



A New NESS Formula

Scale of Small School District Operations

Presentation to:

Public Education Appropriations Subcommittee

February 2, 2024

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Necessarily Existent Small Schools

Current Formula Highlights

School-Based Qualification

- Application by Local Board
- School-Based Factors
 - Enrollment Size Limits (Statute)
 - Travel Distance (Board Rule)
- Misalignment of Current State Goals & Distribution Formula
 - Not a Comprehensive Approach
 - Not All Rural Schools are NESS
 - No District Level Adjustment
 - Original Factors Used to Develop Distributions are Unknown
 - Adjustable but Cannot Replicate/Update Current Data

Modifications

- Programs or Funding Added to “Correct” Formula Issues
 - Isolated Schools – Exceed Size Limits
 - Small District Base Funding – Supports District Level Operations
 - Rural School Transportation Programs



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A New NESS Formula Highlights

Student-Based Qualification

- Aligns with Other Basic School Programs
 - Weighted Pupil Units (WPU) Based on Student Enrollment
 - Creates a Rural-Student WPU Add-on
- Supports Local Decision Making
 - Funds Students Not Specific Schools
 - Local Boards Determine Allocation to Schools
- Addresses Long-Standing Problems with Current Approach
 - Implementing Funding Adjustments (Increases)
 - Improves Predictability
 - Replicated & Adjusted

Two-Factor Formula

- "Scale of Operations" Weighting
 - District Level Factor
 - Adjusts Funding for the Relative Economies of Scale in Identified School Districts
- "Rural-School" Weighting
 - School Level Factor
 - Adjusts Funding for Unique Geographic Conditions in Small Rural Schools
- Factors Work Together to Create A Comprehensive Distribution Formula



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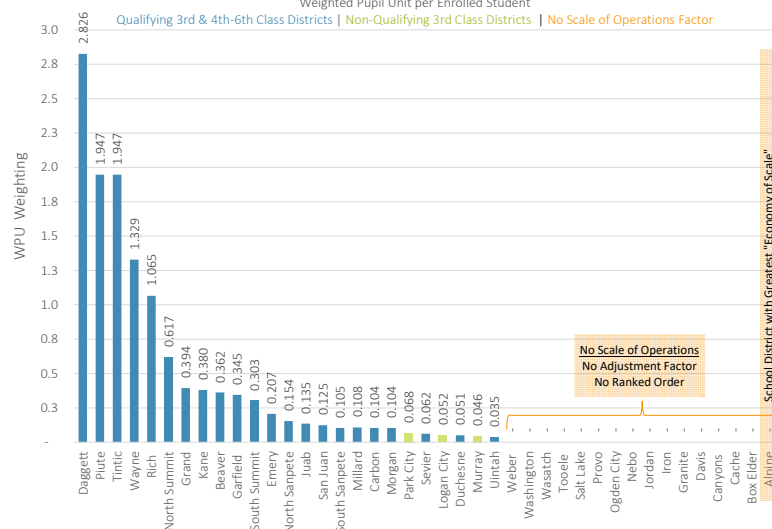
Scale of Operations Weightings (Blue)

- Replaces Core of Current NESS Formula
- WPU Weighting for Each Enrolled Student
 - Variable for Each District
 - From 0.035 to 2.826
 - Based on Relative Higher Cost of Operations
 - Determined by Cost-Function Analysis
 - Periodic Recalculation of Weightings
- Shifts Focus from School to District

Necessarily Existent Small Schools - Scale of Operations Factor

Weighted Pupil Unit per Enrolled Student

Qualifying 3rd & 4th-6th Class Districts | Non-Qualifying 3rd Class Districts | No Scale of Operations Factor



