

**Prior Planning based on Current DSA Allocation Model**

DSA Adjustment for incorrect teacher allocation for Oasis Academy Charter School.

**This has not been approved by the Department of Education or the Legislature**

2018-19			Total Change in Funding	
Paid	Corrected	Variance		
\$ 7,223	\$ 6,524	\$ (699)	Average Daily Enrollment	3,215.6
Year 1	10%	\$ (70)	Corrected DSA Rate Variance	\$ (699)
Year 2	20%	\$ (140)	<b>Total</b>	<u>\$ (2,247,704)</u>
Year 3	30%	\$ (210)	Est 10% Year 1 Phase-In	<u>\$ (224,770)</u>
Year 4	40%	\$ (279)	<b>Variance</b>	<u>\$ (2,022,934)</u>
Total	100%	\$ (699)		
		-		

These figures are from the current model recalculated by removing the charter enrollment for Churchill, Carson & Elko Counties.

Please see the letter dated 03/25/2019 addressed to the Senate Committee on Education. That letter explains what caused this calculation error, what the Department of Education has done with the calculation, the current status of a phase-in and the multi-district appeal for relief. We will continue to pursue relief, but we have to budget with what we know now.

Last year during the budgeting process, we anticipated that the phase-in was going to go through and that we would only see a slight decrease in funding due to the error. As with our normal legislative process, we also anticipated increased funding to cover the normal costs for staff step increases and inflation of other expenses. Those assumptions have lead us to where we are at today.

**Nevada Department of Education current stance on the phase-in:**  
**Received from Megan Hanke on 03/13/2019:**  
 "Attached is a draft equity allocation model for the upcoming biennium. The model has been updated with the most recent FY18 387.303 financial report data as well as Governor’s Recommended budget appropriations."  
  
 "As discussed during the biennium, charter school enrollment was removed from the expense calculations, but is added back in to final calculation as required by law. At this point in time I am not aware of any discussions surrounding a phase-in bill."  
  
**Received from Megan Hanke on 03/25/2019:**  
 "With respect to your concerns regarding the phase-in, as the Department does not have statutory authority to implement a phase-in, a bill would have to be put forward by interested parties and approved by the Legislators in order for the Department to incorporate such a mechanism. As LCE did not make a formal recommendation it was not incorporated in the agency request for the budget."  
  
 LCE - Legislative Committee on Education

March 25, 2019

Senate Committee on Education

Senator Denis, Senator Woodhouse and Committee Members,

While there is a great deal of focus surrounding a New Nevada Plan to fund K-12 education in Nevada, there remains an outstanding item of great impact to districts related to the current Nevada Plan and corrections that were made to it over the past biennium. Recently, the Nevada Department of Education (NDE) shared the FY 2020 & FY 2021 Distributive School Account (DSA) Equity Allocation Model for the current Nevada Plan using the Governor's budget with school district finance offices. That file has many school districts and charter schools in a panic because of funding reductions. We believe there are various reasons for this reduction, but the main one is a correction of a specific error in previous funding allocations.

In January 2016, NDE convened the DSA Equity Allocation Working Group with the goals of making the funding formula easier to understand and to update data used to calculate the allocation to all Nevada school districts. Several of our financial leaders volunteered to be on this committee and have spent countless hours working with our colleagues and NDE towards these goals.

The formula used for the 2015-16 DSA per pupil rates was based on twelve different modules (separate Excel files) consolidated in a thirteenth file. NDE had multiple staffing changes over the years and, as new staff took over managing the model, it appears unintended changes were made to the formula. These were discovered as the working group consolidated all thirteen files into a single file. Once we had the one file, we re-calculated the 2015-16 DSA per pupil rates and looked for differences. We identified several minor differences and one very significant difference. NDE staff leads the working group and was aware of the error that caused the significant difference.

