

A.C.R. 10
2005 Legislative Session

**A Study of the Adequacy
of School Finance in the
State of Nevada**

Condensed Summary of Report
Fiscal Analysis Division



Statement of Purpose

Study of the Adequacy of School Finance in the State of Nevada

Adequate Educational Opportunities in Nevada are Defined in A.C.R. 10, as Follows:

The provision of educational opportunities under a system of public education that includes operational and educational programs, services and facilities and that is in full compliance with the applicable statutes and regulations of Nevada and the federal government, and any applicable accreditation standards.

The 2005 Legislature, through the passage of A.C.R. 10, called for an interim study on the adequacy of the system of school finance in Nevada. The legislation required that the study be conducted by a qualified, independent, nationally-recognized consultant who would:

- Perform an analysis of the Nevada Plan for School Finance to determine whether that plan provides an opportunity for a meaningful public education with adequate educational opportunities.
- Perform a comprehensive analysis of the costs of providing adequate educational opportunities in the future to all pupils enrolled in public schools in Nevada.
- Determine whether Nevada's system of financing public schools is calibrated to the needs and educational goals of pupils in Nevada.
- Perform an analysis of methods of school finance that ensure an effective public school system.
- Provide recommendations for legislation that will ensure the state of Nevada provides the children who reside in the state with an opportunity for a meaningful public education with adequate educational opportunities.

Contractor

A.C.R. 10 required the Legislative Committee on School Financing Adequacy to contract with a qualified, independent, nationally-recognized consultant. Utilizing a competitive bidding process, the committee selected:

Augenblick, Palaich and Associates, Inc. (APA)

A privately-owned, Denver-based consulting firm that specializes in providing technical assistance to state-level policy makers on school finance issues.

APA Qualifications

- More than 20 years experience.
- Senior staff with significant expertise working with state policymakers and legislative bodies.
- Evaluated school finance systems in more than 20 states.
- Conducted adequacy studies in 18 states.
- Helped create the school finance systems in Colorado, Kansas, Kentucky, Louisiana, Maryland, Mississippi, New Hampshire, Ohio, and South Dakota.
- Pioneered use of the Successful Schools (SS) approach to determining funding adequacy.
- Conducted Professional Judgment (PJ) studies in 14 states.

Augenblick, Palaich and Associates, Inc.
Draft Report
Estimating the Cost of an
Adequate Education in Nevada

Methodology

Successful Schools (SS) Approach: The SS approach examines the actual spending of schools or school districts that successfully meet state and federal performance expectations. The base spending of identified successful school districts or schools is then used to help determine an overall adequate base funding level. The SS approach offers a view on the present-day spending of successful schools. The SS approach does not provide information about the added cost adjustments (weights) required for special need populations, such as: special education, English Language Learners (ELL), at-risk, or Career and Technical Education (CTE) students.

Professional Judgment (PJ) Approach: The PJ approach relies upon panels of experienced educators and education service experts – informed by education research – to specify the resources needed for different size schools and districts to educate their students to meet state and federal performance expectations. Panelists are asked to outline the resources they believe are needed in large, medium, and small school districts. In contrast to the SS approach, the PJ approach is useful in identifying special need student costs and in examining the future costs of schools and school districts in meeting state performance standards. These performance standards include the standards set through the federal No Child Left Behind Act (NCLBA) that requires all students be proficient by the 2013-14 school year.

Evidence-Based Approach: The evidence-based approach assumes that education research has reached a broad set of conclusions about how resources should be deployed in schools so that student performance improves. For the Nevada study, the evidence-based work was used to guide and strengthen the PJ panels. Augenblick, Palaich and Associates, Inc. relied upon two national experts to inform the panels of the types of resources research shows may be needed to improve student performance.

Augenblick, Palaich and Associates, Inc.
Draft Report – Estimating the Cost of an
Adequate Education in Nevada

Results

Successful Schools (SS) Analysis - \$79.6 million

A “Starting” Cost: Drawn primarily from the SS analysis using FY 2003-04 data (the latest full year of data available), this cost offers Nevada policymakers a launching point from which to begin addressing the needs of school districts that currently do not receive adequate funds to meet the 2003-04 state and federal performance standards. For FY 2003-04, a total of \$2,231.3 million was expended on K-12 education statewide. According to APA, 12 Nevada school districts would need an additional \$79.6 million to bring them up to the 2003-04 successful schools adequacy level. This amount would need to be adjusted to account for enrollment changes and the additional K-12 education funding approved by the 2005 Legislature, as well as for inflation to arrive at a “Starting” cost for the 2006-07 school year. The following highlights the SS analysis for Nevada:

