

STUDENTS CAN'T WAIT

Why **Now** is the Time to Invest
in K-12 Public Education



Overview

Nevada finds itself in the midst of a global pandemic and deep economic uncertainty. Though these times have felt unprecedented, our state is no stranger to fiscal crises. When the nation faces a wave of economic hardship, Nevada finds itself drowning in a tsunami of debilitating unemployment rates (currently one of the highest in the country), severe contraction of gaming and tourism revenue for which our state is over reliant, and cuts to essential state resources, namely, K-12 public education.¹

Unfortunately, state lawmakers' responses to these moments have been as predictable as the crises themselves. Our state slips into deep austerity measures - cutting essential programs and trimming budgets. When other states have taken steps to diversify their economies, strengthen their tax base, and grow more resilient - Nevada makes the same mistakes, with the same results.

Now more than ever, trying to "cut" ourselves out of this crisis will lead to devastating results for our schools. Nevada is about to transition to the Pupil-Centered Funding Plan (PCFP), a new school funding formula that will drastically reallocate funds across districts and schools. Without a commitment to fund public education, many students will head into schools with larger class sizes, fewer counselors, and eliminated programs and supports that have a direct impact on their ability to succeed. Re-slicing the pie, without growing the pie, will continue to leave our students hungry.

This report examines the consequences of making the mistakes of the past in the face of our current economic crisis. First, the report details the impact on schools that support our most vulnerable students. Second, it examines Nevada's history of school funding and a model for improvement.

Empower Nevada's Future is a grassroots movement of parents, teachers, students and community members ready to demand more from our elected officials. We are demanding a serious commitment to our students, including a plan to lift Nevada's K-12 system out of last place and up to the national average. A quality education system is the key to diversifying our economy, strengthening our community and building our future.

Leaving Behind Students Most in Need

The new funding formula (PCFP) will make drastic changes in how we meet the needs of our most vulnerable student groups, specifically English learners (EL) and at-risk students. Nevada currently supports some of these students through categorical, school-based programs called Zoom and Victory schools. Additional funding called New Nevada Plan (NNVP) funding targets a portion of students who struggle with achievement. These programs have led to positive outcomes by offering additional, targeted funding to provide evidenced-based supports and services to students.²

Unfortunately, these programs only serve about twenty percent of EL and at-risk students.³ Most students attend schools that receive no state funding specifically to meet their unique needs. This fundamental problem led to the PCFP including “weighted funding” for every student that is EL and at-risk. This means that each student would receive additional funding to meet their needs in the form of a “weight” or multiplier of base per-pupil funding. Students will receive the highest weight if they fall into multiple eligible categories, rather than receiving multiple weights.

The PCFP requires a transition to weights in the coming 2021-23 biennium, though districts have some discretion over how funding is distributed. However, beginning in the 2023-24 school year, weighted funding must be allocated directly to schools based on their number of eligible students.⁴ Zoom, Victory, and New Nevada Plan funding is slated to support weights, meaning these programs will effectively disappear.

A 2019 analysis from Educate Nevada Now found:

- On average, 80% of at-risk and EL students are not receiving any additional state dollars.
- With an average of 68% of EL students not receiving any additional state dollars.
- And an average of 84% of at-risk students not receiving any additional state dollars.
- Three districts have more than 75% of their ELL students receiving no additional state dollars.



Weights Done Right Mean More Equity, But Underfunded Weights Mean More Problems

The Nevada Department of Education (NDE) has revealed the “effective weights” resulting from the transfer of available Zoom, Victory and NNVP dollars into EL and at-risk weights under Governor Sisolak’s proposed budget.⁵ These weights are well below the recommended weighted funding levels from the 2018 Augenblick, Palaich and Associates (APA) study, adopted by Nevada’s Commission on School Funding as a benchmark to optimal funding.⁶

The following chart compares current per-pupil funding levels for students in Zoom and Victory Schools,⁷ funding levels of the proposed effective weights for the coming biennium and recommended weighted funding levels per APA’s full adequacy scenario. The transition to weights under the proposed budget results in a steep decline in funding for EL and at-risk students, with funding declining even further in year two of the budget.

Student Category	Current Categorical Programs (Zoom/Victory)	2021-22 Proposed Budget	2022-23 Proposed Budget	APA Adequacy Recommendation
English Learner	\$2,164	\$1,485	\$1,357	\$4,619
At-risk	\$1,126	\$252	\$231	\$2,771

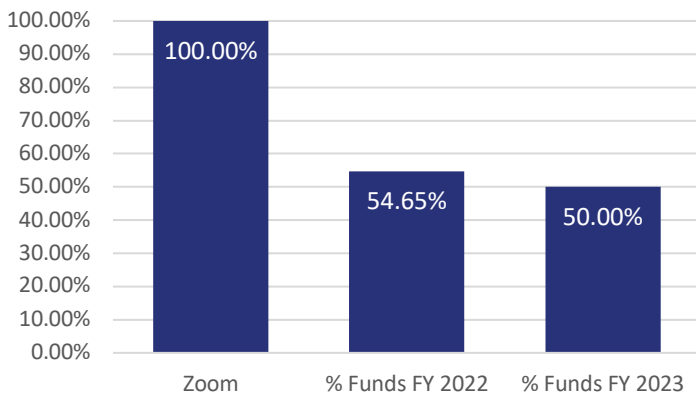
What is the APA Study and “adequacy”?