The one significant difference noted above was based on the fact that charter schools have evolved over the past decade and not all counties have a charter school. Charter school funding is based on the residency of the student. The funding of any student that is a resident of Churchill County is the same for ChurchillCSD as it is for any charter school that the student elects to attend, regardless of county. As charter schools were added to the DSA funding formula, some of their enrollment was included with the district's enrollment while most was not. ChurchillCSD's enrollment in the formula included the enrollment for Oasis Academy. The same thing happened for Carson City and Elko County School Districts.

The enrollment figures within the formula are used for various calculations, one of which determines the number of teachers schools need to meet the student-teacher ratios. When the charter schools were included in the three districts, it inflated the staffing needed for those districts and therefore increased the DSA amount for all schools in the counties, although, those three counties were not entitled to that increased funding.

The enrollment error was discovered in June 2016 and discussed at the working group meeting on June 30, 2016. NDE did not correct the error for the 2017-19 biennium for various reasons, one of which was timing. NDE had already updated the Nevada State Board of Education and submitted their initial budget requests. The working group members were told that the error would be fixed for the 2019-21 biennium. The working group has continued to meet and has made the correction to the funding formula to be effective for the 2019-20 school year.

On June 21, 2018, Dr. Steve Canavero and Roger Rahming from NDE presented information on the DSA funding calculations to the Legislative Committee on Education. At that time NDE recommended that there be a “phase-in” of the changes to mitigate the larger changes in the respective DSA rates for the three counties with inflated teacher allocations. There were four options presented:

- No phase-in
- Two-year phase-in – 50% impact for each year
- Four-year phase-in – 10%, 20%, 30% & 40% impact over the four years
- Hybrid four-year phase-in
  - Add additional funds to the budget (to assure those districts with funding increases to receive that benefit in the first year)
  - 40%, 30%, 20% & 10% impact over the four years (for the districts seeing reduced funding)

NDE recommended the hybrid option because the additional funding would offset a large portion of the change in the per pupil rates.

With Dr. Canavero and Mr. Rahming no longer at NDE, we are concerned that the recommended phase-in conversation has been forgotten. Megan Hanke, Management Analyst at NDE, has indicated that she is “not aware of any discussions surrounding a phase-in bill”. It has been a past practice to phase-in any significant impact to a district over a period of time. The last phase-in we are aware of used a four-year phase-in from FY 2008 to FY 2011.

The following are statistics from this issue that we want you to know and consider.

School District or Charter School	2018-19 Enrollment (Q2 ADE)	2018-19 Per Pupil DSA	2019-20 Estimated Per Pupil DSA	DSA Per Pupil Reduction	Total Impact of Reduction
Carson City	7,724	\$ 7,198	\$ 7,060	\$ (138)	\$ (1,065,912)
Charter Schools – 10	318	\$ 7,198	\$ 7,060	\$ (138)	\$ (43,884)
Churchill	3,206	\$ 7,223	\$ 6,929	\$ (294)	\$ (942,564)
Charter Schools – 5	642	\$ 7,223	\$ 6,929	\$ (294)	\$ (188,748)
Elko	9,862	\$ 8,087	\$ 7,682	\$ (405)	\$ (3,994,110)
Charter Schools – 4	261	\$ 8,087	\$ 7,682	\$ (405)	\$ (105,705)
<b>Total</b>	<b>22,013</b>				<b>\$ (6,340,923)</b>

This table only addresses the net DSA per pupil change, it does not address the 3% cost of living allowance (COLA) proposed by Governor Sisolak, the 2% cost of staff step increases, or the increase in the PERS contribution rates. Consequently, those costs for the districts and charters will be on top of the \$6.3 million reduction, if we are able to afford them outside of the funding model.

This calculation error did not happen by any action of the three school districts. This error was inadvertently calculated by NDE staff. The districts recognize the need for the correction, but to reduce funding in the next biennium without a phase-in model will cripple the current operations and programming for our students.

We are appealing to you and this committee to address this issue. We welcome any questions and are able to meet with you, if you so desire.

