

Nevada's New Formula is an Opportunity Not to be Lost

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Abstract

The Nevada Legislature passed a law in June 2019 to overhaul the state's decades-old and inadequate school funding formula and establish a School Funding Commission to launch the new formula, known as the Pupil Centered Funding Plan. The Commission is charged with developing recommendations for the key cost components of the formula, including the base per pupil cost and additional weights for at-risk students, and identifying revenue streams to fully fund the formula within ten years. However, the Commission appears to be ready to unveil a new formula that ignores these crucial tasks. This report argues that the Commission must develop a plan for the formula that includes appropriately designed weights for English learners (EL) and low-income students, informed by the expert analyses previously commissioned by the state and available to the Commission, as well as a pathway to full formula funding. The report identifies three alternative approaches that would: 1) extend per pupil funding for low-income and EL students at the current rates in the state's popular Victory and Zoom programs, 2) utilize the "Successful Schools" model developed by school finance experts, or 3) enact the "Full Adequacy" model also developed by finance experts.

Acknowledgments

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Introduction

Nevada school funding ranks among the lowest in the nation. The state falls to 45th in funding level on Education Law Center's annual [Making the Grade 2019 report card](#), providing nearly \$4,500 less per pupil than the national average in state and local dollars after adjusting for regional cost differences. To make matters worse, Nevada's high poverty districts receive, on average, 31% less funding than low poverty districts. Additional state funding for low-income¹ and English learners (EL) reaches only a subset of students attending specific types of schools: Zoom schools, Victory schools, and schools receiving SB178 funds.

The State Legislature has long recognized that the existing school funding formula, the "Nevada Plan," provides inadequate and variable levels of funding. In June 2019, over a decade after commissioning a series of [comprehensive cost studies](#) from school finance experts Augenblick, Palaich and Associates (APA) that outlined short- and long-term goals to bring Nevada's school funding into the 21st century, the Legislature finally approved a law to transition to a new student-centered funding formula, the "[Pupil-Centered Funding Plan](#)."

Unlike the Nevada Plan funding formula, which is unrelated to the actual cost of educating students and unresponsive to student demographics, the Pupil-Centered Funding Plan is intended to provide a base level of adequate resources to all students and also target additional funding based on student need. A [Commission on School Funding](#), established by the new legislation, has been charged with the task of advising the Legislature on the transition to the new formula's implementation in the 2021-22 school year.

Instead of using the expert research to determine the cost components of the Pupil-Centered Funding Plan formula, the Commission appears to be ready to assign parameters

based on the grossly inadequate levels of state funding under the Nevada Plan, and not on actual costs and documented student need. Put simply, the Commission is attempting to shoehorn current funding into a [new formula with no new revenue](#). This exercise will doom the new formula before it gets off the ground and, more importantly, will fall far short of the school finance reform Nevada’s students deserve and are due.

In light of the current economic turmoil resulting from the COVID-19 pandemic, which will impact Nevada’s budget for years to come, the Commission must recommend new revenue sources to improve Nevada’s education funding for the next generation. The Commission has the perfect opportunity to propose an approach with long-term goals and benchmarks, so that, as the economy recovers, the State will be able to fully fund schools, making adequate resources available to all students, particularly the low-income students and English learners, who are in dire need.

As this report makes clear, it is imperative that the new Pupil-Centered Funding Plan include appropriately designed weights for EL and low-income students, informed by the expert analyses previously commissioned by the state and available to the Commission.

Current Nevada Funding for Low-Income Students and ELs

The current formula does not provide any supplementary funding to support the additional programs and services needed to educate low-income students and English learners. The Legislature has funded three separate funding streams – commonly referred to as “categorical programs” – directed not to those students but to schools serving high enrollments of those students: Zoom Schools, Victory Schools and SB178 Schools. These categorical programs are, in effect, grants to eligible schools, with the number of schools and amounts available subject to the funding levels appropriated for each program by the Legislature in Nevada’s biennium budget.

