



MINIMUM SCHOOL PROGRAM: NECESSARILY EXISTENT SMALL SCHOOLS

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY

Necessarily Existent Small Schools (NESS) serve public education students in the most remote areas of the state. The program was designed to provide additional resources to school districts to offset higher costs associated with operating small and remote schools. Program funding supplements the funding school districts receive through the Kindergarten and Grades 1-12 programs.

PROGRAM OVERVIEW

School districts must apply annually to the State Board of Education to have schools classified as necessarily existent. In addition, schools must also meet certain distance and maximum enrollment thresholds established in statute. Charter schools and do not qualify for program funding.

Statutory Authority

Statute, 53A-17a-109, authorizes the NESS program and establishes the application, qualification, and general governance of the program. The State Board of Education has passed administrative rules, R277-445, to further govern the program.

Program Funding & History

In FY 2014, the Legislature appropriated \$27,125,900 to support necessarily existent small schools. Program funding has increased significantly over the past three fiscal years, as shown in Chart A. The following bullets briefly explain these changes:

- FY 2012 – the Legislature eliminated several Related to Basic School Programs (Below-the-Line) and moved the funding associated with these programs into the Weighted Pupil Unit (WPU) Value. The higher WPU Value resulted in additional funding for the program.
- FY 2013 – the Legislature appropriated approximately \$3.0 million in additional funding to the program, increasing program WPUs and funding. There was also a 1.0 percent WPU Value increase.

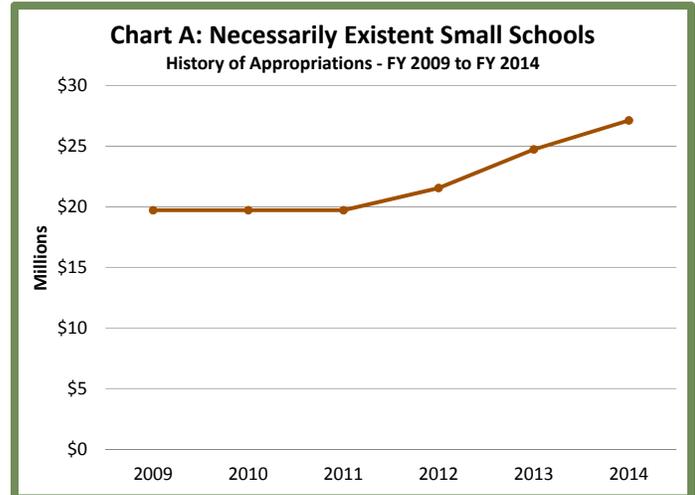


Chart B: Necessarily Existent Small Schools Appropriations History FY 2000 to FY 2014

Fiscal Year	Weighted Pupil Units	Appropriation
2000	5,494	\$10,444,100
2001	7,080	14,202,500
2002	7,336	15,523,000
2003	7,386	15,747,000
2004	7,532	16,193,800
2005	7,667	16,729,400
2006	7,798	17,779,400
2007	7,649	18,487,600
2008	7,649	19,229,600
2009	7,649	19,711,500
2010	7,649	19,711,500
2011	7,649	19,711,500
2012	7,649	21,539,600
2013	8,702	24,731,100
2014	9,357	27,125,900

Source: Appropriations Reports. Office of the Legislative Fiscal Analyst, 2000-2014.

- FY 2014 – the Legislature provided an additional \$1.9 million for the program, increasing program WPU and funding. The WPU Value increase in FY 2014 was 2.0 percent.

Chart B provides a history of program WPU and appropriations since FY 2000. The number of qualifying schools has remained fairly constant over the past decade. Fiscal years 2001, 2013, and 2014 show large increases in the number of WPUs. These WPU changes are a result of the Legislature appropriating additional funding to support the program and not an increase in the number of qualifying schools.

