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Clark County School District: Bonds and debt. Can they be divided equally?

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**CLARK COUNTY SCHOOL DISTRICT:
BONDS AND DEPT
Can they be divided equally?**

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Spring 2001**

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ABSTRACT

Clark County School District is one of the largest school districts in the nation with a student population of 203,616 for 1998-1999. Talk of deconsolidating Clark County School District has been proposed by Assemblypersons. However, as recent as November 2000, another initiative for deconsolidation and reconfigurations had not been approved by the voters. One of the issues surrounding deconsolidation is the district's bond debt. An equitable division has not been reached should Clark County School District deconsolidate. This paper deals with dividing the bond debt equally among eight districts (identified in an earlier study of deconsolidation) and assessing whether each of the eight districts would be able to support its portion of the bond debt as well as continue to provide education to its population. The result show that rich and poor districts are created and two of the eight districts would run into problems funding their own districts even though their share of the debt is manageable.

CHAPTER 1

INTRODUCTION

Clark County School District (“CCSD”) has been pegged as the 8th largest school district in the nation with an enrollment of 203,616 students for the 1998 - 1999 school year (facts are from Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 326). By year 2001, the estimated student enrollment will increase by 13.04% to 231,028 students (facts are from Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 326) and is perhaps the fastest growing school district in the nation.

Assemblywoman Sandra Tiffany (District 21), with support from other community leaders such as fellow Assemblyman Richard Perkins, has proposed an initiative breaking up the school district into multiple districts. An initiative petition has been submitted to the County Clerk’s office for voter signature verification.

Because of its phenomenal growth, CCSD is faced with many questions as to its effectiveness in managing the district. Those who are in favor of deconsolidation argue that CCSD is too large to be effective and is unresponsive to the needs of the community. On the other side of the spectrum are the opponents of deconsolidation who have argued the “vantage point of historical struggles to achieve a kind of broad-based educational equity” (Legislative Counsel Bureau Bulletin No. 97-4, p. 154).

Other issues of concern have also been discussed with no resolution in sight. For example, the general obligation bond debt has been discussed at length with no agreement. Paul Zamora, Clark County School District Maintenance Division who has been involved in the bond

debt, explained that the bond debt is a complicated matter due to the fact that it has been refinanced several times over and allocation of the bond debt would be a nightmare. Former

Clark County Superintendent Brian Cram testified in the 1999 State Legislature that “a fair split of financial resources is almost an impossible task” (Las Vegas Review Journal, March 30, 1999)

Due to the many concerns brought by parents, community leaders and those individuals interested in the school district, the Nevada State Legislature directed the Legislative Commission to “conduct a study of the feasibility of reconfiguring the structure of school districts” (Legislative Counsel Bureau Bulletin No. 97-4, p. 1). However, talks of deconsolidation are not new. In 1975, deconsolidating efforts began and there were talks of breaking up the larger school districts into smaller districts in order to obtain quality education. In the 1977 and 1979 sessions, talks of deconsolidating Clark County School District arose again. However, no measures were adopted.

On January 13, 2000, Assemblywoman Sandra Tiffany sent initiatives into the community for signatures. In order for the petition to be placed on the ballot, she must obtain ten percent of the registered voters in 13 of the 17 counties. On November 10, 2000, it was learned that the initiative failed because it was one county short of passing. Had the initiative been confirmed, it would be would have been placed on the ballot for voter approval in the 2002 election year.

For now, CCSD is safe from being divided into multiple districts. However, the question of deconsolidation is still at the minds of those who want CCSD to be divided into multiple districts. Proponents, mainly politicians and other community leaders, of deconsolidation have

been loud in their desire to deconsolidate. The public however, has been opposed to deconsolidation as evidenced by the failed initiative. Before the state Legislature implements changes to the current system, it is important to seek the opinion of the community and not just the leaders but the public at large, to determine its success.

One area that the State Legislature must look into is the bond issue. "As of July 1, 2000, the district had an outstanding General obligation debt of \$1,863,611,996" (Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 228). This researcher has spoken to several leaders in the community and all have agreed that one of the sticking points with deconsolidation has been the bond issue. Questions, such as how can the bond debt be divided so that it would be equitable to all districts if CCSD were to be deconsolidated, have been asked and possible solutions provided, but no consensus has been reached.

Following a 1995 directive from the Nevada Legislature, the Legislative Council hired Management Analysis & Planning Associates (MAP) to study school district boundary reconfiguration. This researcher reviewed the "MAP" study and determined that Plan B: Racially Balanced Districts would be used in this research since it is deemed the most equitable configuration by the MAP study. In its report, the consultant concluded that "the resultant school districts would all score reasonably well on each of the criteria used to evaluate boundary changes" (Legislative Counsel Bureau Bulletin No. 97-4, p. 187). According to MAP, racial and ethnic groups would not be set apart and that the new district size would "maximize the economies of scale; and citizens would enjoy greater access to decision making concerning their schools (Legislative Counsel Bureau Bulletin No. 97-4, p. 187).

Purpose of the Study and Research Questions

The purpose of this study is twofold. First, it seeks to determine preliminary figures of bond indebtedness should CCSD deconsolidate; and second, would the new districts be able to afford the bond debt allocated to them.