Respectfully,



Richard Stokes, Superintendent  
Carson City School District



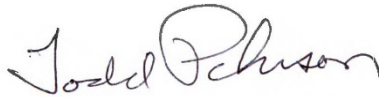
Andrew Feuling, Director of Fiscal Services  
Carson City School District



Dr. Summer Stephens, Superintendent  
Churchill County School District



Phyllis Dowd, Director of Business Services  
Churchill County School District



Todd Pehrson, Superintendent  
Elko County School District



Jerri Norton, Director of Fiscal Services  
Elko County School District



Melissa Machedon, Chief Executive Officer  
Oasis Academy



Dusty Casey, Chief Financial Officer  
Oasis Academy



Jessica Daniels, Principal/Director  
Carson Montessori



Ashley Perkins, Principal  
Elko Institute of Academic Achievement

<b>Governor's Recommended Budget</b>			
<b>Description</b>	<b>10% Phase-in</b>	<b>No Phase-in</b>	<b>Variance</b>
Staff COLA - 3%	\$ 800,818	\$ 800,818	\$ -
Staff Step Increases	\$ 416,276	\$ 416,276	\$ -
PERS Rate Increase - 1/2	\$ 122,810	\$ 122,810	\$ -
Total Projected Increase	\$ 1,339,904	\$ 1,339,904	\$ -
DSA Calculation Error	\$ (224,770)	\$ (2,247,704)	\$ (2,022,934)
Projected Change to ChurchillCSD	\$ 1,115,134	\$ (907,800)	\$ (2,022,934)

These are estimated amounts based on ChurchillCSD wages; the Governor's budget is calculated state-wide and amounts for districts vary based on the overall funding. This is a requested budget that the Legislators could decrease, increase or fund as requested as all have happened in the past.

<b>COLA - 3%</b>			
<b>Group</b>	<b>Wages</b>	<b>Benefits</b>	<b>Total</b>
Superintendent	\$ 4,260	\$ 1,406	\$ 5,666
Directors	\$ 17,318	\$ 5,719	\$ 23,037
Administrators	\$ 26,682	\$ 8,807	\$ 35,489
Licensed	\$ 375,661	\$ 124,009	\$ 499,670
Classified	\$ 164,650	\$ 53,733	\$ 218,383
Contracts	\$ 13,963	\$ 4,610	\$ 18,573
<b>Total</b>	<b>\$ 602,534</b>	<b>\$ 198,284</b>	<b>\$ 800,818</b>

The 3% COLA is not included in any of the District's budget calculations.

<b>Annual Staff Step Increases</b>			
<b>Group</b>	<b>Wages</b>	<b>Benefits</b>	<b>Total</b>
Superintendent	\$ -	\$ -	\$ -
Directors	\$ -	\$ -	\$ -
Administrators	\$ 12,120	\$ 4,001	\$ 16,121
Licensed	\$ 214,241	\$ 70,721	\$ 284,962
Classified	\$ 84,400	\$ 27,860	\$ 112,260
Contracts	\$ 2,205	\$ 728	\$ 2,933
<b>Total</b>	<b>\$ 312,966</b>	<b>\$ 103,310</b>	<b>\$ 416,276</b>

<b>PERS Contribution Rate Increase 1.25%</b>			
<b>Group</b>	<b>Amount</b>		
Superintendent	\$ 1,775		
Directors	\$ 7,216		
Administrators	\$ 10,966		
Licensed	\$ 153,835		
Classified	\$ 66,037	District	0.625%
Contracts	\$ 5,791	Employees	0.625%
<b>Total</b>	<b>\$ 245,620</b>	<b>Total</b>	<b>1.250%</b>

The State only funds half of the PERS contribution rate changes as the employees are responsible for their half of the increase. The District uses its other resources to cover those increases as "in lieu of" raises.