- **Selecting Successful Schools:** Due to the small number of school districts in Nevada, APA conducted a school-level SS analysis. Successful schools were those showing rates of performance improvements needed to meet the escalating future standards under the No Child Left Behind Act (NCLBA). In total, 118 Nevada schools were identified for inclusion in the analysis.
- **Identifying Base Spending:** In order to identify the base spending of identified successful schools, APA utilized data obtained from In\$ite®. The Legislative Counsel Bureau contracts with In\$ite® to provide expenditure data down to the school level in Nevada.
- **What is Not Included in Base Spending:** The SS approach does not provide information about the added cost adjustments (weights) required for special education, English Language Learners (ELL), at-risk, or Career and Technical Education (CTE) students. In addition, costs for transportation and food service are not included in the analysis.

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Results

Professional Judgment (PJ) Analysis – \$3,551.3 million

A “Goal” Cost: This cost is drawn primarily from the PJ panel analysis and represents the total cost of educating students to reach state and federal academic standards, including the standards set through the federal No Child Left Behind Act (NCLBA). For FY 2003-04, a total of \$2,231.3 million was expended on K-12 education statewide. According to APA, a total of \$3,551.3 million in 2003-04 would be needed to bring school districts up to the NCLBA goal of 100 percent student proficiency (the required federal NCLBA standard for FY 2013-14). This amount would need to be adjusted to account for enrollment changes and the additional K-12 education funding approved by the 2005 Legislature, as well as for inflation to arrive at a “Goal” cost in FY 2013-14. The following highlights the PJ analysis for Nevada:

- PJ Panel Structure - Six panels were created:
 - ✓ Two panels were convened to address school-level needs in three hypothetical K-12 school districts (small, moderate, and large);
 - ✓ One panel was convened to address district-level needs;
 - ✓ One panel was convened to address special population needs, including special education, ELL, and at-risk populations;
 - ✓ One panel was convened to address CTE needs; and
 - ✓ One in-state panel was convened to review the previous panel work.

- Panel Members - Selected through a nomination process that included:
 - ✓ School Superintendents;
 - ✓ Superintendent of Public Instruction;
 - ✓ Nevada Manufacturers Association;
 - ✓ Nevada State Education Association;
 - ✓ Nevada Association of School Boards;
 - ✓ Nevada Association of School Administrators; and
 - ✓ Commission on Educational Excellence.

Results - continued

Professional Judgment (PJ) Analysis – \$3,551.3 million

- **Evidence-Based Approach:** Two national experts set the initial “research-based” resource levels for consideration by the PJ panels. These resource levels could be accepted, rejected or modified by the PJ panels.
- **Resource Needs:** Individual panels examined the following types of resources:
 - ✓ **Personnel,** including classroom teachers, other teachers, psychologists, counselors, librarians, teacher aides, administrators, nurses, etc.;
 - ✓ **Supplies and Materials,** including textbooks and consumables;
 - ✓ **Non-Traditional Programs and Services,** including before-school, after-school, pre-school, full-day kindergarten, and summer-school programs;
 - ✓ **Technology,** including hardware, software, and licensing fees;
 - ✓ **Other Personnel Costs,** including the use of substitute teachers and time for professional development; and
 - ✓ **Other Costs,** including security, extra-curricular programs, insurance, facilities operation and maintenance, etc.
- **Resource Needs Not Included:**
 - ✓ Transportation;
 - ✓ Food Service; and
 - ✓ Facilities (i.e., new space or facilities to house any new/expanded programs).

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Findings and Recommendations

For FY 2003-04, a total of \$2,231.3 million was expended on K-12 education statewide. The draft report from APA provides two base cost figures, one using the SS approach - \$2,310.9 million, and the other based on the PJ approach - \$3,551.3 million. These costs represent operating costs, but do not include transportation and food service. According to APA, one way to interpret these amounts is that the SS base represents a starting point in FY 2003-04 and the PJ amount, when adjusted for such things as inflation and student enrollment, would represent an ending point in FY 2013-14.

If accepted, the state would need to determine how to increase the revenues of school districts to match their anticipated costs. Revenues include federal, state, and local funds. APA provides two ways to increase revenues to match anticipated costs:

1. The increase could be based upon the annual percentage change needed to move from the lower costs to the higher costs; or
2. The increase could be based upon the annual constant amount that would be needed to move from the lower costs to the higher costs.