

SB439 – NOT THE FIX NEVADA STUDENTS AND EDUCATORS NEED

Date: May 19, 2021

To: Assembly Committees on Education and Ways and Means

Re: SB439 – Not the Fix Nevada Students and Educators Need

The Nevada State Education Association has been the voice of Nevada educators for over 120 years.

Two years ago, SB543 was developed behind closed doors, introduced on the 99th day of the session, and had but a single public hearing with the bill passing minutes before Sine Die. SB543 not only excluded key education stakeholders, a lack of communication from the Senate, along with the late timing of the bill, prevented a more robust discussion of the bill in the Assembly. This flawed process produced a flawed bill. SB439 was introduced on the 99th day of this session and heard and passed out of its Senate committee on the following day. It was also developed behind closed doors without even a preview of its content. We hope today's joint hearing of Assembly Education and Ways and Means allows for a more transparent process that incorporates stakeholder input.

Nevada ranks 48th among states in education funding. NSEA applauds action taken by the budget committees this morning to increase K12 education funding by a significant amount in FY22. The Funding Commission has recommended a 10-year plan for Nevada to increase education funding by \$2B per year. That means the legislature would need to increase education funding by \$200M every year, or \$600M per biennium (\$200M in the first year and that \$200M and an additional \$200M in the second). In contrast to the action taken this morning, SB439 completely ignores these recommendations. Meanwhile SB439 further moves Nevada backward by proposing to strike language in the NRS that references merit salary increases and cost of living adjustments.

As the legislature moves forward with the implementation of the new funding formula, NSEA recommends making three changes to ensure the new plan does significantly less harm to Nevada's students and educators.

First, grandfather existing Zoom and Victory Schools, located in Nevada's poorest communities, serving the highest percentage of at-risk students, and proven models of education equity.

Second, hold districts truly harmless by using the greater of 2020 total budget or per-pupil amount by district, adjusted by the inflationary costs of doing business.

Finally, remove anti-union language that increases the district ending fund balance walled off from collective bargaining up to 16.6% of annual operating costs, to preserve the collective bargaining process.

Thank you.

GRANDFATHER ZOOM AND VICTORY SCHOOLS

Zoom and Victory schools are Nevada's model programs of education equity. They are located in Nevada's poorest communities, serving schools with the highest concentration of English Learners and at-risk students.

SB543 takes funds from Zoom and Victory Schools to use as student weights spread out across the state, including to schools in higher-income areas. While districts will be required to provide services from a menu related to current Zoom and Victory programs, Zoom and Victory Schools will receive significantly less money for these services and will not be able to maintain the current level of services for students to continue their success. With reduced funding, the current model will be watered-down and compromised.

With the shift away from a school-based approach, Zoom and Victory schools lose significant momentum on school climate and culture, jeopardizing the gains made in our most impacted schools. Meanwhile, language in SB543 limiting the application of student weights to an either/or approach runs counter to educational best practice that recognizes our most impacted students fall into multiple categories of weights and require much greater investment than provided by any single weight in SB543. This need is greater for students in communities that are beset with serious, intractable social and economic issues.

Backers of SB543 claimed the new funding formula was all about equity. If that were true, schools in our most impacted communities serving student with the greatest needs wouldn't be facing the largest budget cuts next school year. This is the definition of education inequity, and the Assembly should right this wrong by stopping this transfer and grandfathering Nevada's Zoom and Victory Schools.

HOLD SCHOOL DISTRICTS TRULY HARMLESS

The new funding formula creates new winners and losers among school districts. Modeling of the new funding formula varied across the interim, showing different winners and losers at different times. Even with the additional funds programmed in this plan, 9 school districts will be under hold harmless for a period of years, squeezing those district's operations over time as their costs increase. While the budget subcommittee did recommend adjusting for growth in student enrollment, these school districts will still be impacted by increases in the cost of doing business. Increasing costs for things like utilities and healthcare will have a squeezing effect on school district budgets, effectively cutting most districts in inflation-adjusted dollars. This will make it even harder for these districts to attract and retain educators, maintain class sizes, and effectively operate their districts. NSEA recommends adjusting the hold harmless provision by using the greater of 2020 total budget or per-pupil amount by district, adjusted by the inflationary costs of doing business.

REMOVE ANTI-UNION ENDING FUND BALANCE PROVISION

SB543 included language to increase district ending fund balance walled off from collective bargaining up to 16.6% of annual operating costs. Historically, for school districts, the Nevada Administrative Code provided for 8.3%. We believe this is appropriate, as school district budgets have a high level of predictability given state funding. SB543 also contains a provision which sweeps district ending fund balance over 16.6% and deposits those funds in the Education Stabilization Account. NSEA is very concerned when taken together, there is no room, and ending fund balance will effectively be removed as a source of funds to justify any union proposal with a cost. This fundamentally compromises the

collective bargaining process, slanting bargaining entirely in favor of employers. These provisions are both take effect on July 1, 2021, unless amended.

For a little bit of history, back in the late 60's teacher strikes and walkouts became increasingly common, both in Clark and Washoe. In response to this and a movement across the country, Republican Senator Carl Dodge brought forward Nevada's public sector collective bargaining process, in NRS 288. This provided public employers and employees a process for discussion and resolution of differences regarding wages, hours, and conditions of employment while ensuring that services to the public would continue without interruption.

The collective bargaining process is designed to push parties to reach agreement whenever possible. This is accomplished through a series of proposals and counter-proposals, where parties move towards agreement. It also includes binding arbitration with a "last-best-offer total package." If parties cannot reach agreement either side can declare impasse. Under this method, parties present their proposals to an arbitrator who accepts either the association's position or the district's proposal and both parties are bound to the decision. This process also requires parties to determine the district's ability to pay for the items before the arbitrator. This is why the issue of ending fund balance is so important.

In most negotiations, ending fund balance is the main source of funds identified to cover proposals with a financial cost proposed by employee associations. This includes wages and benefits like healthcare and retirement, but also includes many proposals related to workplace safety. If the 16.6% ending fund balance language goes unchanged during this legislative session, it will drastically slant bargaining in favor of employers, making it nearly impossible for employees to win even the most modest proposals through the collective bargaining process. This amounts to a giant step backward for labor and jeopardizes labor peace Nevada has enjoyed for the past 50 years.