Augenblick, Palach and Associates (APA) conducted a state-commissioned study to develop school finance recommendations for Nevada lawmakers. APA developed “adequacy” recommendations for funding levels and weights using a Professional Judgement analysis, where school officials were asked what resources were necessary to ensure students **could meet state academic content standards**. This 2018 study is often cited as the impetus for the PCFP weighted funding model, but aside from redistributing funds, the PCFP bears little to no relationship to the recommendations of APA, as the PCFP does not cost out resources such as necessary staffing, technology, supplies, or other necessities. The Commission on School Funding has recommended APA’s adequacy-based funding levels as a benchmark to “optimal funding.”

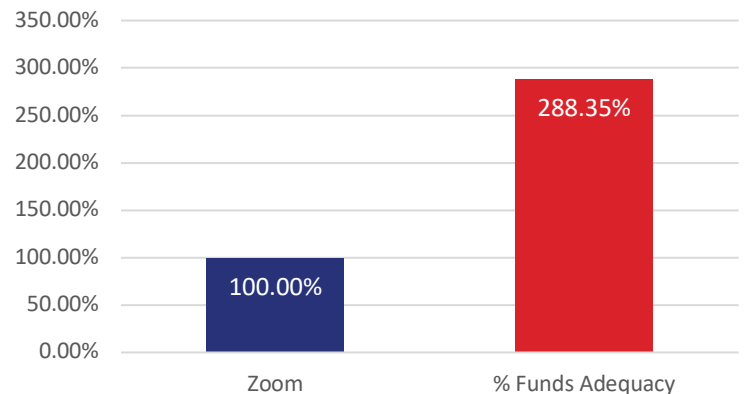
A Snapshot

The shift to weights without additional funding will have a drastic impact on schools, as categorical program funds are “spread thin” across the state. The following represents actual categorical funding levels at several schools across the state, compared to their expected weighted funding levels under the PCFP proposed effective weights. This small sample of schools offers a snapshot of the crisis many schools could face without a commitment to additional funding. Additionally, school weighted funding levels were analyzed under the APA adequacy recommendations, to illustrate how a commitment to fully funding weights and the PCFP would drastically impact the resources available at schools.