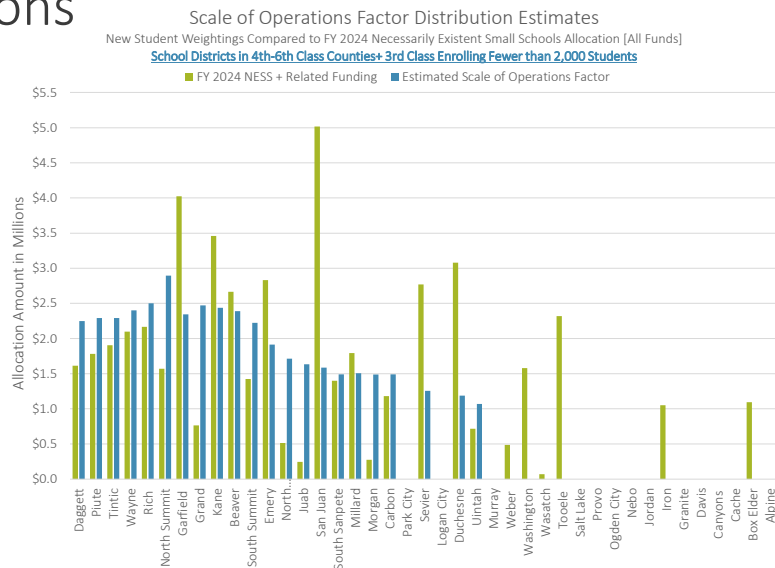
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Scale of Operations Comparison to NESS

- Scale of Operations (Blue)
 - Limits Based on County Class Designation
 - Any District in 4th-6th Class
 - 3rd Class District Enrolling Fewer than 2,000 Students
- Comparisons to Current NESS Funding (Green)
 - NESS Funding Does Not Fully Adjust for Higher Relative Operational Costs
 - Scale of Operations Alone Does Not Adjust for School Size or Remoteness Factors
 - Need for School-Based Factor



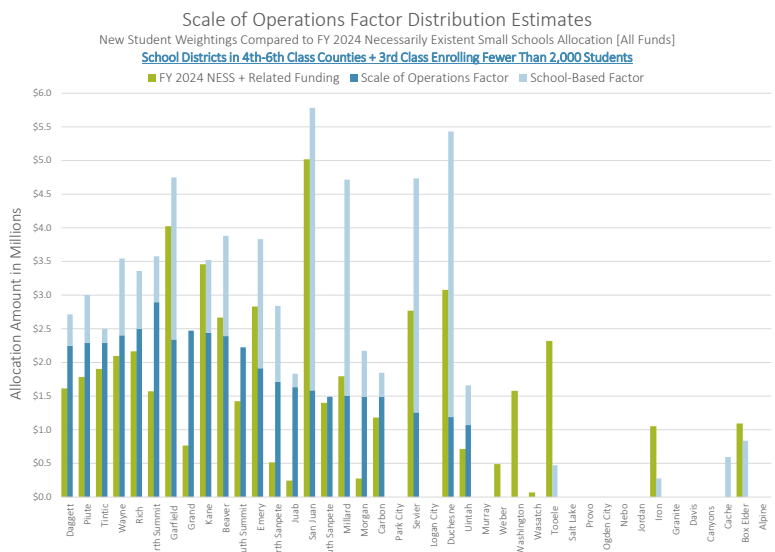
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Rural School Weightings

- Rural School (Light Blue)
- WPU Weighting for Each Enrolled Student
 - School Locale Designation
 - National Center for Education Statistics (Census)
 - Rural-Distant – 0.15 WPUs
 - Rural-Remote – 0.6 WPUs
 - Schools Qualify Regardless of County Class
 - Based on Distance to Urbanized Area or Cluster
 - Standardized Measure to Identify Qualifying Schools
 - Not All Current NESS Schools are Rural Distant/Remote
 - Some New Schools Qualify



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New NESS Formula Cost Estimates

Current to New Formula Transition | Hold Harmless

- Net Additional Cost
 - \$25.9 Million Ongoing
- Transition to New Formula
 - \$13.0 Million One-time
 - Four-Year Hold-Harmless Plan

Minimum School Program: New NESS Formula

Estimated Total Cost & Ongoing Base Off-Sets

Estimates	FY 2025
Scale of Operations Factor	\$42,900,000
Rural School Factor	\$31,300,000
Total Cost Estimate	\$74,200,000
Base Budget Off-Sets	
Necessarily Existent Small Schools	(\$47,366,800)
Pupil Transportation Rural School Grants	(\$1,000,000)
Total Off-Sets	(\$48,366,800)
Total Net Additional Cost	\$25,833,200

