class by getting up and walking around out of his seat. I stop everything I am doing and go to call the administration. Another student is going to the door and opening and closing it causing a major distraction. I try to stop this behavior, and he pushes me hard into the door handle. I navigate my way through this day. No co-teacher, no support staff. My contract time is up at 2:40 p.m., yet I am at school until 3:30 p.m. trying to get everything done.

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Thank God it is Friday I tell myself. But wait, I have much work I must take home over the weekend. I need to be present for my ten-year-old daughter's softball game and be present for my husband. If it were any other day, I would be attending a college course in the evening that I took during my teacher prep program, but the State says I must take this course again to keep my license. This is a three-credit college course that I am paying out of my pocket. I am thankful at the end of the day that I am in a household with two incomes, and I am not a single parent. If so, I would most likely leave the profession. I ask myself, why do I continue this job? I remind myself it is because I love my students and they need me.

ANN BYINGTON:

I am a special education resource teacher at Lenz Elementary School in Washoe County and a member of the Washoe Education Association. As a special educator, I am here for some of our most vulnerable students.

This school year, I case-managed 35 students due to an unfilled position. The State caseload cap for my position is 22 students. How is anyone at 160 percent of their job capacity supposed to perform? My students have more emotional behavioral and educational needs than I have ever seen, but I am incapable of meeting all these needs. Our children are suffering. Some are two to three grade levels behind without proper resources or enough teachers to support them. The paperwork alone for so many students keeps me working an extra hour each day.

There are 81 open special education teaching positions for next year in our school district. My story is just one of many. I hold three licenses and two degrees. I have spent countless hours researching and training for the children I serve. Why am I being paid like someone fresh out of high school? Why am I being provided with the bare minimum of resources for the students that need the most? When I start asking these questions, the answer always comes back to money.

I beg you to do something about this rapidly sinking ship. More money can be budgeted for schools than what is currently proposed. Nevada surplus revenue could help provide resources and salary advancements that are long overdue. There are already billions of dollars in the Rainy Day Fund. Our money can be

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better spent elsewhere. Together we can stop the neglect of Nevada's education. Our children are in a crisis, and the Rainy Day Fund is not going to save them. The storm is already here.

ELIZABETH ECHEBARRIA:

I am a member of Washoe Education Association and have been a special educator in Washoe County School District for the last 15 years. I teach early childhood behavioral intermediate resources, and comprehensive life skills settings. For the last 5 years I worked as an assistive technology specialist serving a caseload of 23 schools and over 400 students spanning ages 3 to 22 years old.

Most educators do not make it past a couple of years in special education. I chose this field, as many of my colleagues have, because I am passionate about providing a quality education for all learners. I know that provision of special education services helps to level the playing field for students who may be the most at risk for mental health issues, social isolation and financial instability in their futures without intervention.

My current role outside of classroom teaching allows me to see the impacts that are facing our education system. Classrooms are grossly understaffed and lack a level of highly trained people. This leads to students in often unsafe conditions, and teachers purchasing their own materials just to meet the needs of their diverse group of students for whom the adopted curriculum's limited scope is not a good fit. Service provision for me often takes a back seat to my role as a counselor for a teacher when the strain is just too much, and they feel they cannot go on in their job another day. We can do better. These students and their teachers and support staff need to know that their community cares and is invested in their future. That investment needs to begin now.

CALEN EVANS (President, Washoe Education Association):

I am the president of the Washoe Education Association. We represent the certified professionals in the Washoe County School District. Understand that the criticism and frustration directed towards lawmakers is because educators care so deeply about this profession and about their students. They have been in a State they feel has neglected them. We can all agree that Nevada has not done what it should have been doing for education for decades.

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This has been a tipping point for so many of them. Instead of leaving the profession, they are here today fighting for the profession they love because they know if they leave, there is no one else to come in for them. If they leave and give up on this because they are just broken, then where does that leave us as a State?

I was born and raised here. I love this State. I know the work this Legislative Body wants to do for education. I know that it is important to you. Listening to the recommendations here today and your words of support for educators is uplifting. We need that more now than ever. I cannot plead with you enough to do everything you can to support the educators in the classroom right now. If we cannot retain them or get those who have recently left to come back into the profession, everything that we value in this State will go by the wayside because education is the cornerstone of our democracy and our community.

We need you. We know you are listening, and we appreciate it. Please do everything you can to push us over this.

TERRI SHUMAN:

I want to say ditto to everything I have heard so far. I am not a weatherman, but I am going to forecast the future all over the State of Nevada. On May 17, 2023, in Carson City and May 18, 2023, in Las Vegas, bring your raincoats and umbrellas to work with you as it is going to pour for all educators in Nevada. On this day, we, as educators, are asking you to open up your Rainy Day Fund and help us to support Time for 20. I am asking before you leave this room today that you contact Chris Daly to ask for a Time for 20 button and wear it until the end of this Legislative Session to show your support for our educators. Do the right thing. Support Time for 20.

CHAIR DONDERO LOOP:

I would like to send appreciation to all teachers out there because I know this is a National Teacher Appreciation Week, and we do appreciate you. I have stood in your shoes. I have grandchildren in school. I know how it is. I want to remind everybody that our job is to fund education; your unions and your collective bargaining do the rest. We have put a 26 percent increase, \$2.3 billion, in the

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funding of education. We have done our part. I stand with that as a teacher and as a Legislator, and I appreciate all you do.

CHAIR DONDERO LOOP:

Hearing no further public comment, we are adjourned at 10:35 a.m.

RESPECTFULLY SUBMITTED:

Joko Cailles,
Committee Secretary

APPROVED BY:

Senator Marilyn Dondero Loop, Chair

DATE: _____

Assemblywoman Shea Backus, Chair

DATE: _____

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EXHIBIT SUMMARY				
Bill	Exhibit Letter	Introduced on Minute Report Page No.	Witness / Entity	Description
	A	1		Agenda
	B	1		Attendance Roster
	C	3	Adam Drost / Fiscal Analysis Division, Legislative Counsel Bureau	K-12 / Higher Ed / CIP Closing List #8 5-9-23