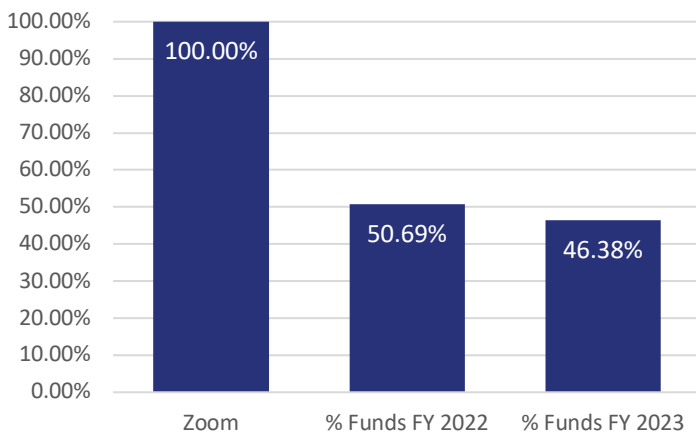
Zoom Recipient Elementary School



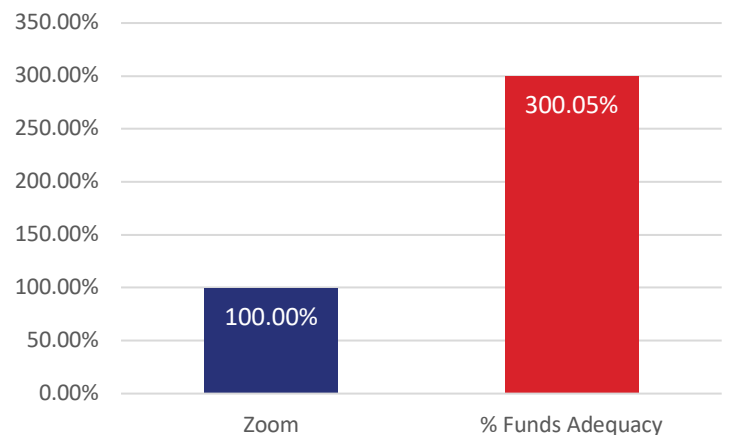
Adequate Weights Comparison



Zoom Recipient Middle School



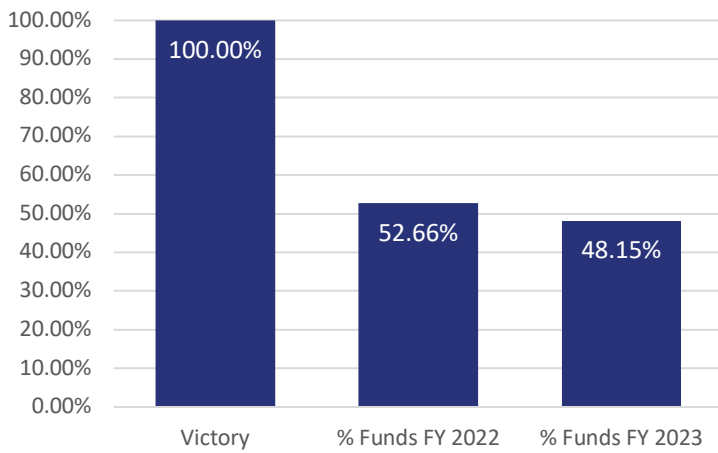
Adequate Weights Comparison



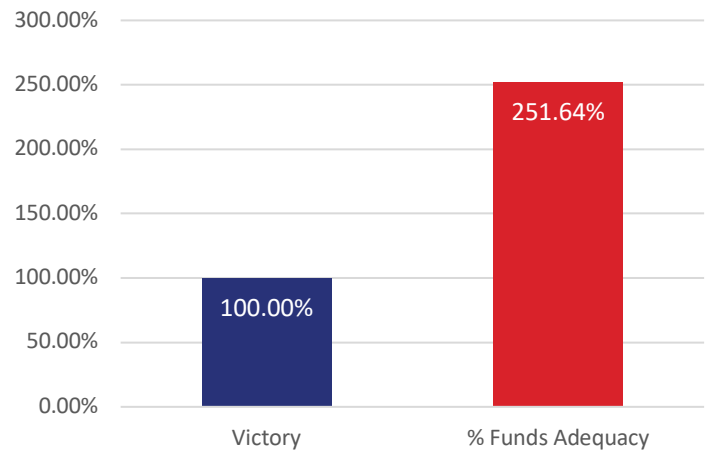
Who is considered “at-risk”?

“At-risk” typically refers to students that are at a higher risk of failing academically or dropping out. Most states use a student’s or school’s eligibility for Free or Reduced Price Lunch as a proxy for “at-risk” due to research linking socioeconomic status and achievement. However, the Commission on School Funding recommended the State consider a different method of defining “at-risk” that accounts for a variety of risk factors. The Nevada State Board of Education has recently adopted this new method, though it is not yet implemented. Despite the change, the Nevada Department of Education has stated the number of eligible students will be similar to the FRL eligibility numbers. As such, our analysis uses FRL eligibility as a proxy for at-risk weight eligibility, since data on the new method has not yet been revealed.

