



UTAH
LEGISLATURE

A New NESS Formula

Scale of Small School District Operations

Presentation to:

House Education Standing Committee

February 20, 2024

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



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
 - 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

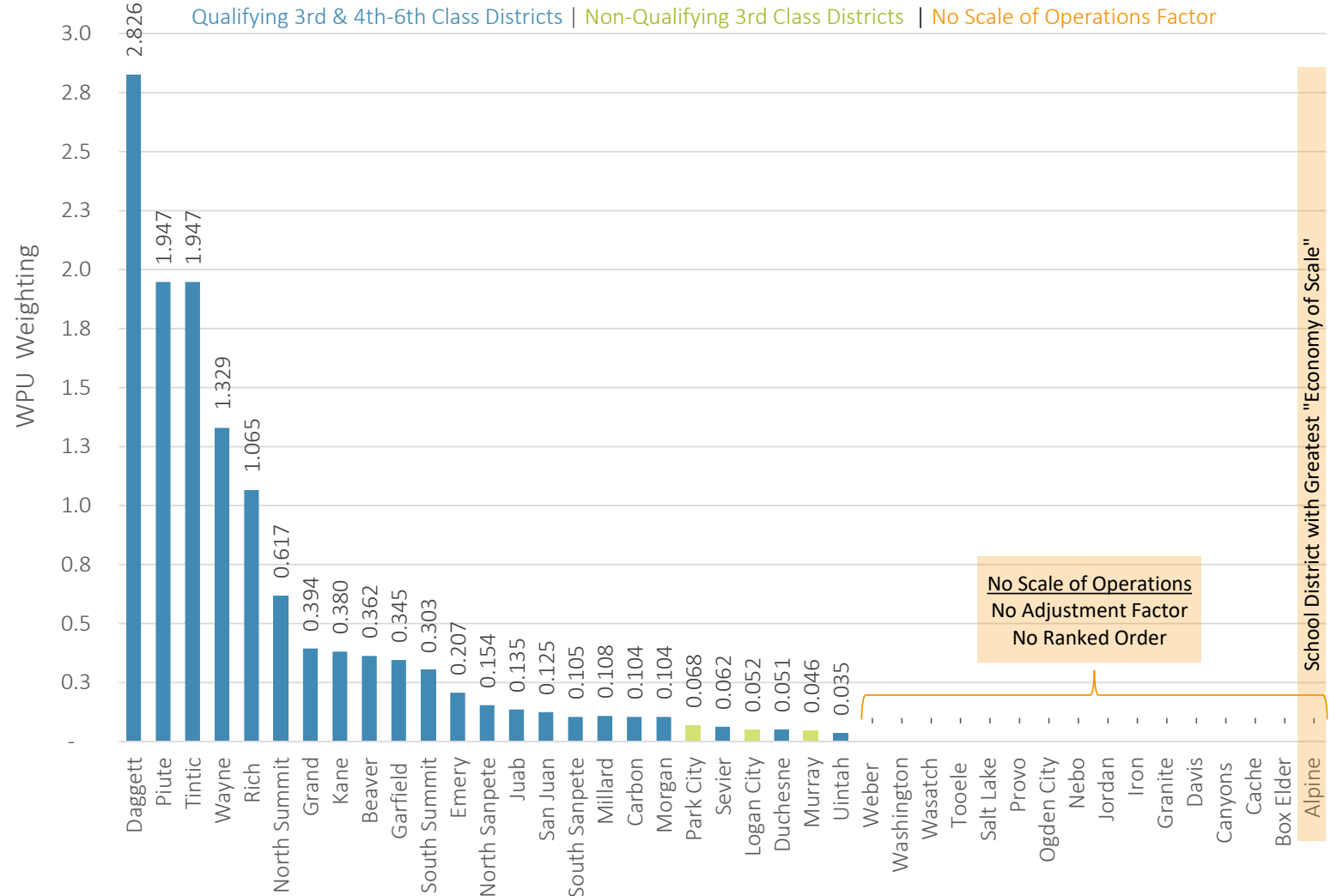


Scale of Operations Weightings (Blue)