Formula Change Hold-Harmless

FY 2025 + 3 Year Step-Down

Estimates	5-Year
FY 2025 - 100% Hold-Harmless	\$5,100,000
FY 2026 - 75% Hold-Harmless	\$3,825,000
FY 2027 - 50% Hold-Harmless	\$2,550,000
FY 2028 - 25% Hold-Harmless	\$1,275,000
Total Estimate - One-time Cost	\$12,750,000



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Cost Estimates by School District

Comparison to Total MSP State-Fund Allocation

Net Change with 3.8% Inflationary WPU Value Increase

		New Necessarily Existent Small Schools Formula Estimates					Budget Comparisons			
School District	FY 2024 NESS + Related Funding	District Scale of Operations Factor	Rural School Factor	Total New NESS Formula	Difference Current to New NESS	Total FY 2024 MSP State Allocation	New NESS as % of Total MSP Allocation	Estimated 3.8% WPU Value Increase	Net Change New NESS + WPU Value	
Alpine	\$0	\$0	\$0	\$0	\$0	\$735,482,809	0.0%	\$19,287,153	\$19,287,153	
Beaver	\$2,665,585	\$2,389,204	\$1,492,727	\$3,881,931	\$1,216,346	\$19,798,376	6.1%	\$485,859	\$1,702,205	
Box Elder	\$1,093,077	\$0	\$836,423	\$836,423	(\$256,654)	\$116,508,112	(0.2%)	\$2,968,654	\$2,712,000	
Cache	\$0	\$0	\$593,410	\$593,410	\$593,410	\$181,998,555	0.3%	\$4,633,690	\$5,227,101	
Carbon	\$1,181,488	\$1,488,824	\$357,677	\$1,846,501	\$665,013	\$36,572,053	1.8%	\$872,894	\$1,537,907	
Daguerre	\$1,612,486	\$2,248,150	\$466,342	\$2,714,492	\$1,102,006	\$5,146,576	21.4%	\$119,164	\$1,221,170	
Davis	\$0	\$0	\$0	\$0	\$0	\$638,891,864	0.0%	\$16,726,264	\$16,726,264	
Duchesne	\$3,079,867	\$1,187,488	\$4,243,864	\$5,431,352	\$2,351,485	\$1,437,592	4.0%	\$1,437,592	\$3,789,078	
Emery	\$2,830,014	\$1,913,228	\$1,918,623	\$3,831,851	\$1,001,838	\$26,571,801	3.8%	\$648,693	\$1,650,530	
Garfield	\$4,024,635	\$2,342,341	\$2,408,424	\$4,750,766	\$726,131	\$20,600,002	3.5%	\$521,176	\$1,247,307	
Grand	\$763,433	\$2,472,696	\$0	\$2,472,696	\$1,709,262	\$15,122,913	8.9%	\$381,303	\$2,090,566	
Granite	\$0	\$0	\$0	\$0	\$0	\$543,093,184	0.0%	\$13,995,135	\$13,995,135	
Iron	\$1,052,093	\$0	\$275,302	\$275,302	(\$776,791)	\$124,461,754	(0.6%)	\$3,329,263	\$2,552,472	
Jordan	\$0	\$0	\$0	\$0	\$0	\$514,784,812	0.0%	\$13,310,958	\$13,310,958	
Juab	\$244,850	\$1,632,335	\$198,860	\$1,831,194	\$1,586,344	\$26,039,671	6.1%	\$631,533	\$2,217,877	
Kane	\$3,458,634	\$2,437,620	\$1,084,492	\$3,522,112	\$63,478	\$21,183,668	0.3%	\$499,237	\$562,715	
Millard	\$1,794,079	\$1,506,244	\$3,208,446	\$4,714,690	\$2,920,611	\$35,030,338	8.3%	\$853,128	\$3,773,739	
Morgan	\$274,297	\$1,488,084	\$683,200	\$2,171,284	\$1,896,987	\$31,571,515	6.0%	\$759,125	\$2,656,112	
Nebo	\$0	\$0	\$0	\$0	\$0	\$377,282,773	0.0%	\$9,989,273	\$9,989,273	
North Sanpete	\$514,877	\$1,711,900	\$1,129,387	\$2,841,288	\$2,326,411	\$27,370,907	8.5%	\$639,042	\$2,965,453	
