



Key Education Issues in Review: Educational Funding

Introduction

As citizens of the U.S., we want the nation to have a world-class educational system that enables our children to compete with the best that other nations have to offer. To accomplish this, school funding plays an important role. Educational funding, however, is usually neither adequate nor equitable (Sims, 2004). Adequate funding ensures that all students are able to meet intended objectives and goals of education. Equitable funding ensures a sufficient level of funding distributed within states that accounts for additional needs based on various student characteristics. There are different costs for educating groups of students, and this should be taken into account for any funding formula.

Nevada's Facts and Statistics

- Nevada's K-12 funding formula has been deemed inequitable and unfair by the *Is School Funding Fair* Report.
- Nevada's K-12 funding formula, The Nevada Plan, has undergone little change since 1967.
- The Nevada Plan does not provide weighted funding for individual student characteristics, while the majority of states do provide more funding per pupil for English Language Learners (ELLs), low-income, and special education students.
- Nevada is unique in that few other states have the combination of rural areas, a sales tax based economy, and capped property taxes.
- Over the past decade, Nevada has consistently ranked in the lowest quartile for per-pupil expenditures and other funding measures for public education.
- Nevada's higher education system ranks 49th in rate of production of degrees and certificates.

U.S. Facts and Statistics

- Thirty-six states use a weighted approach in their K-12 funding formula to provide additional funding for low-income students.
- The U.S. average per-student expenditure for K-12 schools in 2012-2013 was \$10,938. Nevada's was \$8,501.
- A majority of states use a weighted approach in their K-12 funding formula to provide additional funding for English Language Learners.
- A national trend is that more states are providing different categories of weighting for special education students.
- Weighted systems have been shown to distribute resources more equally and positive benefits have been demonstrated, especially with large urban school districts.
- From 1974 to 2001, higher education funding decreased from 9.4 percent of state general fund expenditures in 1974 to 5.9 percent in 2001.

Nevada's Recent Actions to Date

- In 2012 the Nevada Legislature commissioned an equity study by the American Institutes for Research, which found that approximately \$145 million annually (through pupil-weighted adjustments) would be required to support the state's projected ELL needs.
- In the 2013 legislative session, Senate Bill 504 provided a \$50 million allocation over 2 years for designated low-performing elementary schools with high populations of ELLs.

Nevada's Recent Actions to Date (continued)

- In 2013-2014 the Task Force on K-12 Public Education technical advisory committee worked to make recommendations for improvements in Nevada's educational funding method.
- In 2013, Nevada made changes to its higher education funding method; it now consists of two basic components—a base formula driven by course completions and a performance pool driven by graduation numbers, greater alignment with the state's focus on economic development and diversification, and emphasis on success with at-risk students.

Considerations for Future Directions

Nevada's K-12 funding formula should be updated to meet the current needs of all students. Ideally, the funding system should be supported by stable and predictable sources of revenue. The funding plan also should be periodically reviewed and updated to ensure that all students have an equitable opportunity to learn. The new higher education funding formula should also be monitored and improved as needed. In making any mid-course corrections, key issues that policymakers could address include:

- Working to implement recommendations of the Task Force on K-12 Public Education technical advisory committee, including a transition date to weighted funding for special education students, English Language Learners, and low-income students.
- Considering ways to increase educational funding.
- Phasing in changes to the funding formula that would redistribute funds from certain school districts so they have time to adjust if they receive less per-pupil funding.

Statewide Benefits of Future Action

- Ensures that all children have equal access to a high quality education and equitable opportunities for academic success.
- Research on a weighted system appears to conclude that it does provide an increase in funding that is directed toward specific areas of need, which enhances student achievement (Petko, 2005).
- Increased investments in higher education funding should lead to economic growth and more qualified workers.
- Increased educational spending can make a community a more desirable place to live.

Implications of Status Quo

- Nevada's K-12 funding formula will continue to be deemed inequitable and unfair.
- Nevada will continue to rank in the bottom of states for per-pupil expenditures.
- Nevada's education system may not meet the workforce needs and economic diversification goals of the state.

Selected Resources

- Baker, B., Sciarra, D., & Farrie, D. (2014). *Is School Funding Fair? A National Report Card*. (3rd ed.) Education Law Center. Newark, NJ.
Provides data on four measures of educational funding fairness principles to summarize how well states fund public education.
- Chambers, J., Versteegen, D., Jordan, T., & Baker, B. (2012). *Study of a new method of funding for public schools in Nevada*. American Institutes for Research. San Mateo, CA. *Study to investigate how the Nevada educational funding system could be improved to best address the differential funding needs of students and smaller rural districts.*
- Education Alliance of Washoe County. (2011). *Crises in Nevada: Education and the economy*. Education Alliance of Washoe County.
This paper is meant to provide community leaders and decision makers with the information necessary to make informed decisions about what factors are critical to building a strong economy and how education supports those factors.

This paper represents a portion of work and research from a faculty member in the UNLV College of Education. For more information or to receive a copy of a comprehensive paper on this topic, please contact:

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