CHAPTER 2

LITERATURE REVIEW

Historical Overview of Nevada School District¹

The Nevada school districts have been in existence for over 130 years and since their inception, have changed dramatically. The school system began with local districts in the most populated areas and, over time, changes were made to accommodate the many situations it encountered. Laws were enacted to allow the formation of a variety of school district types. However, as the population increased, the need for a better system arose. A study was conducted in the mid 1950s and since then has been the father of today's current school district structure. Issues such as consolidation and deconsolidation have also been around since the birth of the current system.

Territorial School Districts

In 1861, the Territory enacted a bill which called for an elected County Superintendent who served for two years. The Superintendent was given the powers to apportion the school districts where there were occupants in an area. He was also given the powers to form new or eliminate districts should he choose to do so. In 1863, there were 22 school districts with an enrollment of 200 students; and by 1864, there were 34 districts with an enrollment of 1,278 students (facts are from (Legislative Counsel Bureau Bulletin No. 97-4, p. 5).

Statehood through the Nineteenth Century

¹This history is summarized from Legislative Counsel Bureau Bulletin No. 97-4, p. 5 - 12)

In 1865, the first state Legislature reaffirmed the local school districts and the County Superintendent to oversee the school districts. The Superintendent was to “apportion funds to the districts within the county; “exercise a general supervision over the interests of public schools and provide aid and counsel to teachers and district superintendents”; distribute materials from the Superintendent of Public Instruction; record official acts; report annually on the districts within the county; conduct teacher institutes; appoint trustees in districts that have not elected trustees; purchase school books for schools within the district; and distribute professional educational journals (Legislative Counsel Bureau Bulletin No. 97-4, p. 5 - 6). Also, under the 1865 legislature, if 10 heads of households petitioned for a formation of a new school district or to consolidate school districts, then by approval of the County Superintendent and county commission, it was granted.

In 1879, the law was changed to allow parts of different counties which had 10 heads of households to form a new school district. However, in 1891, an amendment was made allowing the school trustees within the same county or adjoining counties to consolidate districts.

By 1880, Nevada had 109 districts with an enrollment of 7,300 students. At the turn of the century, Nevada's school districts grew twice as much, to 231 districts. However, the student population of 7,373 increased by only 73 students.

1900 Through 1953

In 1911, the Legislature passed a bill modifying the school districts. The law allowed for one district for each town, city or village. County commissioners were the only ones with power to create new school districts at the request of five or more parents of school children. The law also allowed the County commissioners to change existing school districts if three-fifths of the

taxpayers or heads of households petitioned.

A law allowing for the consolidation of two or more adjacent districts into one was passed in 1915. A request by the majority of the voters who are affected by the change must first be made. And in 1921, the Legislature “provided for the dissolution of consolidated school districts” (Legislative Counsel Bureau Bulletin No. 97-4, p. 7), and again at the request of the majority of the voters within the consolidated district.

In 1947 the Legislature provided for a comprehensive public school code. This code categorized districts into seven groups²:

Regular School Districts - consists of districts not combined with another;

Joint School Districts - territory lies in adjoining districts;

- **Union School Districts** - consists of two or more elementary or high school districts controlled by one school board, but where the individual districts maintain their own identities;
- **Consolidated School Districts** - consists of two or more districts which completely lose their separate identities - except for an apportionment purposes, which are governed by one school board;
- **County High School Districts** - consists of the entire territory of the county, governed by a school board elected by all voters in the county, and supported by a tax on all property within the county; may establish “branch” high schools within the county;
- **District High School Districts** - established in an elementary school district to provide a high school for at least 10 resident students when the new high school is located 40 or more miles from an existing high school; and
- **Combined High School Districts** - schools where children from two or more districts attend one school by annual contractual agreement between the separate

²Definition comes from the Legislative Counsel Bureau Bulletin No. 97-4, p. 7 and 8

districts.

The number of school districts grew to 349 districts with an enrollment of 12,000 students in 1915. Declining school districts began in the 1920s and 1930s. By 1937, the number of school districts had fallen to just under 300 and by 1954, the number of school districts dipped to 207 districts with an enrollment of 35,640 students.

1956 To The Present

A study was conducted in 1954 (known as the *Peabody Report*) and as a result of the study, the Legislature in 1956 enacted a new school code which included bond laws and other procedural changes. The law provided for the “formation of joint school districts, encompassing the territory of two or more contiguous county districts” (Legislative Counsel Bureau Bulletin No. 97-4, p. 9).

Nevada’s population growth began its rise at around the same time, so that by the first year of reorganization, there were 17 districts with a total enrollment of 45,758. Today, those 17 districts have a total enrollment of more 265,041 (with the majority in Clark County School District).

By the 1970s, there were talks about consolidating smaller districts into larger districts and deconsolidating larger districts into smaller districts. For example, in 1971, Governor Mike O’Callaghan requested a study be conducted regarding consolidation and deconsolidation. The study concluded that the number of districts should be reduced to 11 from 17 and that, in order to eliminate disparities among schools in their ability to provide for programs in education, the districts be consolidated to larger school districts. This proposal was never passed by the Legislature.