Allocation Formula

Funding is allocated to school districts with qualifying schools on a WPU basis. Program WPUs are determined by a regression formula adopted by the State Board of Education. The regression formula is “based on prior year ADM [Average Daily Membership] and the school grade span.”¹ Statute provides maximum enrollment thresholds for schools in a given grade span:

- 160 ADM for elementary schools,
- 300 ADM for one or two-year secondary schools,
- 450 ADM for three-year secondary schools,
- 550 ADM for four-year secondary schools, and
- 600 ADM for six-year secondary schools.

The regression formula provides a maximum per-school WPU amount of 54.8 WPUs for elementary schools, 105.1 WPUs for 1-2 year secondary schools, 134.1 WPUs for 3-year secondary schools, 140.7 WPUs for 4-year secondary schools, and 150.4 WPUs for 6-year secondary schools.

Funding Distribution

Twenty-five school districts have schools that qualify for NESS funding. Chart C provides the total number of WPUs and funding for each school district in FY 2014. Funding ranges from \$50,400 in North Sanpete School District to \$2.9 million in San Juan School District.

Chart C: School Districts with Qualifying Necessarily Existent Small Schools

FY 2014

LEA	WPUs	Allocation
Alpine	0	\$0
Beaver	345	1,000,587
Box Elder	242	700,343
Cache	0	0
Carbon	142	412,783
Daggett	258	748,667
Davis	0	0
Duchesne	628	1,819,233
Emery	504	1,462,430
Garfield	807	2,340,200
Grand	138	398,992
Granite	0	0
Iron	230	665,741
Jordan	0	0
Juab	0	0
Kane	738	2,139,430
Millard	450	1,305,597
Morgan	0	0
Nebo	0	0
North Sanpete	17	50,422
North Summit	330	955,331
Park City	0	0
Piute	306	888,430
Rich	392	1,136,538
San Juan	1,016	2,946,080
Sevier	535	1,550,753
South Sanpete	264	764,547
South Summit	129	373,936
Tintic	353	1,023,605
Tooele	510	1,479,539
Uintah	144	417,621
Wasatch	0	0
Washington	229	662,972
Wayne	387	1,122,739
Weber	72	207,485
Salt Lake	0	0
Ogden	0	0
Provo	0	0
Logan	0	0
Murray	0	0
Canyons	0	0
Charters	0	0
Unallocated	190	551,899
Total	9,357	\$27,125,900

Source: Utah State Office of Education. MSP Distributions FY 2014 Legislative Estimates.

¹ Utah State Office of Education. School Finance. Minimum School Program Descriptions. September, 2011.

The following (Chart D) provides a detail, by school district, of each qualifying necessarily existent small school in the state. This detail includes the total number of WPUs and funding for each school.

Chart D: Qualifying Necessarily Existent Small Schools
By School District - FY 2014
 Includes Total Number of WPUs and Funding Amount by School

School District	Qualifying School	Fall 2012 Enrollment	WPUs	Total Funding
Beaver	Minersville EL	129	28	\$80,247
Beaver	Beaver HI	503	102	296,611
Beaver	Milford HI	180	215	623,729
Box Elder	Grouse Creek EL	5	33	95,331
Box Elder	Grouse Creek MD	2	41	117,795
Box Elder	Park Valley EL	29	56	161,306
Box Elder	Park Valley HI	11	55	160,529
Box Elder	Snowville EL	37	57	165,382
Carbon	Helper MD	182	142	412,783
Daggett	Flaming Gorge EL	25	49	142,703
Daggett	Manila EL	83	54	156,378
Daggett	Manila HI	73	155	449,586
Duchesne	Tabiona EL	76	52	151,508
Duchesne	Altamont HI	264	219	634,336
Duchesne	Duchesne HI	326	202	586,998
Duchesne	Tabiona HI	70	154	446,391
Emery	Book Cliff EL	125	28	80,247
Emery	Cottonwood	171	6	18,722
Emery	Canyon View MD	194	134	388,092
Emery	San Rafael MD	256	116	337,649
Emery	Emery High	426	27	78,606
Emery	Green River HI	116	193	559,113
Garfield	Antimony EL	14	38	110,608
Garfield	Boulder EL	9	33	95,331
Garfield	Bryce Valley EL	153	18	51,275
Garfield	Escalante EL	71	58	169,403
Garfield	Panguitch MD	74	111	322,096
Garfield	Bryce Valley HI	139	202	586,346
Garfield	Escalante HI	83	164	476,651
Garfield	Panguitch HI	134	182	528,491
Grand	Grand County MD	223	68	197,929
Grand	Grand County HI	461	69	201,063
Iron	Escalante Valley EL	105	44	128,069
Iron	Parowan HI	356	185	537,672

