



The K-12 School System Budget 2012-2013

**Presented to the Legislative
Commission's Budget Subcommittee
January 26, 2011**

State K-12 Pass-Thru Funding

- Made up of 4 Budget Accounts
 - 2610 Distributive School Account (DSA)
 - Includes 11 Programs Funded in FY2010, and FY2011 Providing Aid to School Districts & Charter Schools, Some are Moving to the Block Grant
 - 2615 Innovation & Remediation Trust Fund – Block Grant
 - Includes 1 Program Funded in FY2010, and FY2011 Providing Aid to School Districts & Charter Schools (Full Day Kindergarten)
 - 2616 Incentives for Licensed Educational Personnel – Block Grant
 - 2699 Other State Education Programs – Block Grant
 - Includes 13 Programs Funded in FY2010, and FY2011 Providing Aid to School Districts & Charter Schools

DSA Programs

Program	FY 10 Actual	FY 11 Work Program	FY 12 Gov Rec	Increase from FY 10	FY 13 Gov Rec	Increase from FY 12
Basic Support	2,206,615,525	2,201,166,405	2,081,061,165	-5.69%	2,087,663,685	0.32%
Special Education	121,252,632	121,252,632	121,252,632	0.00%	121,252,632	0.00%
Class Size Reduction	142,682,930	144,348,993	0	-100.00%	-	-100.00%
School Lunch	588,732	588,732	588,732	0.00%	588,732	0.00%
CSR - At Risk Kindergarten	1,580,390	1,586,508	0	-100.00%	-	-100.00%
Gifted/Talented Units	162,566	167,459	0	-100.00%	-	-100.00%
Regional Prof Dev Prgm	7,897,804	7,897,804	-	-100.00%	-	0.00%
Early Childhood Education	3,304,982	3,372,768	0	-100.00%	-	-100.00%
Elementary Counselors	850,000	850,000	0	-100.00%	-	-100.00%
School Library Media Spec	18,798	18,798	0	-100.00%	-	-100.00%
Adult High School Diploma	21,170,456	22,673,833	21,641,050	2.22%	22,990,577	6.24%
Special Transportation	128,541	170,908	0	-100.00%	-	-100.00%
Total	2,513,438,985*	2,504,094,840	2,224,543,579	-11.49%	2,232,495,626	0.36%
*(Includes NRS 387.303 Report Adjustments)						

Basic Support

Built from FY 2010 387.303 Reports:							
	FY 2010 Actual						
Salaries	1,912,223,758						
Benefits	708,045,321						
Operating	368,286,245						
Equipment	20,675,812						
Other	183,445,145	Includes Special Ed, Adult Ed, Other Obligations					
Ending Fund Balance	162,650,614						
Less	(1,004,757,558)	Includes Opening Balance, Transfers, Local Taxes and Other Revenue					
	(143,953,812)	Includes Other DSA Programs, including:					
		Adult Education					
		Special Education					
		Special Transportation					
		Growth Increment (NRS 387.1243)					
		Non-Traditional Students (NRS 387.1243)					
Total Basic Support	2,206,615,525						
Enrollment	425,527.2						
Basic Support	5,186						

Basic Support – Expenditure Assumptions

- Adjusted Base Budget:
 - Rolls Salaries Through FY2011
 - 1% Step on Scale Increase
 - 0% Cost of Living Increase
 - Includes “Roll-Up” of 2% for Both FY2012 and FY2013
 - “Student Related” Operating Costs (Textbooks, Instructional and Other Supplies, Instructional Software and Library) and Equipment Expenditures are Held at FY2010 Actual Cost Per Student
 - Utility Costs Held at FY2010 Actual Cost Per Square Ft
 - Total Basic Support of \$2,081,061,165 in FY2012 and \$2,087,663,685 in FY2013

Basic Support – Expenditure Assumptions

- M-200 Enrollment Growth
 - Actual Students
 - FY2010 – 425,527.20 (421,386.60 Without Hold Harmless)
 - FY2011 – 422,569.60 (Does Not Include Hold Harmless)
 - Projected Students
 - FY2012 – 423,191.80 (0.15% Increase from FY2011)
 - FY2013 – 424,460.30 (0.30% Increase from FY2012)
 - Recommended Budget Impact of \$3,470,101 in FY2012 and \$10,500,121 in FY2013