In 1971, the Legislature again dealt with the issue of consolidation when they passed Bill 224 wherein it eliminated references to joint (consolidation) school districts. Again, in 1989, the Legislature passed a bill allowing for the creation of a general improvement district for the purpose of constructing school facilities. These were attempts by the State Legislature at consolidating school districts. However, in 1995, this law was repealed.

In 1993 two measures were introduced to the State Legislature regarding deconsolidation. Assembly Concurrent Resolution 57 “directed the Legislative Commission to conduct a study of the desirability and feasibility of amending the requirement that the boundaries of county school districts be coterminous with county boundaries” (Legislative Counsel Bureau Bulletin No. 97-4, p. 11). However, Assembly Concurrent Resolution 74 called for “a study to determine the feasibility of creating an additional school district in southern Nevada for the Boulder City, Henderson, Laughlin, and Searchlight areas” (Legislative Counsel Bureau Bulletin No. 97-4, p. 11 - 12). Again, both measures were not adopted by the Legislature.

In 1995, four measures were introduced and all dealt with school district boundaries. The four measures are as follows³:

1. ***Assembly Bill 332*** - created, among other county entities, the Ponderosa County School District within the Incline Village area of Washoe.
2. ***Assembly Bill 664*** - required the division of school districts that enroll more than 50,000 pupils. The districts formed in this manner could have no fewer than 20,000 or more than 50,000 pupils.
3. ***Senate Bill 511*** - provided for the formation of independent school districts within certain cities. A City’s population (or combined population of two contiguous cities) must be in excess of 25,000. In addition, counties with a population greater than 400,000 residents may

³Legislative Counsel Bureau Bulletin No. 97-4, p. 12.

not form such a district, if the number of pupils in the remaining area is less than 5,000.

4. ***Senate Concurrent Resolution No. 30*** - directed the Legislative Commission to conduct an interim study of the feasibility of reconfiguring the structure of Nevada's school districts. Funding for a consultant to conduct this study was contained within Assembly Bill 224.

Senate Concurrent Resolution No. 30 and Assembly Bill 224 both passed. As a result, the report, which is commonly known as the "MAP study" was born. "MAP" is the acronym for Management Analysis & Planning Associates of Berkeley, California, which is the company that conducted the study for the Legislative Commission.

Current Capital Projects and Capital Improvement

The State Legislature has left the responsibility of financing schools, whether maintaining or building new schools and/or improving existing schools, with the local school districts. It is one of "ten states in the nation that provides no aid for school construction" (Legislative Counsel Bureau Bulletin No. 97-4, p. 105). Because the State of Nevada does not fund capital projects or capital improvements, it has created a predicament for CCSD. Compounding this problem is that Clark County is growing rapidly and construction of new schools is hampered.

However, the State Legislature has made available to school districts ways in which to fund capital improvements and capital projects. Two of the options are for the school districts to levy taxes or issue general obligation bonds with the approval of the voters and another is through a portion of the vehicle privilege tax pursuant to N.R.S. 482.180. For purposes of this research, discussion will be focused on tax levies and/or general obligation bonds.

Currently the following are financing options that the local school districts may exercise:

1. General Obligation Bonds

This is a “form of borrowing, secured by the full faith and credit of the school district”. The terms of repayment is typically 20-30 years. However, before a school district can issue general bonds, the voters must approve it. Also, the total indebtedness cannot exceed 15% of the total assessed property value of the school district.

Although school districts may issue general obligation bonds with voter approval, there are limits to the amounts being issued. Currently, Clark County School District’s total bond indebtedness of \$1,863,611,996 is well below the 15 percent limitation imposed by N.R.S. 387.400.

2. Pay-As-You-Go

This type of financing allows the local school districts to tax now and accrue funds. The money obtained are then used to build new schools, remodel or repair existing schools. Again, the voters must approve the “levy of this tax”. Tax is limited to \$0.75 per \$100 of assessed property value where districts have fewer

than 25,000 students. Districts with more than 25,000 students are limited to \$0.50 per \$100 of assessed property value.

According to N.R.S. 387.3285 which spells out the tax for capital projects, the board of county commissioners can, “upon approval of the majority of the registered voters of a county voting upon the question at a general or special election whose enrollment is fewer than 25,000 pupils may levy a tax of not more than 75 cents on each assessed valuation or taxable property within the county” and “whose enrollment is 25,000 pupils or more may levy a tax of not more than 50 cents on each \$100 of assessed valuation or taxable property within the county”. Therefore, in Clark County where the population is well above the 25,000 pupil mark, tax levied for capital projects cannot exceed 50 cents per \$100 assessed property value.

3. Impact fees

This type of financing does not affect voters directly. Rather, it affects developers who want to develop an area. Developers may be charged “up to \$1000 per dwelling of new residential construction, including mobile homes” (Legislative Counsel Bureau Bulletin No. 97-4, p. 106). County Commissioners must approve prior to levying these fees and only areas served by the school are levied. To exercise this option, a school districts must have less than 35,000 residents.