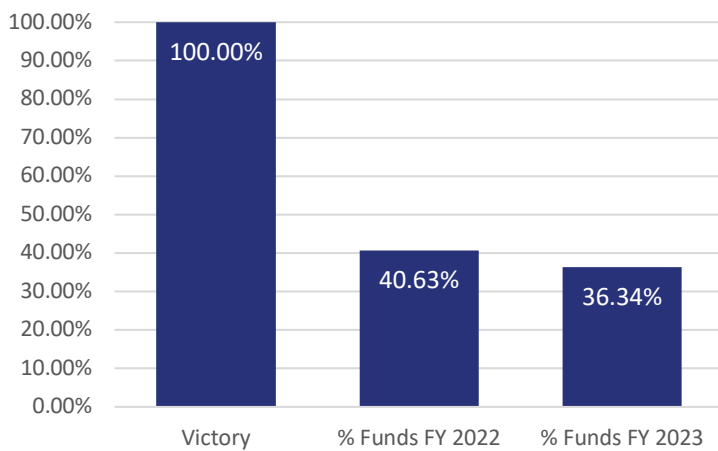
Victory Recipient Elementary School



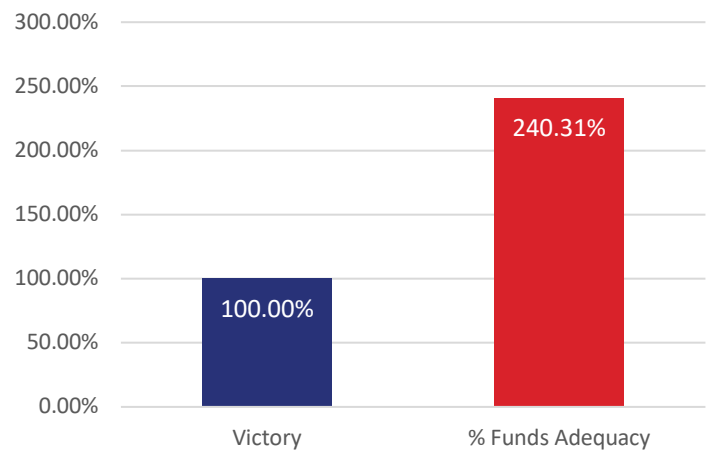
Adequate Weights Comparison



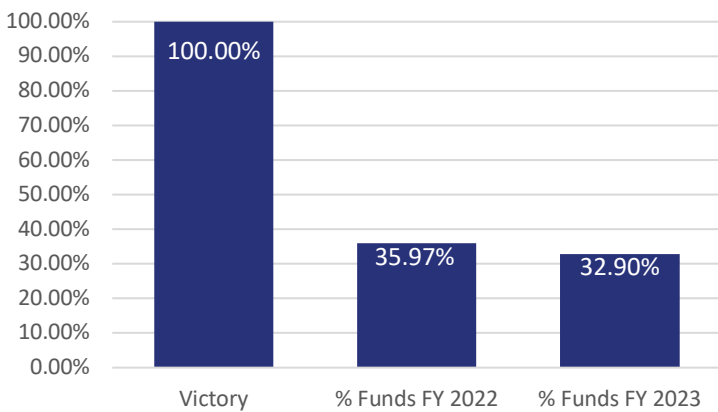
Victory Recipient High School



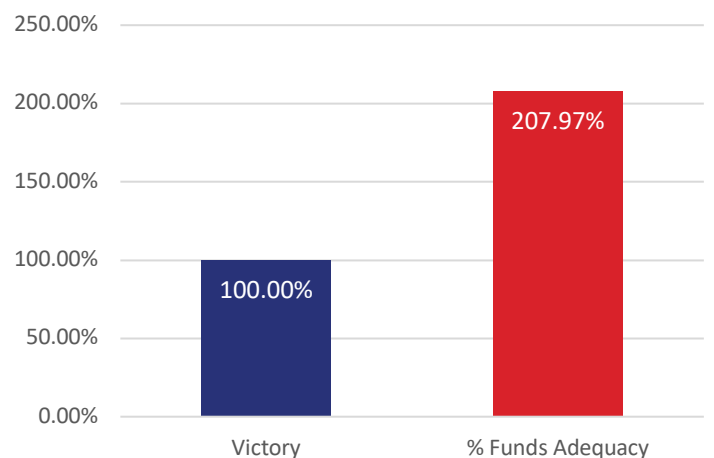
Adequate Weights Comparison

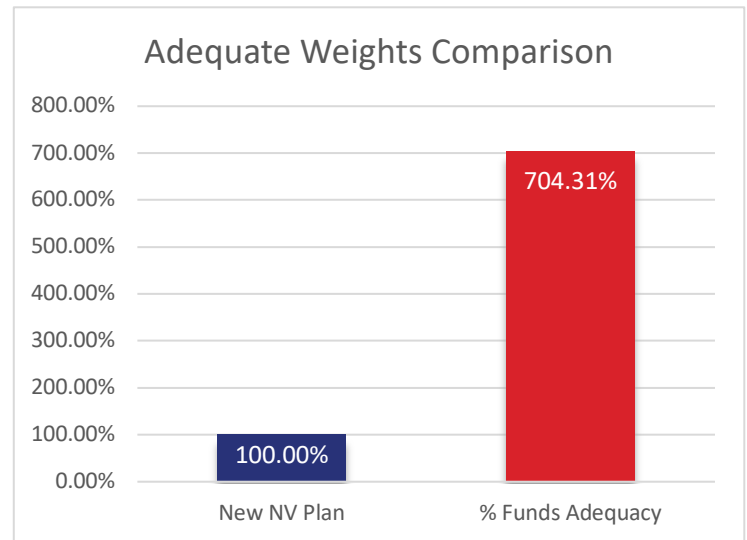
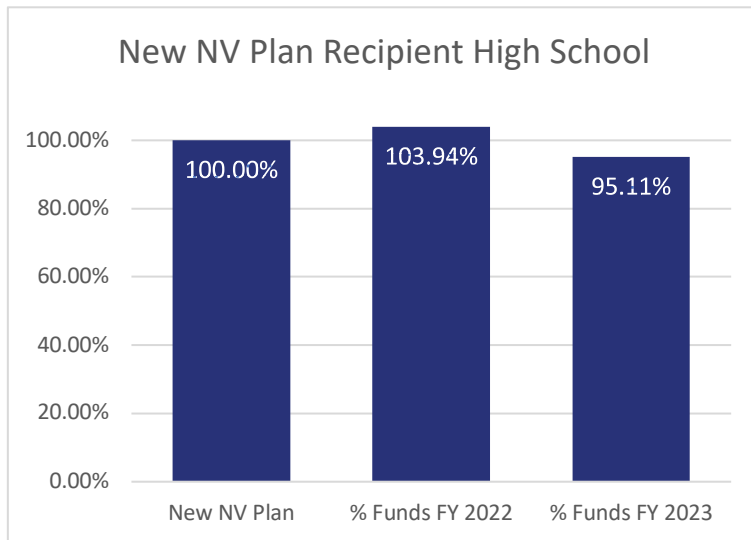


Victory Recipient High School



Adequate Weights Comparison





Victory, Zoom, and New NV Plan funding levels based on 2020-21 school year.

Insufficient Weighted Funding Means Losing Resources

When the PCFP passed in 2019, many were hopeful that lawmakers' promise to move towards adequate funding was the natural progression - the obvious next step to making the weighted funding formula work in practice, not just in theory. Now, lawmakers seem unwilling to have a serious discussion on growing out of this current recession. The effect on schools will be devastating without a plan of action.

