FINANCIAL IMPACT OF THE SAVE OUR SCHOOLS WITH ADDITIONAL FUNDING INITIATIVE

The Save Our Schools With Additional Funding Initiative (Initiative) proposes to amend Article 11 of Nevada's Constitution to: establish a new license fee on gross gaming revenue to provide additional funding to Nevada's school districts and charter schools; establish provisions for the distribution and use of the proceeds from the new gaming license fee; and provide a minimum level of state support for the operation of the public schools for kindergarten through grade 12 that must be adjusted for changes in enrollment and inflation each biennium.

The new gaming license fee is 3 percent of gross gaming revenue exceeding $1,000,000 per calendar month, effective December 1, 2010. The $1,000,000 monthly gaming revenue threshold must be adjusted for inflation each fiscal year beginning July 1, 2011 (Fiscal Year 2011-2012).

The proceeds from the new gaming license fee must be distributed quarterly to each school district or charter school based on the school district or charter school's enrollment in proportion to the total number of students enrolled in the state. The distributions start in the fiscal year beginning July 1, 2011 (Fiscal Year 2011-2012) with the first distribution to occur on February 1, 2012. The proceeds distributed to the school districts or charter schools must be used in each fiscal year as follows:

1. Not less than 40 percent to add instructional days to the school year, reduce overcrowding in schools and classrooms, provide additional training to teachers and other instructional employees, provide tutoring programs for students, prevent dropouts or otherwise improve the achievement of students;

2. Not less than 40 percent to pay the salaries and benefits of employees, other than administrative employees, of the school district or charter school; and

3. Any remaining money is used to provide incentive pay for employees, other than administrative employees, of the school district or charter school, and to pay or reimburse such employees for employment-related expenses incurred by them.

Starting with the biennium beginning on July 1, 2011 (2011-2013 biennium), the Initiative requires the Legislature to appropriate and authorize for expenditure for the support and maintenance of the public schools for kindergarten through grade 12 an amount that must equal or exceed the amount approved by the Legislature for the biennium beginning on July 1, 2007 (2007-09 biennium) adjusted for changes in enrollment and inflation.

The Fiscal Analysis Division has determined that the Initiative will have a positive financial impact on the school districts based on the additional revenue generated from the new gaming license fee, if approved by the voters. The enrollment and inflation adjustments to the minimum level of support to fund kindergarten through grade 12 education may have a financial impact on school districts and charter schools depending on the direction of the enrollment and inflation adjustment. The Initiative may have a financial impact on the state depending on the minimum level of support required by the Initiative and the interaction of the various revenue sources used to fund kindergarten through grade 12 education in the state. The potential financial impact depends on the amount of state funding required to maintain the minimum level of support relative to the other sources of revenue available to school districts and charter schools in each biennium.

The Fiscal Analysis Division has not completed the analysis required to estimate the potential financial impact of the Initiative. A fiscal note that includes an explanation of the financial impact will be provided to the Secretary of State when completed for posting on their Internet website, pursuant to NRS 295.105.

Prepared by the Fiscal Analysis Division of the Legislative Counsel Bureau – December 6, 2007