## DSA Payment Calculation

	NDEs Model 03/13/2019		
	Correction	Phase-In	Variance
<b>Projected Weighted Enrollment</b>			
District	3,181.6	3,181.6	
Charters	644	644	
<b>County Total Enrollment</b>	<b>3,826</b>	<b>3,826</b>	
Weighted Enrollment for Payments	3,181.6	3,181.6	
Per Pupil Rate	6,929	7,558	629
Total DSA	<u>22,045,306</u>	<u>24,046,533</u>	
Property Taxes	5,736,774	5,736,774	
<b>Charter School Local Support</b>			
2/3 Property Taxes	3,824,516	3,824,516	
Gov't Services Taxes - General Fund	1,133,230	1,133,230	
Franchise Fees	33,000	33,000	
Total Local Support	4,990,746	4,990,746	
Total Per County Student	1,305	1,305	
Total Charter School Local Support	<u>840,420</u>	<u>840,420</u>	
Total DSA	22,045,306	24,046,533	
<b>Less:</b>			
Sales Tax	(6,103,768)	(6,103,768)	
1/3 Property Taxes	(1,912,258)	(1,912,258)	
Charter School	(840,420)	(840,420)	
<b>Net DSA</b>	<b><u>13,188,860</u></b>	<b><u>15,190,087</u></b>	<b><u>2,001,227</u></b>
Increases in Local Support:			
Property Taxes (2/3)	176,862		
Sales Tax	512,594		
<b>Sub-Total 2019-20</b>	<b>13,878,316</b>		
2018-19 DSA	14,880,728		
<b>Net Change</b>	<b><u>(1,002,412)</u></b>		

## Summary of Funding Deficit

Description	FY 2019 Budget	FY 2020 Budget	Variance
DSA Revenue	\$ 14,880,728	\$ 13,188,860	\$ (1,691,868)
Ad Valorem [Property] Tax	\$ 5,471,495	\$ 5,736,774	\$ 265,279
Local School Support [Sales] Tax	\$ 5,591,174	\$ 6,103,768	\$ 512,594
E-Rate Revenue	\$ 60,348	\$ 44,950	\$ (15,398)
Federal Revenue ROTC	\$ 57,286	\$ 58,000	\$ 714
Government Services [Vehicle] Tax	\$ 1,006,984	\$ 1,133,230	\$ 126,246
Grant Indirect Cost Recovery	\$ 131,830	\$ 81,830	\$ (50,000)
Impact Aid	\$ 334,812	\$ 328,550	\$ (6,262)
Net Proceeds of Minerals	\$ 160,000	\$ 217,717	\$ 57,717
<b>Sub-Total Revenue</b>	<b>\$ 27,694,657</b>	<b>\$ 26,893,679</b>	<b>\$ (800,978)</b>
Beginning Fund Balance	\$ 2,949,723	\$ 1,159,850	\$ (1,789,873)
<b>Total</b>	<b>\$ 30,644,380</b>	<b>\$ 28,053,529</b>	<b>\$ (2,590,851)</b>

