

# Woodhouse-Denis Education Funding Formula Summary (SB543)

Nevada's K12 public schools (including charter schools) are currently funded pursuant to the Nevada Plan. Created in 1967, the Nevada Plan has generally served the state well; however, concerns relative to transparency, ease of application and legacy assumptions have prompted a need to modernize the current funding formula. Most notably, this includes recognition that the cost to prepare students for college or a career are not uniform and the state's education funding formula should be student-centered. The elements of the *Woodhouse-Denis Education Funding Plan* are as follows.

## Guiding Principles



Transparency



Student-centered



Geographic diversity



Hold harmless



Classroom-focused

## Funding Formula Outline

### State of Nevada Education Fund

Put all education funding resources into a single, statewide education fund. [Section 2]



### State Administrative and Oversight Programs

Allocate any necessary resources to state education, oversight and non-district programs. [Section 4.2]



### Base Funding

Establish base funding based on the cost of providing general education to all public school students and ensure base funding is maintained each year. [Section 4.1 and 9.2]



### Weighted Funding

Allocate existing special program resources and any additional funds to weighted student categories. [Section 4.2 and 9.2]



### Excess Allocation

Make district-level equity adjustments to reflect cost differences based on district size, necessarily small schools and wage differentials. [Section 4.3, 5, 6 and 7]



### Preservation of Funding for Current "Categorical" Allocations

Funding levels currently allocated to programs serving special education students, English learners, children living at or near poverty and gifted and talented students shall not be reduced under the student-centered funding plan. [Sections 4.5 and 9.2]

The student-centered funding plan provides a systematic structure to increase funding for these programs over time. [Sections 4 and 9]

### Hold Harmless and True-Up

All school districts will be frozen at FY2019 funding levels, ensuring that any school district that would receive less funding under the student-centered funding model does not receive any less money that it did in the current school year. [Section 15]

Incremental K12 education funds will be allocated to school districts that are currently receiving less funding than they would under the student-centered funding model before any other allocations are made, allowing them to be made whole as additional K12 education funding becomes available. [Section 4]



## Implementation Schedule

Legislation would be passed during the 2019 session making the new, student-centered funding model effective July 1, 2021 (i.e., the 2021-22 school year). [Section 81]

During the 2019-2021 biennium, the student-centered funding model would run concurrent with the existing Nevada Plan-based funding model to: (i) ensure there are no unintended consequences, (ii) allow districts to prepare for the transition and (iii) allow for any necessary modifications before implementation. [Sections 10, 11 and 81]

*Note: Model revisions recommended by the Commission on School Funding (discussed below) will be adopted into the student-centered funding model each biennium. While the Legislature will be able to override these changes, should it choose to do so, the Legislature will not need to take a vote to adjust the model or its calculations based on recommended improvements to underlying assumptions (e.g., an update to the CWI values for each district). [Sections 10 and 11]*



## District Level Allocation of Funds

Allocation of funds at the school district level shall be allocated in a manner consistent with the allocation of funds at the state level, for both base funding and weighted funding. [Section 8]

As necessary and appropriate, the Legislature may prescribe specific spending directives for base funding or weighted funding. [Section 8]



## General Fund Maintenance of Effort for K12 Education

Beginning in FY2021, the amount of state general fund dollars allocated to the K12 education shall be increased by an amount not less than the greater of: (i) the percentage increase in state general fund revenues as determined by the Nevada Economic Forum; or (ii) the sum of CPI inflation and statewide school enrollment. [Section 9.1]



## Reversion and the Creation of the Nevada Education Stability Fund

Districts shall be allowed to retain a reasonable ending fund balance. [Section 3.1]

Any unspent operating funds in excess of each district's ending fund balance shall revert to the state and be deposited into a newly created Nevada Education Stabilization Account. [Section 3.1]



## Reporting and Accountability

The Nevada Department of Education shall be required to produce a Nevada Education Funding and Accountability Reports each year. [Section 12]

Each school district in the state shall be required to produce a District Education Funding and Accountability Report each year. [Section 12]



Monitor the performance of education funding. [Section 11]



Provide guidance to both school districts and the Nevada Department of Education. [Section 11]



Review and provide recommendations on how to improve the calculations underlying the equity adjustment. [Section 11]



Provide recommendations to the Governor and Legislature relative to additional funding sources. [Section 11]



Provide guidance to the Governor and the Legislature relative to regulatory provisions. [Section 11]



**Creation, Role and Responsibility of the Commission on School Funding**



## Funds Available for Collective Bargaining

- Base funding will be available for consideration in collective bargaining. [Section 4.6 and 58.4]
- Weighted funding and district ending fund balances will not be available for consideration in collective bargaining. [Section 4.6 and 58.4]