North Summit	\$1,570,473	\$2,893,912	\$683,811	\$3,577,723	\$2,007,250	\$17,183,689	11.7%	\$321,054	\$2,328,304	
Park City	\$0	\$0	\$0	\$0	\$0	\$77,535,385	0.0%	\$958,186	\$958,186	
Piute	\$1,782,726	\$2,292,381	\$709,962	\$3,002,343	\$1,219,618	\$6,560,116	18.6%	\$158,339	\$1,377,957	
Rich	\$2,165,436	\$2,499,372	\$860,017	\$3,359,389	\$1,193,953	\$10,842,683	11.0%	\$216,649	\$1,410,601	
San Juan	\$5,017,631	\$1,584,923	\$4,196,407	\$5,781,330	\$763,700	\$40,027,973	1.9%	\$951,027	\$1,714,727	
Sevier	\$2,769,846	\$1,257,203	\$3,475,727	\$4,732,930	\$1,963,084	\$51,010,932	3.8%	\$1,260,158	\$3,223,242	
South Sanpete	\$1,399,657	\$1,490,557	\$0	\$1,490,557	\$90,900	\$36,941,394	0.2%	\$853,875	\$944,775	
South Summit	\$1,424,111	\$2,223,353	\$0	\$2,223,353	\$799,242	\$25,191,051	3.2%	\$455,734	\$1,254,976	
Tintic	\$1,904,463	\$2,292,381	\$208,095	\$2,500,476	\$596,012	\$6,286,971	9.5%	\$153,151	\$749,164	
Tooele	\$2,318,926	\$0	\$471,600	\$471,600	(\$1,847,325)	\$154,390,064	(1.2%)	\$3,877,051	\$2,029,726	
Uintah	\$714,626	\$1,069,530	\$589,905	\$1,659,435	\$944,809	\$68,890,964	1.4%	\$1,650,821	\$2,595,631	
Wasatch	\$69,140	\$0	\$0	\$0	(\$69,140)	\$88,174,287	(0.1%)	\$1,999,274	\$1,930,134	
Washington	\$1,578,657	\$0	\$0	\$0	(\$1,578,657)	\$332,529,752	(0.5%)	\$8,309,417	\$6,730,760	
Wayne	\$2,097,830	\$2,401,640	\$1,142,060	\$3,543,700	\$1,445,870	\$8,472,930	17.1%	\$213,289	\$1,659,159	
Weber	\$487,742	\$0	\$0	\$0	(\$487,742)	\$301,898,293	(0.2%)	\$7,837,076	\$7,349,333	
Salt Lake	\$0	\$0	\$0	\$0	\$0	\$231,632,509	0.0%	\$4,793,052	\$4,793,052	
Ogden	\$0	\$0	\$0	\$0	\$0	\$99,398,922	0.0%	\$2,492,742	\$2,492,742	
Provo	\$0	\$0	\$0	\$0	\$0	\$126,994,627	0.0%	\$3,243,419	\$3,243,419	
Logan	\$0	\$0	\$0	\$0	\$0	\$48,897,112	0.0%	\$1,253,130	\$1,253,130	
Murray	\$0	\$0	\$0	\$0	\$0	\$53,966,039	0.0%	\$1,386,821	\$1,386,821	
Canyons	\$0	\$0	\$0	\$0	\$0	\$302,273,360	0.0%	\$7,611,008	\$7,611,008	
Totals	\$49,890,680	\$42,823,366	\$31,234,764	\$74,058,130	\$24,167,450	\$5,649,298,578		\$142,084,409	\$166,251,859	

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A New NESS Formula

Additional Components

Disqualified District or School

- Disqualifying Demographic Factors
 - Change in County Class (From 4th to 3rd)
 - Enrollment in 3rd Class County
 - Above 2,000 Students
 - School Locale Designation
 - From Rural-Remote to Rural-Distant
 - From Rural-Distant to Rural-Fringe
- Automatic Step-Down Process
 - 1st Year – 100% Hold Harmless
 - 3 Year Step-Down (75%, 50%, 25%)
 - Managed Within Ongoing Appropriation

Charter Schools

- Continued Work on Charter School Base Funding Formula
 - Identify & Apply Similarities with New NESS Approach
 - Identify Differences & Adjust
- FY 2025 Budget Requests
 - \$1.8 Million & \$3.5 Million
 - Both One-time Funding Requests



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