Even though school districts in Nevada have three options to finance capital projects, all but three utilize general obligation bonds. Elko, Lander, and White Pine also utilizes pay-as-you-go while Douglas and Storey counties are the only two that have imposed the impact fees.

Although the State Legislature does not fund school construction or maintenance of existing schools, it has given school districts in the state, with the approval of electors in the

municipality, authority to issue general obligation bonds for purposes of funding capital

improvements or capital projects. Specifically, Nevada Revised Statutes (N.R.S.) 350 states in part:

“..in the public interest to foster and promote the protection and preservation of the property . . . The state should encourage and assist municipalities in the acquisition, construction, and equipping of public improvements . . . making of such loans and the issuing of state securities therefor as general obligation bonds are necessary, expedient and advisable”

The State Legislature has included school districts in its definition of municipality, thereby giving CCSD authority to issue general obligation bonds for funding of capital projects and capital improvements. Further, N.R.S. 350.020 states that should a municipality decide to issue general obligation bonds and approval of the voters has been obtained, the school district must issue the bonds within ten years after the date of approval. It further requires a school district to establish a reserve for the repayment of the bonds. School board trustees “may accumulate money in the fund for capital projects for a period of twenty years” (N.R.S. 387.328).

Like N.R.S. 387.3285 which allows for funding of capital projects, N.R.S. 387.3287 spells out the “tax for account for replacement of capital assets or construction of new buildings for schools to accommodate community growth.” Again, should the board of county commissioners decide to levy a tax for purposes of funding the “construction of new buildings for schools to accommodate growth,” the majority of registered voters in the county voting must approve the action. It further instructs the board of trustees of a school district to determine the replacement value of capital assets prior to property taxes being levied.

N.R.S. 387.195 states that the board of county commissioners cannot exceed a “tax of 75

cents on each \$100 of assessed valuation of taxable property within the county for the support of the public schools within the county school district.” In addition, the board of county commissioners “may levy a tax to pay for interest and redemption of outstanding bonds.”

Clark County School District has a total of \$1,863,611,996 (amount obtained from Clark County Budget And Statistical Report Fiscal Year 2000 - 2001) in outstanding general obligation debt and is within the 15% allotment of the assessed property valuation of the county. Assembly Bill 353 was passed by the state Legislature in 1997. The Bill provided the following⁴:

1. **Freeze On Property Tax Rates for Long Term Bonding:** The Board of School Trustees was authorized to submit a ballot question to the voters seeking approval to freeze property tax rates for long term bonding, enabling the district to issue general obligation bonds until June 30, 2008 without increasing the existing property tax levy. On November 3, 1998, the voters approved the single largest and most far-reaching bond issue while freezing the current tax rate for school construction during the next decade.
2. **County Room Tax Proceeds:** The Board of County Commissioners was authorized to increase the County room tax by one percent beginning August 1997. Proceeds from this tax are deposited in the School District’s fund for capital projects. Also, effective July 1, 1999, the five-eighths of one percent of the room tax currently provided to the Las Vegas Convention and Visitors Authority will be transferred to the Clark County School District’s Capital Projects Fund.
3. **Real Property Transfer Tax Proceeds:** This bill also authorized an increase in the real property transfer tax from 65 cents to \$1.25 for each \$500 pf value. Proceeds from this 60-cent increase are deposited in the district’s Capital Projects Fund.

In 1994, with voter approval, a total of general obligations bond was sold at \$605,000,000 (facts are from Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 245). With the monies obtained from the sale of the bond, the voters were

⁴Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 233-234

promised the following⁵:

1. \$30 million for land acquisition;
2. 24 new schools;

⁵Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 245

3. 3 major expansions; and
4. 114 modernizations.

The result, however, was better than what was promised. The money went towards purchasing 514 acres for 37 sites and building 25 new schools (1 more than promised). All of the expansions and modernizations have been completed. In addition, "128 schools have received technology upgrades" (Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 245).

In 1996, again with voter approval, a total of general obligations bond was sold at \$642,700,000 (facts are from Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 246). The voters were promised the following⁶:

1. 16 new schools;
2. North/South Horizon campuses;
3. Classroom additions;
4. Modernizations; and
5. Technology/science equipment.

Fifteen new schools new school have been completed and one more will open this fall. The modernization project is 65% complete and the remainder to be completed by 2001; technology and science equipment are also complete; classroom additions (107 complete with the remaining 36 to be completed by 2001) are almost done and the north and south horizon campuses completed.

⁶all facts and figures obtained from Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 246

In 1998, CCSD School Board Trustees revised the building program for an additional \$168.8 million for a total of \$3,695,307,840 (facts are from Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 256) capital improvement plan. It is anticipated that 88 new schools would be constructed at a cost of \$2.5 billion; renovations at \$970 million; land acquisition at \$150 million; three replacement schools (mandated by Assembly Bill 368) at a cost of \$45 million; and two bus yards at \$31 million.

As evidenced by the above, Clark County School District and the School Board Trustees have spread throughout the county the monies obtained from the general obligations bond. All schools countywide have benefitted from the general obligation bonds - whether new schools are built in a particular area; or modernizations of older schools; or classroom additions to those schools at full capacity; or providing science and technology equipments. Countywide, everyone has benefitted from the sale of general obligation bonds.