ENN contacted principals of the analyzed schools to get input on what insufficient weights would mean to their students and schools. Many reported the likely loss or reduction of:

- Teachers
- Reading Specialists
- Support Professionals
- After School Programs
- Wrap Around Services
- Transportation Supports

The transition to the PCFP adds urgency to an already dire situation. Nevada schools need adequate funding, and the success of the PCFP depends on it. Nevada students are in danger of losing critical services and supports. Now is time the commit to additional revenue for our public schools.

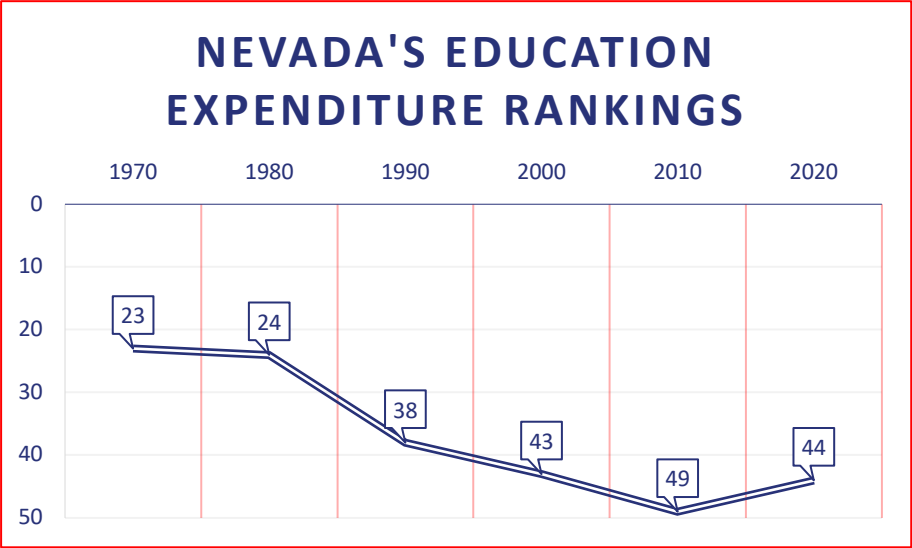
Where is the accountability in weighted funding?

Categorical grant programs restrict the use of funds in various ways, but generally requires funds be used for evidence-based practices that impact student achievement. Under the PCFP, weighted funding will also have certain restrictions on usage. Weighted dollars must serve the eligible student population and fund services similar to those in Zoom and Victory schools.⁸ Weighted funding also cannot be used for collective bargaining agreements.⁹

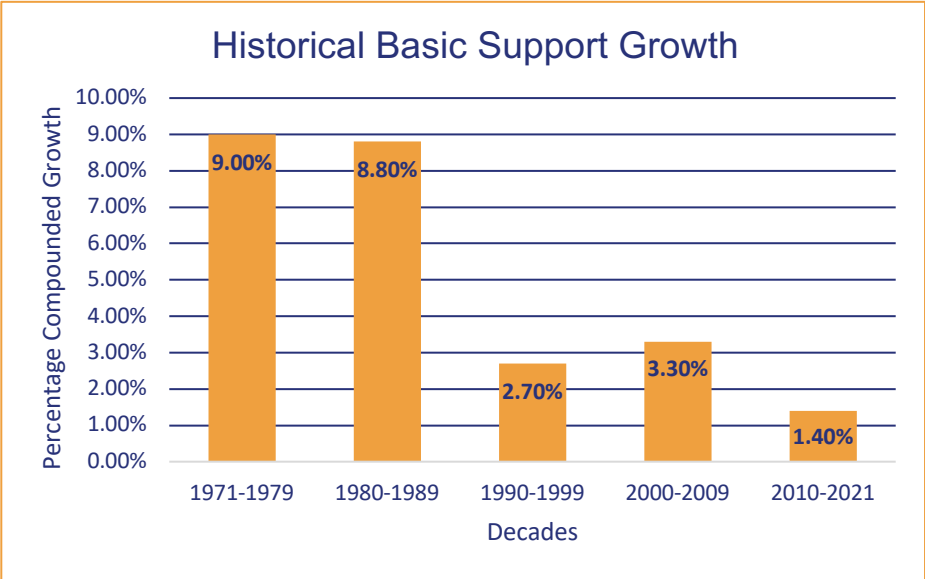
A Look Behind and a Path Forward

Nevada finds itself near the bottom in funding, with an “D” in spending in the most recent Quality Counts Report and a second to last ranking overall for its school finance system.¹⁰ Making the Grade gave Nevada an “F” in all three school finance categories - funding levels, distribution and effort. In fact, Nevada is the only state to receive “F”s across the board. Nevada spends \$3,865 less per pupil less than the national average.¹¹ As a result, our students attempt to learn in the largest class sizes in the country and districts have struggled to safely reopen. Many schools struggle to purchase up-to-date textbooks and technology. Supports and programs that are commonplace elsewhere are luxuries Nevada schools simply cannot afford.