The number of schools and students receiving Zoom, Victory and SB178 funding, and the per pupil amounts, are described in Table 1. (See inset box below for more details on these programs).²

Table 1: Categorical Program Funding for English Learners and Low-Income Students

| | Schools | Funding | Students | Avg Funding per Student |
|----------------|------------|----------------------|---------------|-------------------------|
| Zoom | 104 | \$46 million | 21,136 | \$2,164 |
| Victory | 35 | \$23 million | 20,595 | \$1,126 |
| SB178 | 154 | \$36 million | 29,212 | \$1,200 |
| Total | 293 | \$105 million | 70,943 | \$1,481 |

In the 2017-18 school year, these programs allocated the following funds for students in each eligible school:

- Zoom schools received additional funds to support English learners, averaging \$2,164 extra dollars per targeted pupil.
- Victory schools are defined as the 35 lowest performing schools in high poverty areas, and they received an additional \$1,126 per targeted pupil.
- SB178 schools receive an additional \$1,200 per student for English learners and/or low-income students with low testing proficiency.

Zoom and Victory Schools

English learners attending eligible schools receive additional funding through the Zoom Schools categorical program. In the Clark County School District (CCSD) and the Washoe County School District—which together account for 90% of total state enrollment—schools are selected as Zoom schools based on low performance and higher percentages of EL students. In other districts, specific schools/sites are selected for EL programs and services. Elementary Zoom schools in Clark and Washoe must: provide pre-k programs, operate reading skills centers and provide extended learning opportunities. Secondary schools in those two districts must provide at least one of the following: reduced class sizes for ELs; direct instructional interventions for ELs, evidence-based programs and services, summer or intercession academies, or an extended school day. Other districts with Zoom funds must do at least one of the following: offer or expand pre-k, use tools for EL evaluation and support, offer extended day opportunities, or offer other evidence-based programs or services for ELs. Five percent of funding may be used for professional development, hiring and retaining incentives and family engagement.

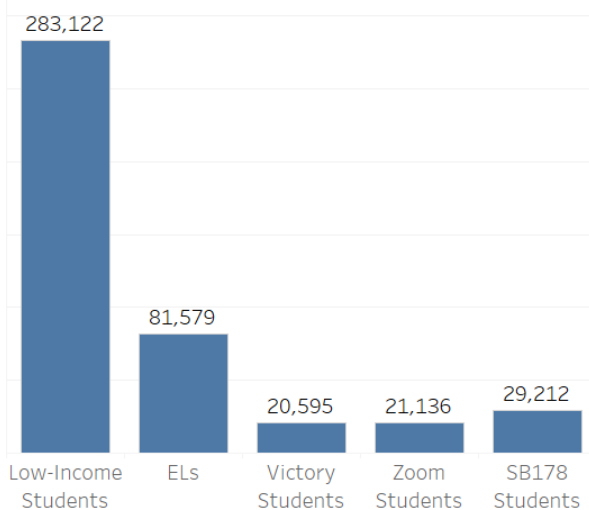
Victory schools receive additional funding to support low-income students. They are the 35 lowest performing schools (1 or 2 star ranking) in high poverty areas. If schools improve (from a 1 or 2 star ranking to a 3), their additional funding is cut by 50%. In the case of Victory schools, 51% of grant funding must be applied to: pre-k programs, summer academy/extended school year/after school opportunities, professional development for instructional practices and strategies, hiring and retention teacher incentives, paraprofessional employment, reading skills centers and student supports as needed. No more than 49% of the funding may go to: social, psychological or health care services; family engagement; school climate improvement; or professional development at an elementary feeder school.