Recommended Budget Reductions

Description	Notes or Comments	Amount	Section Total	Cumm Total
<b>Site Budget Reduction</b>				
Business Services & Warehouse	25%, excluded software licensing	\$ 11,600		
Educational Services	15%	\$ 37,500		
Human Resources	15%, excluded policy/contract items	\$ 21,800		
Maintenance	5%, excluded utilities	\$ 32,000		
Special Services	5%, Maintenance of Effort (MOE) issues	\$ 400		
Superintendent & Board	30%, excluded Audit & contingency	\$ 75,700		
Transportation	5%, excluded fuel	\$ 14,550	\$ 193,550	\$ 193,550
<b>Open Positions - New Hire Savings</b>				
	New hire at a lower step on salary table			
<b>Classified:</b>				
DATA SPECIALIST	Reduce transfer from General Fund	\$ 15,708		
MAINTENANCE TECHNICIAN		\$ 22,072		
SIGNER/INTERPRETER	Reduce transfer from General Fund	\$ 9,481	\$ 47,261	\$ 240,811
<b>Licensed:</b>				
COUNSELOR		\$ 42,824		
TEACHER-MUSIC		\$ 36,675	\$ 79,499	\$ 320,310
<b>Administration:</b>				
DEAN OF STUDENTS		\$ 14,682	\$ 14,682	\$ 334,992
<b>Open Positions - Not Hiring</b>				
<b>Administration:</b>				
PRINCIPAL	Re-assign district wide duties	\$ 155,214	\$ 155,214	\$ 490,206
<b>Classified:</b>				
CLASSIFIED SCHOOL NURSE-RN	Transfer from Northside to CCMS	\$ 70,678		
DATA SPECIALIST-SECONDARY		\$ 54,024		
DUTY ASSISTANT		\$ 4,908		
DUTY ASSISTANT		\$ 11,470		
HR ANALYST	October to June	\$ 74,316		
LIBRARY MEDIA/SPECIALIST	Transfer from CCHS to CCMS	\$ 58,261		
PARAPRO IA		\$ 47,741		
PARAPRO IA-SPED	Reduce transfer from General Fund	\$ 48,511		
SCHOOL OFFICE MANAGER-ELEMENTARY	Transfer from Northside to EC Best	\$ 72,345	\$ 442,254	\$ 932,460
<b>Licensed:</b>				
TEACHER-PE	Transfer from CCHS to CCMS	\$ 110,479		
TEACHER-SPECIAL ED	Reduce transfer from General Fund	\$ 91,537		
TEACHER-SPECIAL ED	Reduce transfer from General Fund	\$ 97,985		
TEACHER-SPECIAL ED	Reduce transfer from General Fund	\$ 97,179	\$ 397,180	\$ 1,329,640
<b>Reduce Extra Pay</b>				
COUNSELOR - CCMS	Reduce Extra Days (15 to 5)	\$ 6,270		
COUNSELOR - Elementary	Reduce Extra Days (10 to 5)	\$ 2,493		
COUNSELOR - Elementary	Reduce Extra Days (10 to 5)	\$ 3,135		
TEACHER-FFA Stipend	Reduce Extra Days (35 to 15)	\$ 7,357		
TEACHER-FFA Stipend	Reduce Extra Days (35 to 15)	\$ 7,402	\$ 26,657	\$ 1,356,297



Description	Notes or Comments	Amount	Section Total	Cumm Total
<b>Reduce Hours</b>				
All student related classified positions - cut 2 hours on Fridays		\$ 150,230	\$ 150,230	\$ 1,506,527
<b>Transfers</b>				
<b>Classified:</b>				
FOOD SERVICE STAFF - 8	Transfer Chartwells (2020 hourly wage)	\$ 95,012		
MECHANIC	Reduce to Part-time	\$ 34,251	\$ 129,263	\$ 1,635,790
<b>Reduction in Force</b>				
<b>Classified:</b>				
CUSTODIAN		\$ 54,862		
DATA MANAGEMENT SPECIALIST	District level duty assignments	\$ 57,020		
DEPARTMENT SECRETARY	Only 28% General Fund	\$ 15,350		
DUTY ASSISTANT		\$ 11,470		
FOOD SERVICE DEPARTMENT SECRETARY	Reassign duties to Business Office	\$ 42,574		
PARAPRO IA	Girls Locker Room	\$ 34,566		
PARAPRO IA-SPED	Reduce transfer from General Fund	\$ 47,823		
SCHOOL SECRETARY I		\$ 43,466		
WAREHOUSE WORKER	Reassign duties to other departments	\$ 79,568	\$ 386,699	\$ 2,022,489
<b>Transfer Grant Funded Positions to K-6 Open Positions</b>				
Open Licensed Positions:				
TEACHER-KINDERGARTEN		\$ 99,194		
TEACHER-2ND GRADE		\$ 70,177		
TEACHER-3RD GRADE		\$ 110,479		
TEACHER-5TH GRADE		\$ 75,013		
TEACHER-6TH GRADE		\$ 114,106		
Transfers (74% of wages & benefits were paid by the grant/26% already paid by the General Fund):				
TEACHER-EARLY CHILDHOOD	Transfer from Northside	\$ (52,826)		
TEACHER-EARLY CHILDHOOD	Transfer from Northside	\$ (64,755)		
TEACHER-EARLY CHILDHOOD	Transfer from Northside	\$ (51,633)		
TEACHER-EARLY CHILDHOOD	Transfer from Northside	\$ (51,931)		
TEACHER-EARLY CHILDHOOD	Transfer from Northside	\$ (57,597)		
Reduce General Fund Transfer to Northside (outside of fixed costs)		\$ 300,000	\$ 490,227	\$ 2,512,716
Change in Fund Balance (minimum of 4% of 2018-19 total expenditures)		\$ 70,500	\$ 70,500	\$ 2,583,216
		Total Overall	<u>\$2,583,216</u>	

