Nevada Summary: This 2019-20 profile of Nevada's public K-12 school finance system focuses on three core indicators from the School Finance Indicators Database: fiscal effort, statewide adequacy, and equal opportunity. On a weighted average of these three measures (see back), Nevada scores 21 out of 100, which ranks 45th out of the 48 states with possible ratings.

**Fiscal Effort**

Fiscal effort is a measure of how much states devote to their schools as a share of their economic capacity (i.e., ability to raise revenue). Effort is calculated by dividing direct state and local K-12 expenditures in each state by its gross state product (GSP).

- NV is a low effort state.
- In FY 2020, NV spent 2.94 percent of its economic capacity (GSP) on its K-12 public schools.
- This was 0.66 percentage points lower than the unweighted national average of 3.61 percent.
- NV’s effort level ranks #44 in the nation (out of 50).

**Statewide Adequacy**

Statewide adequacy compares actual per-pupil (PP) spending in each state to district-level cost model estimates of the amount required to achieve the modest goal of U.S. average test scores. The graphs to the right indicate the percentage of students in districts where spending is below adequate and the funding gap (% above/below) in the typical student’s district. The graphs include regional and national averages.

- Overall adequacy in NV is relatively low.
- By the modest standard of U.S. average scores, 88.6 percent of NV students attend inadequately funded districts, which ranks #46 in the nation (out of 49).
- The typical NV student’s district spends 24.3 percent below adequate levels, which ranks #44 in the nation.

**Equal Opportunity**

Equal opportunity is the comparison of adequacy between each state’s higher- and lower-poverty districts. The graph to the right presents adequate funding gaps by district poverty quintile (the blue diamonds are U.S. averages). The difference (in pct. points) between the lowest- and highest-poverty groups is a state’s “opportunity gap.”

- Educational opportunity in NV is moderately unequal.
- Spending in NV’s highest-poverty districts is 31.3 percent ($4,366 PP) below the estimated adequate level, compared with 3.2 percent ($325 PP) below adequate in the state’s most affluent districts.
- This opportunity gap of -28.2 percentage points is ranked #6 in the nation (out of 48).

**Effort trend and capacity**

- NV’s 2020 effort level is 0.20 pct. points lower than it was pre-recession (2006).
- This net change in effort between 2006 and 2020 is ranked #30 in the nation.

**Efficiency**

Efficiency of the state’s school finance system focuses on three core indicators: fiscal effort, statewide adequacy, and equal opportunity.

- Net change by period (% pts.)
- Period NV U.S.
  - K-12 recession (2006-12) -0.13 -0.13
  - Post-recession (2012-20) -0.07 0.01
  - Full period (2006-20) -0.20 -0.12

- NV’s effort was lower than its 2006 level in 5 of 5 years between 2016-2020; had effort recovered to its 2006 level during these years, total 2016-2020 spending would have been $2.01 billion (8.4 percent) higher.
- NV is a relatively medium capacity state, with a GSP per capita ranked #30 in the nation.

**Adequacy in 10 largest NV school districts**

- Statewide, spending is below estimated adequate levels in 2 of the 17 NV districts with available data.
- Closing all these negative gaps would require $1.5 billion in new funding.
Equal educational opportunity is achieved in a given state when none of that state’s districts are substantially further above or below adequate spending levels than are other districts in the state. In the SFID, we measure equal opportunity (EO) with the same NECM estimates used for statewide adequacy (see above), but in this case by comparing adequacy gaps (percentage difference between actual and estimated adequate spending) between the highest- and lowest-poverty districts in each state. That is, each state’s “opportunity gap” is the difference (in percentage points) between these two groups (district poverty groups are defined in terms of quintiles—e.g., the 20 percent highest-poverty districts compared with the 20 percent lowest-poverty districts in each state). Note that EO is conceptually independent of adequacy, and so the hypothetical state in which all districts are below adequate funding levels might still exhibit EO, as long as high- and low-poverty districts are inadequate by roughly the same proportions, whereas highly unequal opportunity might exist in a state in which funding is universally adequate, if high-poverty districts are more adequately funded than low-poverty districts.

EO estimates are not available for Vermont and Hawaii (adequacy estimates not available), and cannot be calculated for D.C. (single government-run district state).

In the first bullet of the left panel, we characterize statewide adequacy as follows: high (fewer than 20 percent of students in below adequate districts and statewide gap under 75 points); moderate (greater than 20 percent below adequate and statewide gap under 175 points); low (20 percent or greater); and very low (greater than 50 percent or greater). Adequacy estimates are not available for D.C., Hawaii, and Vermont between 2011-2012 and 2017-2018 periods, as one or more of the measures that constitute the scores cannot be calculated for these states.

In the third bullet of the right panel, below the table, we present a “thought experiment” of sorts, in which we calculate how much additional state and local revenue would have to be raised over the period (e.g., the hypothetical additional funding estimates do not include years in which 2016-20 funding would have been lower under states’ 2006 effort levels). In order to provide a sense of states’ capacity, we characterize each state’s GDP per capita as small, medium, or large by sorting states into three roughly equal groups using terciles. Note that even seemingly small changes or differences in effort levels represent large revenue amounts, as the denominators are entire state economies. Note also that 2006 is the first year in which we calculate the effort indicator, as quarterly effort estimates are not available before that.

The total number of states assigned rankings varies slightly by measure, as not all measures are calculated for all states each year; for example, SFID variables used in the first bullet of the right panel are calculated for a single school district (District of Columbia Public Schools).

In the table on the right panel displays the center-panel graph, with a focus on effort trends before and after the 2007-09 recession. The 2006-12 period (the “K-12 recession”) is highlighted in the table (rather than, say, 2006-09) because the direct impact of the recession on K-12 funding in the typical state persisted for a few years after the “official recession” ended, and because federal stimulus funds ran out after 2012. 2012 is therefore an apt starting point for assessing states’ reinvestment (or lack thereof). Trends, however, vary by state.

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In the third bullet of the right panel, below the table, we present a “thought experiment” of sorts, in which we calculate how much additional total state and local spending each state would have to raise over the period. Unlike the table, this calculation is not based on the relationship between funding levels and factors such as state median household income, school district poverty, and student test scores.

The scores are calculated as a weighted average of z-scores (final averages expressed as percentile-equivalents, with a score of 50 = z-score of 0) of the following measures (weights in parentheses): 1) percentage of students in districts with above adequate funding (22.5%); 2) statewide (%) adequacy gap (22.5%); 3) GSP-based fiscal effort (15%); 4) personal income-based fiscal effort (15%); and 5) equal opportunity gap (Q5/01 difference in adequacy gap, in percentage points) (25%). State rankings may reflect differences in unreported sources of revenue.

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