Legislation known as SB178 provides a more recent source of funding for ELs and low-income students is meant to reach those students not supported through Zoom or Victory schools. Students must test in the bottom 25%, not have a disability (IEP), and attend a low-ranked school. Under this bill, 90% of funding must be used for: extended learning opportunities; academic interventions; early childhood education; another DOE approved strategy; family engagement; school climate and culture programming; and/or social, psychological, or health care services. A sum of \$1,200 is allocated per identified student and must follow the student to their school. It cannot be comingled with other funds.

Victory, Zoom, and SB178 grants reached 70,943 students in 2017-18. However, as seen in Figure 1, there were 283,122 low-income students and 81,579 ELs in the Nevada public school districts during that school year. *The three categorical programs funded by the Legislature provided additional funds for less than 1 in 4 low-income and EL students.* In other words, Nevada’s current method of funding public education provides no additional dollars for 75% of low-income students and English learners across the state. As a result, whether an at-risk student is funded to receive essential programs and services depends entirely on attending a school selected for participation in the Zoom, Victory or SB178 categorical programs.

Currently, the 71,000 students in Zoom, Victory and SB178 schools receive an additional \$1,481. If that funding – a total of \$105 million in 2017-18 dollars – were repurposed to fund a “weight” for all 283,122 low-income and 81,579 EL students, the per pupil amount would fall to \$288. This per pupil amount is completely arbitrary, based on existing available dollars, not actual student need. In addition, redistributing this funding would dramatically lower the amount of funding currently provided to Zoom, Victory and SB178 schools and make it impossible to deliver the programs and services supported by those funding streams. This example illustrates why it is so important for Nevada to develop a cost-driven, not budget-driven, formula that truly meets students’ needs.

Figure 1: Low-Income & EL Students Total and Numbers Served by Nevada Zoom, Victory and SB178 schools, 2017-18



For district-level details regarding school funding
for ELs and low-income students, see these
[ONLINE INTERACTIVE TOOLS.](#)

New Formula, Cost-Based Funding

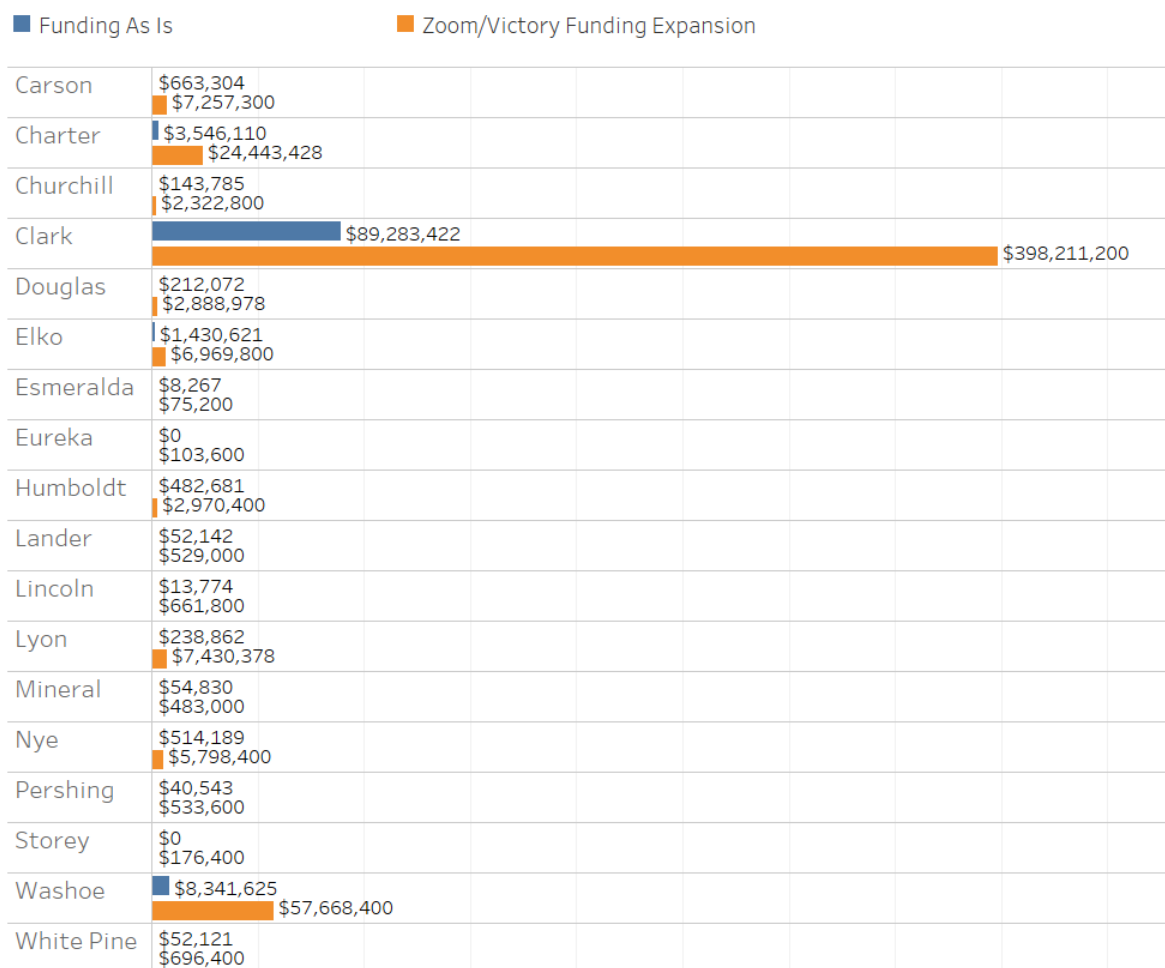
The research studies conducted for the State by APA estimate funding for low-income students and ELs based on rigorous estimates of the cost of essential programs and services for these student populations. Using these cost estimates and the current Zoom and Victory funding levels, we recommend alternatives for the Commission’s consideration:

1. First, we model funding under the new formula based on current per pupil Zoom school funding of \$2,200 and Victory/SB178 school funding of \$1,200 for all EL and low-income students statewide.
2. Next, we model using the APA estimate that is based on the “Successful Schools” method for low-income and EL students, by applying a base cost of \$6,197, a low-income weight of 0.3 and an EL weight of 0.5.
3. Finally, we model using the APA estimate that is based on the “Full Adequacy” method for low-income and EL students, by applying a base cost of \$9,238, a low-income weight of 0.3 and an EL weight of 0.5.

1) Funding Students at Zoom and Victory School Per Pupil Rate

The Commission can extend the Zoom and Victory schools per pupil level of funding to all low-income students and ELs in the state, especially since these programs are already showing [positive academic benefits](#). This would require \$519 million instead of the current \$105 million, with additional funding allocated to every district in the state, as seen in Figure 2. Due to student population size and the proportion of low-income and ELs in the CCSD, the majority of the new funding would be targeted to students in this district, for an increase from \$89 million to \$398 million. In relation to current funding, however, all districts would get a larger *percent* increase in funding than CCSD because of the lack of current funding supports for ELs and low-income students in those districts.

Figure 2: EL & Low-Income Funding, As Is, and with Zoom & Victory Per Pupil Expanded to All