MAP Study Boundary Reconfigurations

The MAP study had drawn several alternative boundary reconfigurations. They were as follows:

1. **Trustee Area Boundary Model⁷**

Clark County has seven school board trustee districts. The boundaries of these districts are adjusted periodically to comply with criteria regarding student enrollment and overall population characteristics. This, MAP undertook a simulation of the consequences of dividing Clark County into seven districts, along existing Trustee Area Lines.

2. **Secondary School(s) Cluster Boundary Model⁸**

⁷Legislative Counsel Bureau Bulletin No. 97-4, p. 168

Each secondary school, and its attendant elementary and middle “feeder” schools, might comprise a logical grouping. This pattern coincides with at least one definition of “community of interests,” namely all those who rely upon common high school.

. 3. **Municipal Boundary Model**⁹

⁸Legislative Counsel Bureau Bulletin No. 97-4, p. 170

⁹Legislative Counsel Bureau Bulletin No. 97-4, p. 166

Under this alternative boundary scenario, each municipality within Clark County with more than 10,000 residents would have an option of becoming a separate, fully autonomous school district. Cities such as Las Vegas and North Las Vegas, and combinations of cities such as Henderson and Boulder City, would be communities currently meeting such criterion.

4. **Racially Balanced Districts**¹⁰

Map attempted to construct school districts which were approximately equal in enrollment and where minority students did not exceed half of the student population. The rationale for the racial criteria was that any official act that tended to isolate an identifiable ethnic group could be interpreted as *de jure* segregation.

The Trustee Area Model holds the same concerns as the Municipal Boundary Model. MAP concluded that “without modifications..... assessed value is unequally distributed among the area, they are not racially balanced, and, for the most part, the trustee boundaries do not seem to correspond to identifiable communities of interest” (Legislative Counsel Bureau Bulletin No. 97-4, p. 168).

The Municipal Boundary Model is similar to the initiative that Ms. Tiffany proposed. As evidenced by its failure to pass, the public will most likely not embrace such a plan. Also, MAP stated that “as a stand-alone option, it seems to fail to adequately address the concerns raised about the current district configuration” (Legislative Counsel Bureau Bulletin No. 97-4, p. 166). Therefore, this plan is too closely similar to the current system and would not be feasible.

The Secondary School(s) Cluster Boundary Model was described by MAP as “attempts to construct districts around high school attendance areas failed to yield any results that offered promise of avoiding serious racial isolation” (Legislative Counsel Bureau Bulletin No. 97-4, p. 170).

¹⁰Legislative Counsel Bureau Bulletin No. 97-4, p. 172

The consultants concluded that the Racially Balanced Districts' model was the most equitable and "invulnerable to legal challenge" Legislative Counsel Bureau Bulletin No. 97-4, p. 187) of the four reconfigurations. However, they have cautioned that "no attempt was made to balance on assessed value" and that this plan "is contingent upon county-wide equalization of operating revenues and statewide equalization of revenues for capital construction" (Legislative Counsel Bureau Bulletin No. 97-4, p. 172).

Taking into consideration MAP's analysis of the four reconfigurations, this researcher chose Racially Balanced Districts since it was deemed the most equitable and will more than likely hold up in a court of law should legal challenge occur.

CHAPTER 3

RESEARCH DESIGN

Purpose of the Study and Research Questions

Again, the purpose of this study is twofold. First, it seeks to determine preliminary figures of bond indebtedness should CCSD deconsolidate; and second, would the new districts be able to afford the bond debt allocated to them.

Definition of Terms

The following terms used are for purposes of this study only:

Consolidation: to join two or more school districts to form one large district.

Deconsolidation: to divide one school district into two or more school districts.

Bond: any evidence of indebtedness of a municipality
(NR.S. 350.115)

Municipal: school district (N.R.S. 350.080 or 350.358)

Capital Projects Fund: “projects related to land/building acquisition, construction and improvements to schools and other district-owned

properties” Clark County School District Budget
And Statistical Report Fiscal Year 2000 - 2001, p.
233)

Taxes: general (ad Valorem) property taxes (N.R.S. 350.560)

Assessed Value: property values

Limitations

Consideration should be given to the following:

1. This study focused on Clark County School District's bond indebtedness of capital improvements and capital projects funds only. Also, this study did not look into the student population in each of the eight hypothetical districts. Furthermore, the assessed valuations in the eight hypothetical districts are approximate.

Identification of Capital Projects

Capital Projects Fund is defined by CCSD and is "used to account for projects related to land/building acquisition, construction and improvements to schools and other district-owned properties" Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 233). It includes the following¹¹:

1. The 1994 Building Program - A \$605 million building program approved by the voters on November 8, 1994, to accommodate the continued student growth.
2. The 1996 Building Program - A \$642.7 million building program approved by the voters on November 5, 1996.
3. The 1998 Capital Improvement plan - A building improvement

¹¹ Information obtained from Clark County School District Budget And Statistical Report Fiscal Year 2000 - 2001, p. 233

program in excess of \$3.5 billion authorized by the Legislature in 1997 and approved by the voters on November 3, 1998.