**Chart D: Qualifying Necessarily Existent Small Schools
By School District - FY 2014**

Includes Total Number of WPU's and Funding Amount by School

School District	Qualifying School	Fall 2012 Enrollment	WPU's	Total Funding
Kane	Big Water EL	37	59	171,018
Kane	Big Water HI	31	90	260,780
Kane	Lake Powell EL	13	38	110,608
Kane	Lake Powell HI	10	47	136,183
Kane	Kanab MD	130	110	318,133
Kane	Kanab HI	238	187	543,487
Kane	Valley EL	163	5	14,298
Kane	Valley HI	135	202	584,923
Millard	Garrison EL	13	48	139,923
Millard	Delta MD	524	0	0
Millard	Garrison MD	5	39	114,044
Millard	Fillmore MD	311	158	457,677
Millard	Millard HI	305	158	459,181
Millard	Eskdale HI	11	46	134,772
North Sanpete	Fountain Green EL	151	14	40,563
North Sanpete	Spring City EL	176	3	9,859
North Summit	North Summit MD	306	159	460,671
North Summit	North Summit HI	278	171	494,659
Piute	Circleville EL	114	38	110,835
Piute	Oscarson EL	34	56	161,306
Piute	Piute HI	160	213	616,290
Rich	North Rich EL	118	36	103,500
Rich	South Rich EL	126	29	84,239
Rich	Rich MD	114	144	418,239
Rich	Rich HS	123	183	530,560
San Juan	Bluff EL	97	48	139,030
San Juan	LaSal EL	19	41	119,300
San Juan	Lyman MD	327	83	239,843
San Juan	Monticello HI	264	216	626,181
San Juan	Monument Valley HI	234	221	641,705
San Juan	Navajo Mountain HI	31	90	259,678
San Juan	San Juan HI	413	104	301,360
San Juan	Whitehorse HI	294	214	618,983
Sevier	Koosharem EL	37	58	168,591
Sevier	North Sevier MD	244	121	351,689
Sevier	South Sevier MD	316	84	244,821
Sevier	North Sevier HI	264	177	513,941
Sevier	South Sevier HI	413	94	271,712

**Chart D: Qualifying Necessarily Existent Small Schools
By School District - FY 2014**

Includes Total Number of WPUs and Funding Amount by School

School District	Qualifying School	Fall 2012 Enrollment	WPUs	Total Funding
South Sanpete	Gunnison Valley MD	269	115	332,336
South Sanpete	Ephraim Md	454	3	8,306
South Sanpete	Gunnison Valley HI	335	146	423,906
South Summit	South Summit HI	440	67	193,413
South Summit	South Summit MD	443	62	180,524
Tintic	Callao EL	0	33	95,331
Tintic	Eureka EL	85	52	151,508
Tintic	Tintic HI	124	194	562,664
Tintic	West Desert EL	8	33	95,331
Tintic	West Desert HI	11	41	118,772
Tooele	Dugway EL	124	31	90,142
Tooele	Ibapah EL	22	44	127,002
Tooele	Vernon EL	34	57	165,382
Tooele	Dugway HI	80	158	458,944
Tooele	Wendover HI	198	220	638,070
Uintah	Eagle View (West MD)	114	144	417,621
Washington	Springdale EL	36	58	167,614
Washington	Enterprise HI	411	171	495,358
Wayne	Hanksville EL	22	52	150,107
Wayne	Wayne MD	122	146	423,483
Wayne	Wayne HI	157	189	549,149
Weber	Snowcrest JR	344	72	207,484
Unallocated			190	551,899
State Total			9,357	\$27,125,900

Source: Utah State Office of Education. School Finance. MSP Legislative Estimates.