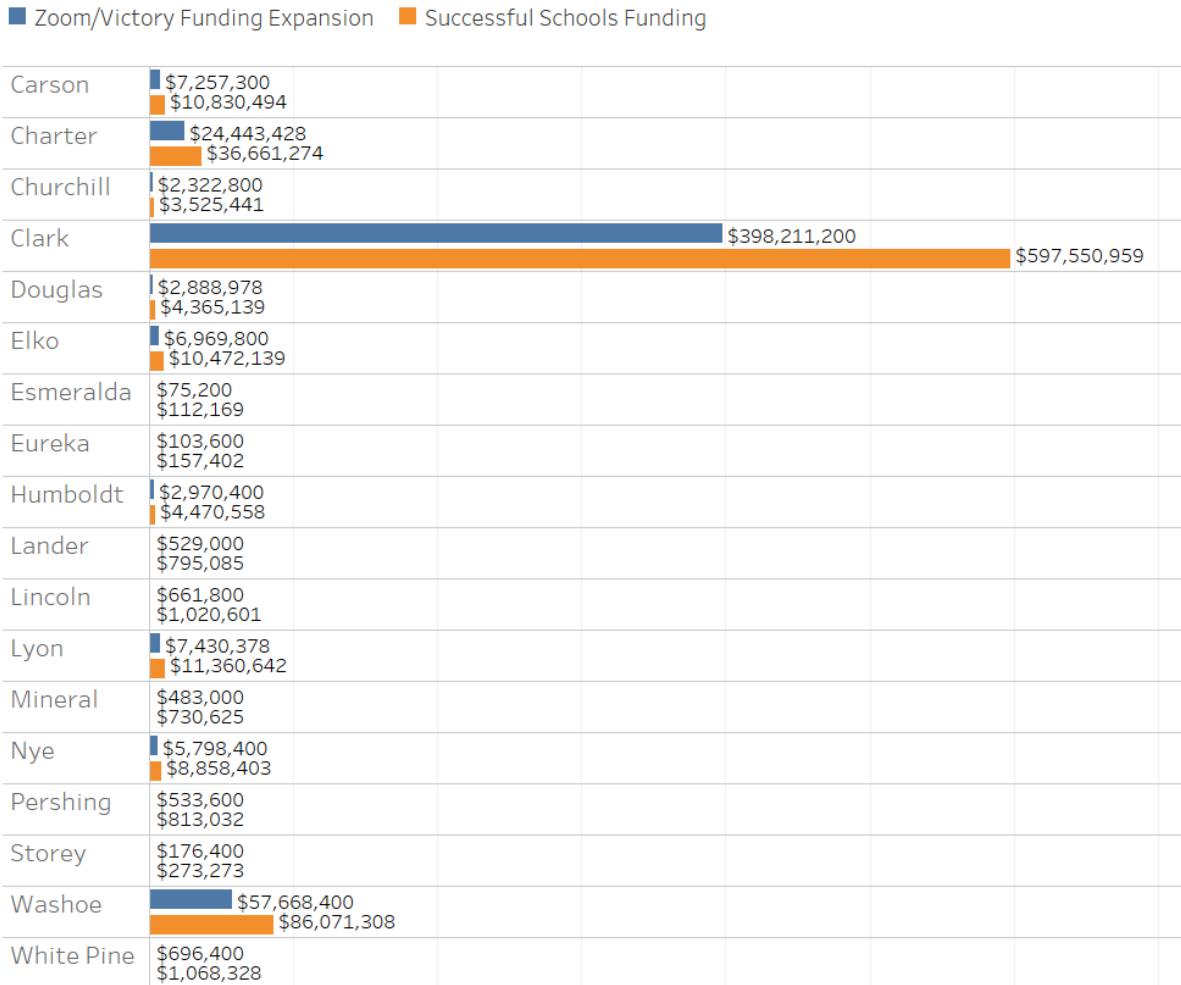


2) Fund Students at “Successful Schools” Rate

The final APA cost study presented in 2018 proposed a funding approach based on the spending of 55 “successful schools” in the state. This approach uses the actual spending of schools within the state that meet performance expectations and show performance improvement over time to estimate an adequate spending level for all districts in the state. The recommended formula would fund every student with a base amount of \$6,197, along with \$1,859 per pupil for low-income students and \$3,099 per pupil for English learners. Each district would receive about \$650 more for low-income students than the current approximately \$1,200 for low-income students in Victory schools and about \$900 more for ELs than the

current \$2,200 for ELs in Zoom schools. This would require \$779 million for low-income students and ELs, or \$260 million more than expansion of the Zoom, Victory and SB178 categorical programs, as seen in Figure 3. The amounts per district would range from \$508 million in CCSD to \$274K in the Storey School District.