Basic Support – Expenditure Assumptions

- M-300 Benefits Adjustment
 - PERS Retirement Change:
 - Increase Rate from 21.5% to 23.75%
 - Corresponding Salary Reduction of ½ of the PERS Increase
 - Results in Small Decreases to Other Fringe Benefits Driven by Salaries (i.e., Worker's Comp, Medicare, etc.)
 - Unemployment Insurance Rate Increased by 52%
 - Health Insurance Expenditures
 - Uses a \$ Per Employee Per Month Rate; All Other Benefits are Reflected as a Percentage of Salaries (Reflects that Salary is Not a Factor in Determining the Cost to Insure an Employee)
 - No Increase or Decrease in Either FY2012 or FY2013
 - Net Impact of \$20,655,616 in FY2012 and \$21,127,782 in FY2013

Basic Support – Expenditure Assumptions

- E-601 Decision Unit - PERS Equalization
 - Applies a Pay Factor Equal to One-Half that Charged to State Employees on the Employer Paid PERS Schedule.
 - Pay Factor for State Employees is 89.385% - Pay is Reduced by 10.615% for the Contribution to PERS
 - The Pay Factor Used is 94.6925% Which Only Accounts for 50% of the PERS Contribution
 - Net Savings of \$100,289,928 in FY2012 and \$100,614,850 in FY2013

Basic Support – Expenditure Assumptions

- E-670 Decision Unit - Salary Reduction
 - Cost of Living Adjustments Suspended in Current Biennium
 - 5% in FY2012 and FY2013
 - Consistent with the Calculations Used for State Employees
 - Net Savings of \$126,965,595 in FY2012 and \$129,582,949 in FY2013

Basic Support – Expenditure Assumptions

- E-671 Decision Unit - Suspension of Merit Salary Increases
 - Temporary Suspension of 2% “Roll-Ups” for FY2012 and FY2013
 - These “Roll-Ups” Account for the Increases on Pay Scales Resulting from Experience and Additional Education
 - Consistent with the Suspension of Step Increases for State Employees
 - Net Savings of \$46,762,229 in FY2012 and \$94,616,804 in FY2013

Basic Support Levels

Basic Support Amounts					
		FY 2010 Actual	FY 2011 Estimated	FY 2012 Gov Rec	FY 2013 Gov Rec
Total Basic Support		2,206,615,525	2,201,166,405	2,081,061,165	2,087,663,685
Enrollment		425,527	423,937	423,192	424,460
Basic Support Prior to Special Session		5,186	5,192	4,918	4,918
		5,251	5,395		
Change from FY 2010 and FY 2012				-5.17%	0.00%

Basic Support – Revenue Assumptions

Built from FY 2010 387.303 Reports:					
	FY 2010 Actual				
Total Regular Basic Support	2,206,615,525				
Less:					
Local School Support Tax	(872,948,748)				
1/3 Public Schools Operating Property Tax	(262,851,182)				
CCSD Capital Construction Funds	(10,000,000)				
Transfer From Closure of CC RDA	(6,000,000)				
Add:	306,823,460	Includes Other DSA Programs, including:			
		Class Size Reduction	School Lunch Match		
		Special Education	Regional Prof Dev Ctrs		
		Gifted & Talented	Early Childhood Education		
		Adult Education	Elementary Counselors		
Total State Share	1,361,639,055				
Less Other Revenue Sources:					
Slot Tax	(33,712,074)				
Interest on Permanent School Fund	(9,173,420)				
Federal Mineral Lease Revenue	(8,116,846)				
Out of State Local School Support Tax	(86,190,829)				
Prior Year Refunds	(816,539)				
Revert	42,371				
Balance Forward	33,893				
Gen Fund Trans 2010 to 2009	18,917,900				
Gen Fund Trans 2011 to 2010	(69,080,821)				
Total General Fund Share	1,173,542,690				

E-602 Decision Unit - Excess Debt Service Reserve Transfer

- Proposal to Transfer \$212,500,000 In Reserves from Debt Service Funds to DSA
- Per Statute – Required Reserve Equals the Lesser of 10% Outstanding Debt or 1 Year of Debt Service Payments
- BDR Submitted to Change Required Reserve from 1 Year to 6 Months Worth of Payments
- If LSST > Budgeted Forecast, Districts Would Keep Excess in Order to Restore the Debt Service Funds

Basic Support – Revenue Assumptions

Nevada Plan Revenue Changes						
	FY 2010 Actual	FY 2011 Work Program	FY 2012 Gov Rec	Change from FY 2010	FY 2013 Gov Rec	Change from FY 2012
Local School Support Tax*	872,948,748	888,433,910	779,778,090	-10.67%	804,494,600	3.17%
1/3 Public Schools Operating Prop Tax	262,851,182	212,922,114	195,835,699	-25.50%	197,851,663	1.03%

*FY2012 Decrease from FY2011 is a Result of the Sunset of Sales Tax Moving From 2.60% (Granted During Special 26th Session) Back to 2.25%.