Identification of District Configuration - Plan B: Racially Balanced Districts

Boundary configurations as developed by the MAP study (see Appendix A) and is considered the most equitable configuration, maximizes the economies of scale and addresses parents concerns about governmental effectiveness, educational effectiveness and community cohesiveness.

Methodology

Boundary configurations of the eight hypothetical districts were drawn according to MAP's description¹² (see attached Appendix B) as follows:

District 1: Rural schools in Virgin Valley and Moapa Valley and the area around Cheyenne High School in the urban Las Vegas area.

District 2: Urban Las Vegas bounded on the north by Smoke Ranch Road, on the south by Flamingo Road, Hualapai Way on the west and the rail line on the east.

District 3: Northeast corner of the Las Vegas Valley area.

District 4: Stretches southeast to northwest along Highway 93 from south of East Sunset Road to Ranch High School on the north.

District 5: Stretches from I-15 in the core area to the western border of the county.

¹²Legislative Counsel Bureau Bulletin No. 97-4, p. 185-186).

District 6: North and south from I-15 to Highway 146.

District 7: Concentrated in the Las Vegas Valley, but would also cover the sparsely populated area bounded by Highway 159 on the north, I-15 on the south and the California border on the west.

District 8: Southern third of Clark County, with Henderson being the largest population center.

This researcher, with the assistance of the GIS Department from the office of the County Assessor Mark W. Schofield, obtained the assessed valuations (see attached Appendix C) for each of the eight hypothetical districts as suggested by MAP. CCSD's current general obligation debt of \$1,863,611,996 was divided among the eight districts and each of the districts were then allocated their portion of the debt. Because the current debt was obtained for the benefit of all Clark County residents, this researcher determined that for preliminary purposes of deconsolidation, each of the eight districts were allocated equal shares.

Analysis

Each of the eight hypothetical Districts were allocated equal share of the bond debt and then divided by the assessed valuation to obtain the percentage of debt ratio. Results of the debt allocation and percentage of debt ratio to assessed valuation are as follows:

DISTRICT	DEBT ALLOCATION	ASSESSED VALUATION	% of DEBT RATIO TO ASSESSED VALUATION

1	\$232,951,499.50	\$5,949,851,848	3.92
2	\$232,951,499.50	\$6,282,661,790	3.71
3	\$232,951,499.50	\$1,976,194,868	11.79
4	\$232,951,499.50	\$2,459,712,110	9.47
5	\$232,951,499.50	\$2,081,060,538	11.19
6	\$232,951,499.50	\$12,084,228,560	1.93
7	\$232,951,499.50	\$6,050,130,160	3.85
8	\$232,951,499.50	\$4,285,375,936	5.44

CHAPTER 4

FINDINGS AND DISCUSSIONS

The MAP study had drawn several alternative boundary reconfigurations. They were as follows:

1. Trustee Area Boundary Model

This model took the school board trustee as the boundary configuration.

Since there are seven trustees in the board, MAP simulated the boundaries based on the trustees.

2. Secondary School(s) Cluster Boundary Model

This model took each secondary schools and its “feeder schools” such as the middle schools and configured the boundaries.

3. Municipal Boundary Model

Using municipalities (local governments) with more than 10,000 residents as boundaries.

4. Racially Balanced Districts

This model is a variation of the Trustee Area Model. However, the differences are that the “student enrollment were approximately equal and minority students were not more than half the student population”(Legislative Counsel Bureau Bulletin No. 97-4, p. 172).

The MAP study determined that Plan B: Racially Balanced Districts was the most equitable of all configurations. MAP states “no racial or ethnic group would be isolated;

the new districts would be of a size that would maximize economies of scale; and citizens would enjoy greater access to decision making concerning their schools” (Legislative Counsel Bureau Bulletin No. 97-4, p. 187). MAP also states that the “process should, at the very least, do no harm and be reasonably invulnerable to legal challenge (Legislative Counsel Bureau Bulletin No. 97-4, p. 187).

While Plan B was recommended by the consultants who prepared the report, they cautioned that inequalities still exist. For example, MAP stated that inequalities in property tax revenues and sales tax revenues are present. This is true in that District 6 of the hypothetical districts had the highest assessed valuation at \$12,084,228,560. The “Strip,” where property values are high, is located in this district. While District 3, the northeast corner of Las Vegas had the lowest assessed valuation at \$1,976,194,868.

District 6 which consists of the “Strip” would be the richest district if Plan B were implemented. With assessed valuation at \$12,084,228,560, an allocated debt of \$232,951,499.50, the result of the debt to assessed valuation ratio is 1.93%. This being the case, District 6 is well below the 15% debt indebtedness allowable by law. High schools in this district are Chaparral and Valley High and student population are already at high-capacity (Legislative Counsel Bureau Bulletin No. 97-4, p. 186). Although additional high schools would be required in order to keep up with population growth, District 6 could well afford to build these schools. In fact, should District 6 decide to issue more bonds to keep up with growth or to continue funding the new district, they could do so without running into problems with N.R.S. 387.400.