Figure 3: EL & Low-Income Funding, Zoom & Victory Expanded or Successful Schools



3) Fund Students at Full Adequacy Rate

Though the APA cost study recommends the “Successful Schools” scenario for the new funding formula as a first step, that scenario does not produce the amount of funding equaling the “full adequacy” amount, that is, the resources needed to enable all students to meet all Nevada academic standards and requirements. Using the prior method, APA estimated a phase-in to \$9,238 to reach full funding in 10 years. With the full funding method, low-income students would be funded at \$2,771 per pupil and English learners at \$4,619 per pupil. Using these amounts in the new formula would require a total of \$1.16 billion in additional funding for low-income students and ELs. Figure 4 shows this full adequacy funding approach compared to the Successful Schools scenario.

Figure 4: EL & Low-Income Funding, Successful Schools or Full Adequacy

■ Successful Schools Funding ■ Full adequacy

| | | | | | | | | | |
|------------|--------------------------------|--|--|--|--|--|--|--|--|
| Carson | \$10,830,494 \$16,143,350 | | | | | | | | |
| Charter | \$36,661,274 \$54,645,519 | | | | | | | | |
| Churchill | \$3,525,441 \$5,254,897 | | | | | | | | |
| Clark | \$597,550,959 \$890,680,831 | | | | | | | | |
| Douglas | \$4,365,139 \$6,506,500 | | | | | | | | |
| Elko | \$10,472,139 \$15,609,283 | | | | | | | | |
| Esmeralda | \$112,169 \$167,193 | | | | | | | | |
| Eureka | \$157,402 \$234,618 | | | | | | | | |
| Humboldt | \$4,470,558 \$6,663,614 | | | | | | | | |
| Lander | \$795,085 \$1,185,117 | | | | | | | | |
| Lincoln | \$1,020,601 \$1,521,289 | | | | | | | | |
| Lyon | \$11,360,642 \$16,933,859 | | | | | | | | |
| Mineral | \$730,625 \$1,089,041 | | | | | | | | |
| Nye | \$8,858,403 \$13,204,083 | | | | | | | | |
| Pershing | \$813,032 \$1,211,880 | | | | | | | | |
| Storey | \$273,273 \$407,337 | | | | | | | | |
| Washoe | \$86,071,308 \$128,293,260 | | | | | | | | |
| White Pine | \$1,068,328 \$1,592,424 | | | | | | | | |

Conclusion

Current Nevada school funding legislation requires that all schools with ELs and/or low-income students must offer Zoom and Victory level resources to those students. But unless the Legislature approves adequate funding, this will be an impossible task. If the Commission on School Funding simply recommends that the cost amounts in the new formula should be based on current school funding levels, this would defeat the purpose of the new formula, which is to provide sufficient funds to deliver needed resources and services to Nevada public school students. Instead, the Commission must adopt the recommendations in the APA cost studies.

Given the current level of uncertainty around the state’s revenue projections, resulting from the impact of the COVID-19 pandemic on Nevada’s tourism-based economy, the Commission can recommend an appropriate timeframe for the Legislature to phase-in the revenue required to fund the new formula. While it may take some time to fully fund the new formula, it is crucial that the Commission not retreat from the goal of adequate funding for Nevada’s most at-risk students. Instead, the Commission must set the stage now, with a clear vision of the path forward, in order to improve educational opportunities for all of Nevada’s public school students.

ENDNOTES

¹ Low-income students are determined by qualification for free or reduced-price lunch and are referred to as “at-risk” in the funding plan.

² Information for all data calculations in this report come from the [Nevada Report Card, 2017-18](#) and the [FY2018 NRS 387.303 Report](#)