PROGRAM HISTORY & ORIGINS

The NESS program dates to the creation of the Minimum School Program in 1974. In 1972, the Legislature commissioned the Utah School Finance Study which formed the basis for the current Minimum School Program. At this time it was determined that “isolated and necessarily existent small schools and programs for vocational, exceptional (gifted and handicapped), and culturally disadvantaged (compensatory) students are educational areas or programs of high cost that require commensurate weighting in a school finance formula.”² The study committee recommended the Utah’s school finance system include “add-on” weightings for each of these categories.

While recommending that small, but necessarily existent, schools receive an add-on weighting, the report acknowledged the difficulty with defining or describing these schools and providing the proper add-on weighting. “For example, a school of 350 pupils with six grades is a small school in terms of its ability to

² Utah School Finance Study: A Report to the Education Committee of the Utah Legislative Council. December, 1972.

offer broad and comprehensive programs for all grades and pupils. On the other hand, a school of the same size with only three grades might very well be considered a “regular – not small” school.”³

The study committee’s proposal was to provide an additional increment of funding for each additional student in the school. The recommendation “is based on the idea that the first few pupils in a school’s size are the most expensive—that is to say that 80 pupils are not always twice as expensive as 40.”⁴ Instead of the current maximum size thresholds for each school category, the initial recommendation included add-on weightings based on the number of pupils (within set ranges) enrolled in the school.

Finally, the initial recommendation of the study committee was to treat the NESS program as an add-on program. Add-on programs provide an additional increment on top of the initial student count (done in the Kindergarten or Grades 1-12 programs). “Since all small school students are counted just the same as in other schools in determining weighted pupils, it is necessary to subtract the number of pupils in [a] school from its total weighting to get its ‘add-on’ value as a small school.”⁵ Currently, the funding received by a school under the Kindergarten or Grades 1-12 programs is not factored into the NESS formula.

FURTHER CONSIDERATIONS

Over the past several years, interest in funding for the NESS program has increased. This interest has come from two primary perspectives, but both based in ensuring funding equity. The first perspective comes from a viewpoint that NESS funding should increase to provide students in remote areas greater educational opportunities. The second perspective calls for greater scrutiny of NESS funding (as well as other formula factors that benefit small school districts exclusively) to ensure system-wide funding equity particularly in relation to charter schools.

The Legislature may wish to consider the following in further study of the NESS program:

NESS Funding Compared to K-12 WPU Allocations

The NESS program was initially designed as an “add-on” program. Add-on programs provide supplemental funding to a student’s initial count in the funding formula. In Utah’s system, the initial student count is made in four funding programs: Pre-K Special Education, Kindergarten, Grades 1-12, or Self-Contained Special Education. This supplemental, or add-on, weighting can be less than or greater than the initial count. For example, in Special Education, the initial student weight is 1.0 but the add-on weight is 1.53.

NESS funding is not generally looked at on a per-student basis, although the number of students in a school is a factor in the formula. Chart E provides a comparison of NESS funding, by qualifying school district, with the total funding allocation the district receives from the “initial count” programs (Kindergarten and Grades 1-12) and the Total Basic School Program.

Looking at NESS funding as a percent of Total K-12 Funding, three school districts receive more funding under the NESS program than their total allocation from Kindergarten and Grades 1-12. For example, Tintic School District receives 55.1 percent more funding through the NESS program than the initial count programs.

Expanding the comparison to the total Basic School Program (which includes the Kindergarten, Grades 1-12, NESS, Professional Staff Cost Formula, and Administrative Cost programs) shows that NESS funding is a sizeable portion of the total Basic School Program funding received by qualifying school districts. NESS funding contributes more than 35 percent of total Basic School Program funding in seven school districts.

³ Utah School Finance Study: A Report to the Education Committee of the Utah Legislative Council. December, 1972.

⁴ Ibid.

⁵ Ibid.