Basic Support – Revenue Assumptions

Distributive School Account Revenue Changes

	FY 2010 Actual	FY 2011 Work Program		FY 2012 Gov Rec	Change from FY 2010	FY 2013 Gov Rec	Change from FY 2012
Slot Tax	33,712,074	33,359,606		33,502,329	-0.62%	34,264,675	2.28%
Interest on Permanent School Fund	9,173,420	6,700,000		6,600,000	-28.05%	6,800,000	3.03%
Federal Mineral Lease Revenue	8,116,846	8,000,000		8,000,000	-1.44%	8,000,000	0.00%
Out of State Local School Support Tax	86,190,829	87,867,090		77,120,910	-10.52%	79,565,400	3.17%

Budget Account 2610 Distributive School Account (DSA)

- Supplemental Appropriation Requests:
 - Basic Support
 - \$140,833,874 Shortfall Based on Projected Outlays and Revenues
 - Supplemental Appropriation to Offset a Decline in the Local School Support Tax (LSST) Collections and the Guaranteed Portion of the Public School Operating Property Tax (PSOPT) for FY2011

Class Size Reduction

- 13 Districts Use Traditional 1-3 Class Size Reduction
 - Funded at:
 - 16:1 for 1st and 2nd grade
 - 19:1 for 3rd grade
 - 26th Special Session Allowed Increase in Class Size by 2 Students
 - 18:1 for 1st and 2nd grade
 - 21:1 for 3rd grade
 - All Districts Employed the Allowance Resulting in 1,461 Teachers Being Funded for Grades 1-3
- 4 Districts Use the Alternative Class Size Reduction Program for Grades 1-6 (Churchill, Douglas, Elko & Nye)
 - Funded at:
 - 22:1 for 1st through 3rd grade
 - 25:1 for 4th through 6th grade
 - 26th Special Session Allowed Increase in Class Size by 2 Students
 - 24:1 for 1st through 3rd grade
 - 27:1 for 4th through 6th grade

Class Size Reduction

- Adjusted Base Budget:
 - Rolls Salaries through FY2011
 - 1% Step on Scale Increase
 - 0% Cost of Living Increase
 - Includes “Roll-up” of 2% for FY2012 and FY2013
- M-200 Enrollment Growth
 - 1st Grade (0.2% Increase in FY2012, 1.31% Increase in FY2013)
 - 2nd Grade (0.72% Increase in FY2012, 0.47% Increase in FY2013)
 - 3rd Grade (0.29% Decrease in FY2012, 0.72% Increase in FY2013)
- M-300 Benefits Changes, E-601 PERS, E-670 Salary Reduction, E-671 Step Suspension
 - Same Changes as Proposed for Basic Support

Class Size Reduction

- Positions:

Year Required

FY2010 2,113

FY2011 2,098

FY2012 2,127

FY2013 2,144

- FY2012 – Increase of 1.41% Over the FY2011 Projected Need of 2,098 Teachers Based on Actual Enrollments
- FY2013 – Increase of 0.80% Over FY2012
- Recommended Budget:
 - FY2012 – \$134,348,069 (Decrease of 5.84% Over FY2010)
 - FY2013 – \$135,858,086 (Increase of 1.12% Over FY2012)
- Moving to Block Grant

Special Education

- Special Education Kept Flat from FY2010 at \$121,252,632 Due to Federal Maintenance of Effort Requirements
- 3,049 Units Funded at \$39,768 Per Unit

Adult High School Diploma Program

- Adult HS Program Reduced by the E-670 Salary Reduction, E-671 Suspension of Merit Salary Increases, and E-601 PERS Equalization
- Recommended Budget:
 - FY2012 - \$21,641,050 (Increase of 2.22% from FY2010 Actual Expenditures)
 - FY2013 - \$22,990,577 (Increase of 6.24% Over FY2012)

Regional Professional Development Programs

- E-904 Decision Unit - Transfers the RPDPs Funding from the DSA Account 2610 to the Remediation Trust Account 2615
- Funded at \$7,897,804 for FY2012 and FY2013.