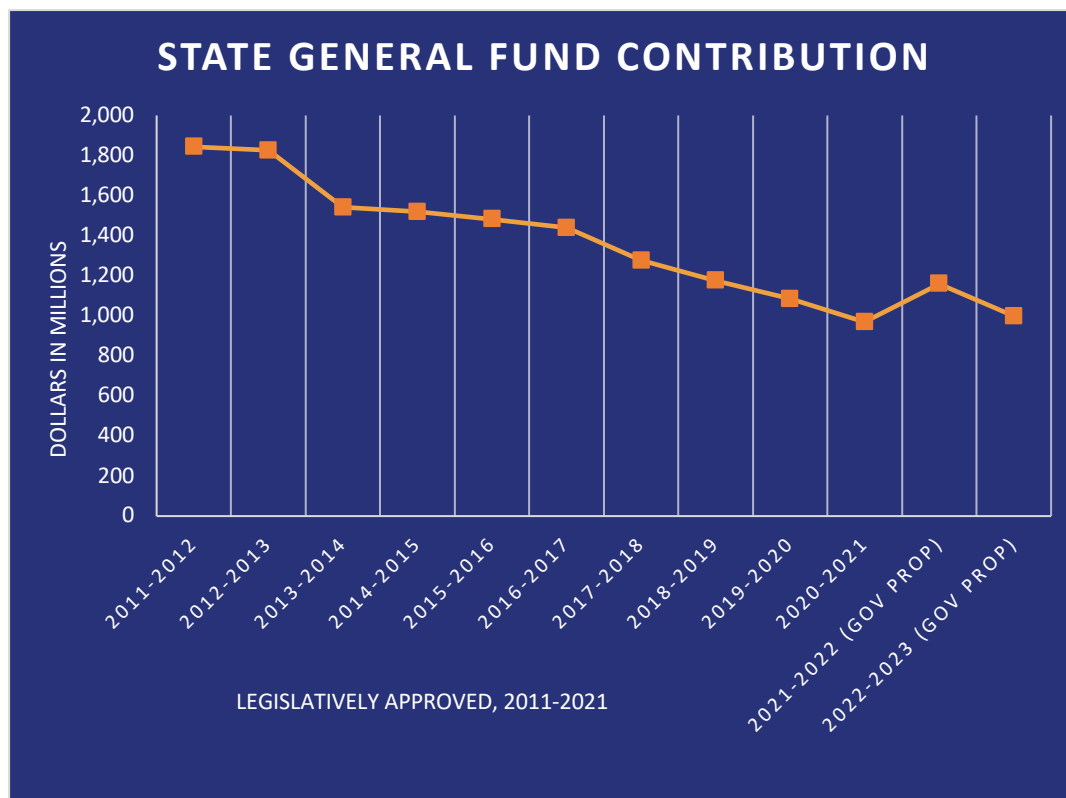
But it has not always been this way. At one point Nevada actually ranked toward the middle in per-pupil spending nationally, sinking from 25th to near the bottom over the past 50 years.¹²



It is difficult to know exactly if Nevada’s regressive commitment to K-12 funding is the main cause for this drastic change or if other states have simply put in significantly more effort to leave Nevada behind. What we do know is that funding for Nevada’s public education system has slowly eroded over the years, leading to a slow drip of dwindling resources. A forty-year analysis of the state’s per-pupil basic support levels show Nevada has steadily dropped from an average 9% yearly growth in per-pupil funding in the 1970’s to an average of 1.4% per pupil funding growth in the last decade, a level so low it does not even keep up with inflation.



Even when new revenue sources are meant to support education, Nevada has responded by relying on this new funding to simply supplant the state's general fund contribution to education. One of the most notorious examples of this is the Initiative Petition 1 Room Tax, passed in 2009, which supplanted the state budget contribution by more than \$1.6 billion over the past decade. This tax was meant to **supplement** K-12 funding and was even earmarked to support student achievement and teachers. However, lawmakers never honored the law's intent. Other revenue reforms have also fallen victim to supplanting. This penchant for supplanting is evident when examining the state's general fund contribution to education throughout the years. **As new revenue becomes available elsewhere, the amount the state contributes from its general fund to K-12 has steadily decreased. Taxes passed in the name of education, do not always mean more funding for schools.**



Now is the time. Moments of crisis have been especially debilitating, as Nevada has often opted to cut or reduce taxes rather than grow stable revenue sources and expand ways to support our state. This leads to weakening the very government supports we need to weather a crisis. This also creates difficulty in developing a home-grown, qualified workforce that will attract diverse industries that would make our state more resilient and less reliant on gaming and tourism. It is a vicious cycle, but there is a way out. The following section analyzes another state that made a strong commitment to public education and how it paid off for students.

A Case Study in Investment Done Right - Wyoming

Wyoming is a success story. It represents a concerted effort to meet the needs of students and ensure equitable and adequate resources. About two decades ago, the Wyoming Supreme Court ruled the state must do more for public education, finding education is one of the state's most important functions.¹⁵ Since then, lawmakers have made steadfast investments in schools, and the investments have paid off.