District 3 (northeast corner of the Las Vegas Valley) on the other hand would

have problems issuing general obligation bonds. The assessed valuation in this district is \$1,976,194,868 and their share of the debt is \$232,951,499.50. This results in a debt to assessed valuation ratio of 11.79%. While District 3 is currently under the 15% limitation, they may not be able to operate the new district as they will need monies to continue providing education in their district. The 11.79% is *their* share of the current debt only. Therefore, if they need to issue further bonds for operational or capital projects, District 3 would not have enough monies to support its share of the current debt nor continue providing education. Furthermore, District 3 only has one high school and would require that it build an additional high school (Legislative Counsel Bureau Bulletin No. 97-4, p. 185). At 11.79%, District 3 is approaching the 15% limitation and more than likely cannot build an additional school as well as continue funding the current educational needs of its student population. Clearly, District 3 would not be able to survive on their own and would run into problems with N.R.S. 387.400.

Districts 5 (northwest corner or commonly known as the Summerlin area”), may also run into the same problem as District 3 since its assessed valuation is \$2,081,060,538. The debt to assessed valuation ratio is 11.19%. Though it is less than District 3, it is well above 11%. However, District 5's biggest problem is that they are still developing, unlike District 3 which is an old community. Therefore, District 5 has large undeveloped land area thereby causing their assessed valuation to debt ratio above the 11% range. Again, this ratio is District 5's portion of the current CCSD debt for capital projects only. Funds will be needed to continue providing education to its population as well as pay their share of the debt. The consultants have emphasized that

with only Cimarron Memorial High School in this district, District 5 will need to build additional high schools to accommodate its population (Legislative Counsel Bureau Bulletin No. 97-4, p. 186). With that in mind, District 5 will need to raise funds to build additional schools and with the ratio being close to the 15% limitation, it may run into similar problems as District 3.

Other than District 4 (southeast corner of the Las Vegas Valley), with a debt to assessed valuation ratio of 9.47% and District 8 (consists largely of Henderson, Boulder, Laughlin and Searchlight), with a debt to assessed valuation ratio of 5.44%, Districts 1, 2, 6 and 7 are well below 5%. Therefore, these districts would not run into problems funding their districts since they are below the 15% limitation allowed by law. Funding for their districts to continue providing education as well as pay their share of the debt would not pose a problem.

While there are distinct financial differences with the eight districts, rich districts versus poor districts, the consultants advocated Plan B model and concluded that the state can equalize capital projects by becoming a partner with the county or assume all costs. If the state does not participate, then Plan B is not a feasible option. Therefore, Plan B will only be successful with the assistance from the state.

MAP suggested that the Legislature could continue its "equalization commitment, by requiring both the sales tax and property tax to continue to be levied on a county-wide basis and then returned to the proposed new districts on a per-pupil basis" (Legislative Counsel Bureau Bulletin No. 97-4, p. 177-178). By requiring that the sales tax and property tax be levied county wide and then returned to the new districts, the state would

have more control with creation of new districts which could result in increased costs to the state. Furthermore, the state could “mitigate against the inequalities caused by assessed-value differences” (Legislative Counsel Bureau Bulletin No. 97-4, p. 179).

It appears from this study that the majority of the districts are able to pay their allocated portion of the current CCSD bond debt. However, Districts 3 and 5 are near the 15% debt limitation allowed by law at 11.79% and 11.19% respectively while District 4 at 9.47% is approaching the 15% as well.

CHAPTER 5

CONCLUSION & RECOMMENDATIONS

Conclusion

The purpose of this study is twofold. First, it seeks to determine preliminary figures of bond indebtedness should CCSD deconsolidate; and second, would the new districts be able to afford the bond debt allocated to them.

The current CCSD bond indebtedness, since it benefitted all Clark County residents, was allocated equally to the eight hypothetical districts (Plan B: Racially Balanced Districts suggested by MAP as the most equitable configuration, maximizes the economies of scale and addresses parents concerns about governmental effectiveness, educational effectiveness and community cohesiveness). Assessed valuation for each of the eight districts were then obtained and a debt to assessed valuation ratio was determined.

Findings revealed that inequalities exist in terms of property tax and sales tax revenues. Thereby creating the rich districts versus poor districts. The “Strip” area was the richest district (District 6) due to the large concentration of megahotels in this district. District 6 is well below the 15% debt limitation allowable by law at 1.93% while District 3, which is the northeast area of the valley, had the lowest assessed valuation and is near the 15% debt limitation at 11.79%.

In conclusion, it appears from this study that the majority of the districts are able to pay their allocated portion of the current CCSD bond debt. However, Some of the districts would have difficulty in paying their share of the debt as well as continue providing education to its population. Furthermore, this study revealed that “rich versus poor” districts would result if Clark County School District were deconsolidated.

Recommendations

This researcher suggests the following be conducted:

1. Conduct a similar research with the other counties in the State of Nevada since Plan B will only be feasible if the State takes part in financing capital projects;
2. Conduct similar research in the State of Nevada with inclusion of operating expenses;
3. Conduct a similar research in which student population is taken into consideration along with the assessed valuation.