Other DSA Programs from 2610

- Gifted & Talented Units – Moving from DSA Funding to Block Grant
 - Not Affected by E-670 or E-671 Decision Units
 - Funded at \$171,060 for FY2012 and \$175,004 for FY2013
- School Lunch Match – Show Required Federal Government Match in State Budget – Continued Without Change at \$588,732 Per Year
- Elementary Counselors – Moving from DSA Funding to Block Grant
 - Continued Without Monetary Change at \$50,000 Per District (\$850,000 Per Year)

Other DSA Programs from 2610

- School Library Media Specialist Certification Compensation – Moving from DSA Funding to Block Grant
 - Continued at Budgeted Amount of \$18,798 for FY2012 & FY2013
- Special Transportation – Moving from DSA Funding to Block Grant
 - Reduced to Meet Current Needs (\$128,542 for FY2012 & FY2013)
- Early Childhood Education Programs – Moving from DSA Funding to Block Grant
 - Funded at \$3,343,791 for FY2012 & \$3,353,814 for FY2013

Budget Account 2615

- School Remediation Trust Fund
 - Recommended Full Day Kindergarten Budget of \$21,141,740 in FY2012 and \$20,621,415 in FY2013
 - Reduced by the E-670 Salary Reduction, E-671 Suspension of Merit Salary Increases, and E-601 PERS Equalization
 - Regional Professional Development Program \$7,897,804 FY2012 and FY2013
 - Teacher Performance Pay Effective July 1, 2012 (FY2013) \$20,000,000.
 - Block Grant Included in this Budget

Budget Account 2616

- Grant Fund for Incentives for Licensed Educational Personnel
 - Funds the Cost of the Final Two Years of the 1/5 Retirement Credit Program in FY2012 and FY2013
 - Remaining Funds in this Account are Rolled into the Block Grant, as Opposed to Funding the Cash Incentives
 - Funded at \$13,049,546 for FY2012 and \$12,055,905 for FY2013
 - Rolling \$4,193,250 for FY2012 to Student Achievement Block Grant

Budget Account 2699

- Other State Programs

- Programs Reduced by 10% to Meet Agency Target Per All Agency Memo #2010-20.
 - Geographic Alliance In Nevada (GAIN) (\$44,583)
 - Teacher Certification (\$54,870)
 - Speech Pathologist Certification Compensation (\$526,785)
 - Vocational Student Organizations (\$106,998)
 - Peer Mediation (\$26,674)
 - Educational Technology Funds
 - School District Funds (\$1,912,241)
 - Career & Technical Education (\$3,543,822)
 - LEA Library Books (\$449,142)
 - Public Broadcasting (\$229,725)
 - Counselor Certification Compensation (\$668,742)

Budget Account 2699 Other State Education Programs

- Other State Programs
 - Transfer Programs
 - Library Database Funds (\$421,165 – FY2012 Only) to Library & Archives
 - Apprenticeship Program \$459,449 to DETR
 - Eliminated Programs
 - School Support Team Substitutes (\$31,895 Reduction Each Year)
 - ED TECH KLVX Funds (\$392,329 – FY2012 Only)

Block Grant Distribution

Methodology

- Each District is Given \$60,000 and Each Charter School is Given \$30,000 in Base Funding
 - This Ensures a Minimum Level of Funding
- 10% Reserved to Provide Remediation Services to the Lowest Performing Schools
- 10% Reserved to Provide Incentive Awards to the Highest Performing Schools
- 50% Remaining Available Funding Distribution Based on Weighted Enrollment Pupil Counts
- 50% Based on Licensed Instruction General Fund & Special Ed

Summary

- M-200 Enrollment Growth - Impact of \$3,470,101 in FY2012 and \$10,500,121 in FY2013
- M-300 Benefits Adjustment – Net Impact of \$20,655,616 in FY2012 and \$21,127,782 in FY2013
- E-601 PERS Equalization – Savings Impact:
FY2012 \$100,289,928 and FY2013 \$100,614,850
- E-602 Excess Debt Service Reserve Transfer - Proposal to Transfer \$212,500,000 In Reserves from Debt Service Funds to DSA
- E-670 Salary Reduction - 5% - Savings Impact:
FY2012 \$126,965,595 & FY2013 \$129,582,949
- E-671 Suspension of Merit Salary Increases - 2% Roll-Ups/Step Increases - Savings Impact: \$46,762,229 in FY2012 and \$94,616,804 in FY2013
- Student Achievement Block Grant Created