Wyoming lawmakers have put in the effort to ensure their public education system thrives. In fact, the 2020 Making the Grade Report gave Wyoming an "A" in Funding Effort, a measure of a state's "effort as measured by the percentage of state wealth or gross domestic product (GDP) allocated to support the PK-12 school."¹⁶ In the past 10 years since the Great Recession, Wyoming decided that rather than cutting education, it would increase its effort - from 30th in the nation to third, a 24% increase in effort.¹⁷ It also received "A"s in funding level and equity.¹⁸ It now finds itself atop the Quality Counts School Finance rankings as well.¹⁹

The result? Wyoming has one of the most advanced K-12 systems in the country. Its schools have been able to attract high quality educators, especially as it competes with its neighbor, Colorado, a state that has failed to raise sufficient revenue and prioritize education.²⁰ Wyoming schools also tend to retain paraprofessionals, librarians and other important resources. It ranks near the bottom in class sizes, with a ratio of 12.9 students per teacher (compared to 22.5 per teacher in Nevada).²¹ As one state senator noted, "I really do think you get what you pay for. And if you want an exceptional education system, you have to fund it accordingly."²²

The return on investment has been rising student achievement. Wyoming boasts significantly higher National Assessment of Educational Progress scores than the national average (and much higher than Nevada's).²³ Their students do better on college entrance exams.²⁴ Their students have the second highest graduation rate in the country, well above the national average.²⁵ As studies have consistently shown, and Wyoming illustrates, money matters in education because resources matter to student outcomes.

	Wyoming	Nevada
<i>Graduation Rate</i>	93.2%	86.7%
<i>ACT Score Ranking (Score)</i>	20	17.7
<i>NAEP Scores (8th Grade Math and Reading)</i>	Significantly Higher than Average (Math/Reading)	Significantly Lower than Average (Math/Reading)
<i>Student-Teacher Ratio</i>	12.9	22.5
<i>Funding Level, Equity, and Effort Scores</i>	A, A, A	F, F, F
<i>Per-Pupil Expenditures Adj. for Cost of Living²⁶</i>	\$18,221	\$9,436

It is nearly impossible to compare tax structures state-to-state, with every state having its own unique natural resources, industries, property values, constitutional limitations and culture. That said, Wyoming has made serious revenue commitments to funding its schools. The state does not have a state income tax, like Nevada, but has relied on mineral, sales and property taxes to meet the needs of schools and the state.²⁷ Like nearly every other state, Wyoming is feeling the effects of the recent downturn in industries that support their state, but they come from a position of strength.²⁸ Years of adequate school funding, prioritizing quality teachers, assisting with school construction and other measures leave them in a position to weather the storm.

Conclusion

Nevada has moved forward with a new K-12 funding formula, the Pupil-Centered Funding Plan, and it has the potential to fix many of the shortfalls evident in the 52-year-old formula it replaces. However, the original intent of the PCFP was to develop a ten-year plan to adequately fund the formula. Now with the recession looming, finding revenue solutions to meet the needs of schools is more urgent than ever. Funding needs to grow in order for the formula to be successful. Without additional funding and no path forward, the formula will actually do more harm than good to many students.

As we saw from the sample analysis, transitioning to the PCFP without additional funding will deplete as much as 70 percent of additional dollars these schools currently use to meet the needs of their most vulnerable students. This will result in reduced teaching staff, cutting literacy specialists, removing after school programs and losing many other critical wraparound services in schools that need them most. Though many expected some “growing pains” in the transition, a complete lack of effort to begin fully funded the formula was not contemplated and cannot be accepted.

In addition to failing to commit to plan for increased revenue, Nevada seems to want to solve its current crisis by using austerity measures. This would be taking a step backwards for our students. Nevada tried addressing economic challenges by making cuts during the 2008 recession, but we have learned 13 years later that this approach stagnated K-12 education, resulting in a lingering reputation of being near the bottom of every good list and top of every bad one. Schools never really recovered from these cuts and an entire generation of students have paid the price with large class sizes and insufficient supports. As we see with Wyoming’s achievement growth, a commitment to additional resources leads to real results - it just requires the will and action of state leadership.

Nevada students cannot wait. K-12 funding is an investment with big returns for our state’s future, including economic stability and diversity. The sooner we take action, the sooner we break the cycle and live up to our fullest potential.

Visit EmpowerNevadasFuture.com to learn more, sign the pledge and get updates.

Prepared by Amanda Morgan & Michelle Booth
Educate Nevada Now, powered by The Rogers Foundation

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Endnotes

¹ U.S. Bureau of Labor Statistics, *Local Area Unemployment Statistics*, <https://www.bls.gov/web/laus/laumstrk.htm>.

² Chad W. Buckendahl, Ph.D., et al, *Nevada External Outcomes Evaluation*, ACS Ventures, LLC, Jan. 7, 2019, <http://www.acsventures.com/wp-content/uploads/2019/01/2018-Nevada-External-Outcomes-Evaluation-Report-20190113-REVISED.pdf>.

³ *ENN Analysis Highlights Disparity in Resources for ELL, FRL Students Statewide*, Educate Nevada Now, Mar. 13, 2019, <https://educatenevadanow.com/school-finance-reform/enn-analysis-highlights-disparity-in-resources-for-ell-frl-students-statewide/>.

⁴ SB 543, § 8(3), 78 (2019).