Chart E: NESS Funding Comparisons by Qualifying School District

Necessarily Existent Small Schools Funding Compared to Total K-12 WPU Allocation and Total Basic School Program Allocation - FY 2014

School District	NESS		Total Grades K-12	Total Basic School Program	NESS as % of Total K-12	NESS as % of Total Basic
	WPU	Allocation				
Beaver	345	\$1,000,587	\$4,273,810	\$5,959,845	23.4%	16.8%
Box Elder	242	700,343	29,903,866	33,494,599	2.3%	2.1%
Carbon	142	412,783	9,175,277	10,589,128	4.5%	3.9%
Daggett	258	748,667	568,865	1,703,485	131.6%	43.9%
Duchesne	628	1,819,233	13,647,115	16,869,826	13.3%	10.8%
Emery	504	1,462,430	6,300,409	8,686,660	23.2%	16.8%
Garfield	807	2,340,200	2,586,998	5,670,423	90.5%	41.3%
Grand	138	398,992	3,873,070	4,869,758	10.3%	8.2%
Iron	230	665,741	23,318,185	26,336,299	2.9%	2.5%
Kane	738	2,139,430	3,383,339	6,224,553	63.2%	34.4%
Millard	450	1,305,597	7,633,621	10,046,036	17.1%	13.0%
North Sanpete	17	50,422	6,472,815	7,317,960	0.8%	0.7%
North Summit	330	955,331	2,728,512	4,296,648	35.0%	22.2%
Piute	306	888,430	843,974	2,169,643	105.3%	40.9%
Rich	392	1,136,538	1,347,867	2,980,421	84.3%	38.1%
San Juan	1,016	2,946,080	8,801,648	13,087,382	33.5%	22.5%
Sevier	535	1,550,753	12,865,103	16,170,835	12.1%	9.6%
South Sanpete	264	764,547	8,691,645	10,607,924	8.8%	7.2%
South Summit	129	373,936	4,050,404	5,054,351	9.2%	7.4%
Tintic	353	1,023,605	659,795	2,091,025	155.1%	49.0%
Tooele	510	1,479,539	38,676,942	43,618,971	3.8%	3.4%
Uintah	144	417,621	20,302,752	22,537,860	2.1%	1.9%
Washington	229	662,972	72,267,516	80,006,970	0.9%	0.8%
Wayne	387	1,122,739	1,437,452	3,019,740	78.1%	37.2%
Weber	72	207,485	84,298,142	92,537,104	0.2%	0.2%
Unallocated	190	551,899				
Total	9,357	\$27,125,900				

Source: Utah State Office of Education. School Finance. FY 2014 Minimum School Program Allocations - Legislative Estimates.

Other Formula Supplements

Small school districts benefit from factors included in other programmatic formulas in the Minimum School Program. The following bullets highlight each of these:

- The most common factor is a funding base. A “Base Plus” formula “provides a basic level of funding that is equal for all LEAs (local education agencies) and distributes the remaining funding on another factor (generally enrollment or total WPU).”⁶ Charter schools are often treated as one LEA in Base Plus formulas. Programs using a Base Plus formula include: Enhancement for At-Risk Students, Adult Education, School LAND Trust, K-3 Reading Improvement, and Library Books &

⁶ 2011 In-Depth Budget Review: Minimum School Program & The Utah State Office of Education. Legislative Fiscal Analyst. December 2011.

Electronic Resources. Funding base formulas aim to provide sufficient funding to each school district in order to operate a program.

- Some formulas use the total number of WPUs as a basis for distributing funding. School districts that have NESS qualifying schools would receive additional funding under this formula type due to the inclusion of NESS WPUs in the formula. Programs that use total WPUs in the allocation formula include: Flexible Allocation and the Professional Staff Cost Formula.
- The Administrative Cost Program provides additional WPUs to school districts with fewer than 6,000 students. In many cases, these are the same districts that also qualify for NESS funding. The WPUs that school districts receive through this program are also included in distribution formulas that use the total number of WPUs as a factor in the distribution formula.