**Other budget reductions may still be considered.**

**Still to be analyzed:**

Extra-Curricular and Athletic contracts	Staff pay their portion of PERS rate increase
Explore outsourcing custodial services	Reorganize adult education & online programs
Reorganize district leadership positions	End universal free breakfast for elementary students
4-Day work week	Reorganize secretarial and data duties/positions

**Notes:**

Some position reductions will result in force transfers of other positions.  
There will be additional duties for support staff to support departments with these reductions.

**Budget Committee Meeting 04/04/2019**  
**Grant Funding Positions**

**UPDATED**

<b>Position or Description</b>	<b>Amount</b>	<b>Section Total</b>	<b>Cumm Total</b>
<b>Northside Pre-School Federal Funding</b>			
Federal grant ends 06/30/2019 and we are unable to re-apply until 2020-21 school year. Nevada Department of Education is pursuing funding during the legislative session, but we will not get confirmation on until June 14, 2019.			
<b>Classified:</b>			
PARAPRO IA-EARLY CHILDHOOD	\$ 37,466		
PARAPRO IA-EARLY CHILDHOOD	\$ 36,516		
PARAPRO IA-EARLY CHILDHOOD	\$ 35,598		
PARAPRO IA-EARLY CHILDHOOD	\$ 37,958		
PARAPRO IA-EARLY CHILDHOOD	\$ 38,974		
PARAPRO IA-EARLY CHILDHOOD	\$ 39,482		
PARAPRO IA-EARLY CHILDHOOD	\$ 42,792		
CUSTODIAN	\$ 24,753		
SCHOOL OFFICE MANAGER-ELEMENTARY	\$ -	\$ 293,539	\$ 293,539
<b>Licensed:</b>			
TEACHER-EARLY CHILDHOOD	\$ -		
TEACHER-EARLY CHILDHOOD	\$ -		
TEACHER-EARLY CHILDHOOD	\$ -		
TEACHER-EARLY CHILDHOOD	\$ -		
TEACHER-EARLY CHILDHOOD	\$ -	\$ -	\$ 293,539
<b>Administration:</b>			
Northside Coordinator Stipend	\$ 22,274	\$ 22,274	\$ 315,813

Other concerns would be staff covering office and nursing duties.

**Current Grant Paid Positions**

ChurchillCSD has several state funded programs that are paid to us as a grant. That funding is not guaranteed, therefore those positions must be considered during this budget process. We will also not know the status of this funding until June - at the earliest.

<b>Licensed:</b>			
TEACHER-MATH	\$ 63,728		
TEACHER-MATH	\$ 63,728		
TEACHER-ENGLISH	\$ 63,728	\$ 191,184	\$ 506,997
<b>Total Overall</b>	<b>\$ 506,997</b>		