⁵ Effective weights as presented to the Legislative Commission's Budget Subcommittee by the Nevada Department of Education on Jan. 22, 2021. These weights were updated shortly before the release of the report, and the new calculation in the 2022-23 school year slightly higher. For updated weights, see Dep't of Educ., *Senate Committee on Finance and Assembly on Ways and Means Subcommittees on K-12/Higher Education/CIP*, 59, Feb 16, 2021, https://www.leg.state.nv.us/App/NELIS/REL/81st2021/ExhibitDocument/OpenExhibitDocument?exhibitId=47148&fileDownloadName=Department%20of%20Education_Presentation.pdf (ENN will be updating calculations, along with expanding the sample of schools, with updates available on educatenevadanow.com).

⁶ Augenblick, Palaich and Assoc., *Nevada School Finance Study*, 75-76, Oct. 22, 2018 (Includes weighted funding levels per APA's full adequacy (PJ) model as adopted by the Commission on School Funding. The actual increase of funds to schools would be significantly greater as the weights are attached to a higher base per-pupil funding figure of \$9,238.).

⁷ Mary McKillip & Danielle Farrie, *Nevada's New Formula is an Opportunity Not to be Lost*, Education Law Center (June 2020), https://edlawcenter.org/assets/files/pdfs/publications/Nevada_School_Funding_PDF.pdf.

⁸ SB 543, § 8(7)-(8).

⁹ SB 543, § 4(7).

¹⁰ *State Grades on School Finance: 2020 Map and Rankings, Quality Counts School Finance Report*, Education Week, <https://www.edweek.org/leadership/state-grades-on-school-finance-2020-map-and-rankings> (hereinafter "Quality Counts").

¹¹ Danielle Farrie & David Sciarra, *Making the Grade 2020*, Education Law Center, <https://edlawcenter.org/research/making-the-grade-2020.html> (hereinafter "Making the Grade")

¹² Table 194, National Center for Education Statistics, https://nces.ed.gov/programs/digest/d10/tables/dt10_194.asp (1970-2000); Nation Gets a C on School Finance, Even as Economic Downturn Takes Hold, Education Week, Jun. 2020 <https://www.edweek.org/policy-politics/nation-gets-a-c-on-school-finance-even-as-economic-downturn-takes-hold/2020/06> (2000-2020 data).

¹³ Analysis of allocated Distributive School Account basic support per-pupil.

¹⁴ Graph represents analysis of legislatively approved state general fund dollars to the Distributive School Account from FY 2012 through FY 2021 and Governor's proposed biennium budget for FY 2022 and FY 2023, adjusted for inflation using a 2021 base year.

¹⁵ *Campbell County Sch. Dist. v State*, 907 P.2d 1238 (Wyo. 1995).

¹⁶ *Making the Grade*, *supra* note 11.

¹⁷ Danielle Farrie & David Sciarra, *\$600 Billion Lost: State Divestment in Education Following the Great Recession*, Education Law Center, available at [https://edlawcenter.org/assets/\\$600%20Billion/\\$600%20Billion%20Lost.pdf](https://edlawcenter.org/assets/$600%20Billion/$600%20Billion%20Lost.pdf).

¹⁸ *Making the Grade*, *supra* note 11.

¹⁹ *Quality Counts*, *supra* note 10.

²⁰ Matt Mauro, *Wyoming Sees Results by Funding Education Better than Colorado, Other States*, Apr. 26, 2018, <https://kdvr.com/news/local/wyoming-sees-results-by-funding-education-better-than-colorado-other-states/>.

²¹ *2020 Rankings and Estimates Report*, National Education Association, 23, <https://www.nea.org/research-publications>.

²² Mauro, *supra* note 20.

²³ *State Performance Compared to the Nation*, The Nation's Report Card, <https://www.nationsreportcard.gov/profiles/stateprofile?chort=1&sub=MAT&sj=AL&sfj=NP&st=MN&year=2013R3>.

²⁴ *Average ACT Score by State*, World Population Review, <https://worldpopulationreview.com/state-rankings/average-act-score-by-state> (Wyoming, like Nevada, requires all high school students take the ACT exam).

²⁵ *High School Graduation Rates by State 2021*, World Population Review, <https://worldpopulationreview.com/state-rankings/high-school-graduation-rates-by-state>.

²⁶ *Nation Gets a C on School Finance, Even as Economic Downturn Takes Hold*, Education Week, Jun. 2020 <https://www.edweek.org/policy-politics/nation-gets-a-c-on-school-finance-even-as-economic-downturn-takes-hold/2020/06>

²⁷ Phil Roberts, *History of the Wyoming Sales Tax*, Wyo. Law Rev., 241-43 (Jan. 2004), <https://scholarship.law.uwyo.edu/cgi/viewcontent.cgi?article=1077&context=wlr>.

²⁸ Nick Reynolds, *307 Politics: Voters Show Continued Distaste for Tax Increases as Budget Questions Continue to Mount*, Star-Tribune, Sep. 27, 2020, https://trib.com/news/state-and-regional/govt-and-politics/307-politics-voters-show-continued-distaste-for-tax-increases-as-budget-questions-continue-to-mount/article_0c36a505-5328-59a7-ad9e-19aa6dd12714.html.