APPENDIX A

MAP OF BOUNDARY CONFIGURATIONS OF PLAN B: RACIALLY BALANCED DISTRICTS

APPENDIX B

PLAN B: RACIALLY BALANCED DISTRICTS¹³

Hypothetical District 1

This district would cover a huge, but mostly sparsely populated, geographic area in the northern third of the county. It would encompass the rural area schools in Virgin Valley and Moapa Valley and the area around Cheyenne High School in the urban Las Vegas area. The possible disadvantages of the proposed district are that it covers such a large geographic area, that the two population centers are so far apart, and that the two groups would seem to be distinct and different communities of interest. The total enrollment would be approximately 19,658. Minorities would comprise 46 percent of the student population and the largest minority group would be African American, at 22 percent. Hispanics would make up another 20 percent.

Hypothetical District 2

District 2 would be located in the urban area, bounded on the north by Smoke Ranch Road, on the south by Flamingo Road, Hualapai Way on the west and the rail line on the east. The total enrollment would be approximately 25,564. Minority students would comprise 32 percent and the largest minority group would be Hispanic, at 15 percent. African American would make up another 10 percent. It would encompass Bonanza, Western, and Clark High Schools, which would seem to provide adequate capacity for this population.

¹³Reprinted from Legislative Counsel Bureau Bulletin No. 97-4, p. 185-186

Hypothetical District 3

District 3 would be concentrated in the northeast corner of the Las Vegas Valley area. Most of the large geographic area contained in this district would be uninhabited. Total enrollment of the district would be 21,463, with a minority population of slightly less than 50 percent. The largest minority group would be Hispanic, at 27 percent. African Americans would comprise another 17 percent. The only comprehensive high school in the district would be El Dorado, which would imply that this district would be viable only if an additional high school space was provided. Adjusting district boundaries to incorporate one or more high schools would shift the space shortage elsewhere, create a majority minority district, or both.

Hypothetical District 4

District 4 stretches southeast to northwest along Highway 93 from south of East Sunset Road to Ranch High School on the north. The total enrollment would be 21,819. Minority students would comprise 48 percent of the student population and the largest minority group would be Hispanic, at 27 percent. About 14 percent of the students would be African Americans. In addition to Rancho, the district would contain Las Vegas High School. These two schools would appear to provide adequate capacity to house the district's population.

Hypothetical District 5

District 5 stretches from I-15 in the core area to the western border of the county. The student population would be 22,200. The minority population would be 42 percent, with African Americans, at 28 percent, as the largest minority group. Hispanics would make up another 10 percent of the minority population. One important concern about this district would be the potential need for additional schools to house the growing student population. The only comprehensive high school to be contained in this district would be Cimarron Memorial.

Hypothetical District 6

District 6 would lie north and south from I-15 to Highway 146. Total enrollment would be approximately 24,966. Hispanics would comprise the largest minority group, at 23 percent. (All minorities would make up 37 percent of the student body.) African Americans would make up 37 percent and Asians an additional 6 percent. Chaparral and Valley High Schools would be located in this district. Both of these schools are in high-capacity, but would barely house the student population in this district. Future need for high school space seems likely.

Hypothetical District 7

District 7 would be concentrated in the Las Vegas Valley, but would also cover the sparsely populated area bounded by Highway 159 on the north, I-15 on the south and the California border on the west. Total enrollment would be 17,464, including 37 percent minorities, with Hispanics being the largest minority group at 20 percent. This district, as currently constructed, would contain Durango and Silverado High Schools. Combined, these two schools would seem to offer more than enough capacity to house the district's students.

Hypothetical District 8

District 8 would cover the southern third of Clark County, with Henderson being the largest population center. Between Henderson on the north and Laughlin in the south there is very little population. This district would preserve an identifiable community of interest around Henderson and Boulder City. At 13,675 students, this would be the smallest of the eight districts. It would include approximately 16 percent minorities, with Hispanics, at 10 percent, being the largest minority group. In addition to Laughlin High School, this district would contain Green Valley and Basic Schools. The two latter schools, located in Henderson, enjoy significantly greater capacity that would be necessary for this district.

APPENDIX C

TOTAL ASSESSED VALUE

DISTRICT	TOTAL ASSESSED VALUE
1	\$5,949,851,848
2	\$6,282,661,790
3	\$1,976,194,868
4	\$2,459,712,110
5	\$2,081,060,538
6	\$12,084,228,560
7	\$6,050,130,160
8	\$4,285,375,936

APPENDIX D

DEBT ALLOCATION v. ASSESSED VALUATION

DISTRICT	DEBT ALLOCATION	ASSESSED VALUATION	% of DEBT RATIO TO ASSESSED VALUATION
1	\$232,951,499.50	\$5,949,851,848	3.92
2	\$232,951,499.50	\$6,282,661,790	3.71
3	\$232,951,499.50	\$1,976,194,868	11.79
4	\$232,951,499.50	\$2,459,712,110	9.47
5	\$232,951,499.50	\$2,081,060,538	11.19
6	\$232,951,499.50	\$12,084,228,560	1.93
7	\$232,951,499.50	\$6,050,130,160	3.85
8	\$232,951,499.50	\$4,285,375,936	5.44

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