- 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

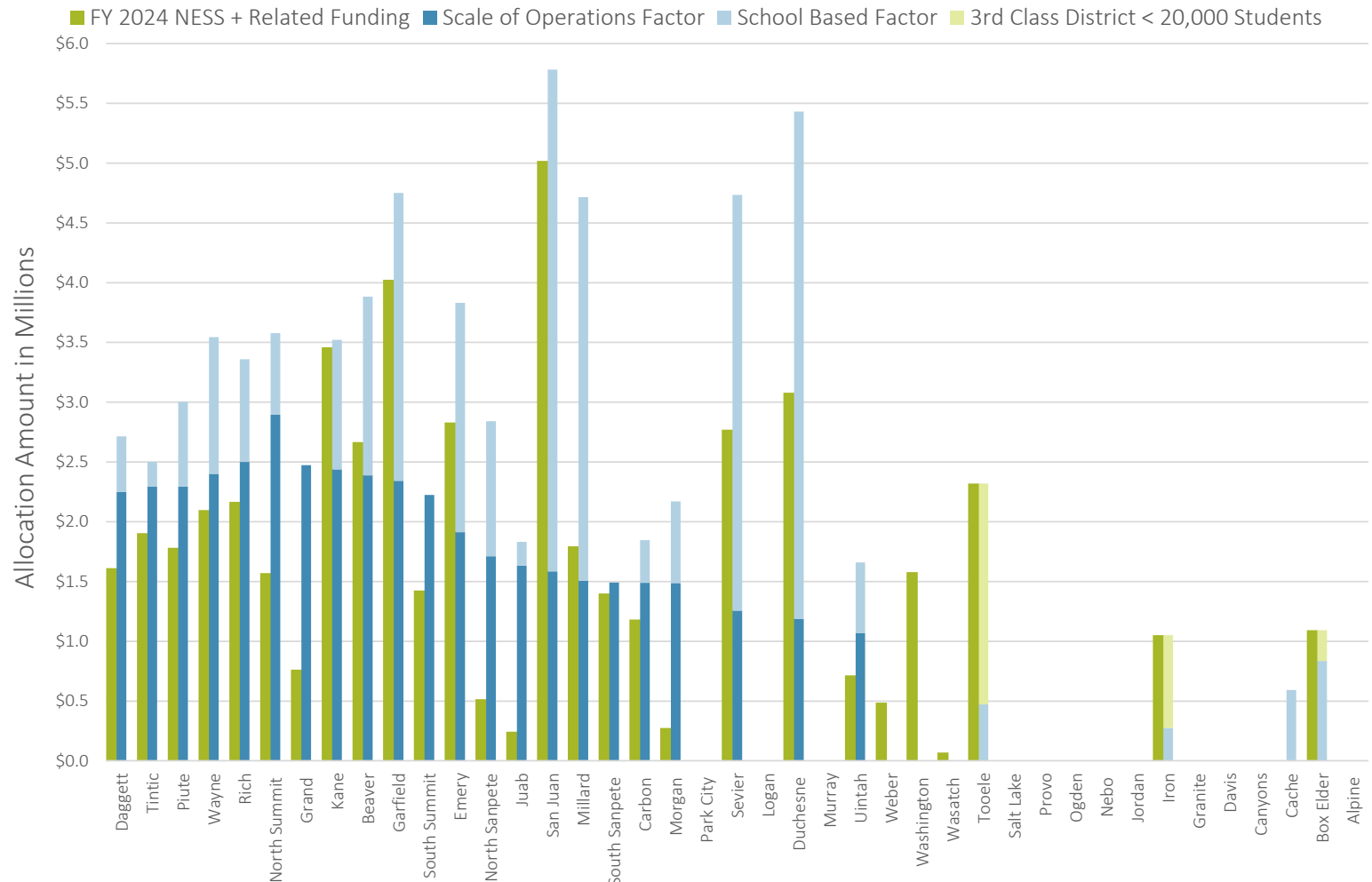
Weighted Pupil Unit per Enrolled Student



Rural School Weightings

- Rural School (Light Blue)
- WPU Weighting for Each Enrolled Student
 - School Locale Designation
 - Rural-Distant – 0.15 WPUs
 - Rural-Remote – 0.6 WPUs
 - Schools Qualify Regardless of County Class (3rd-6th)
 - Standardized Measure to Identify Qualifying Schools
 - Not All Current NESS Schools are Rural Distant/Remote
- 3rd Class Relief (Light Green)
 - Held at FY24 Allocation

Scale of Operations Factor Distribution Estimates
 New Student Weightings Compared to FY 2024 Necessarily Existent Small Schools Allocation [All Funds]
School Districts in 4th-6th Class Counties + 3rd Class Enrolling Fewer Than 2,000 Students



New NESS Formula Cost Estimates

Current to New Formula Transition | Hold Harmless

- Net Additional Cost
 - \$28.6 Million Ongoing
- Transition to New Formula
 - \$5.4 Million One-time
 - Four-Year Hold-Harmless Plan

Minimum School Program: New NESS Formula

Estimated Total Cost & Ongoing Base Off-Sets

<i>Estimates</i>	<i>FY 2025</i>
Scale of Operations Factor	\$42,825,000
Rural School Factor	\$31,235,000
3rd Class District Enrolling Fewer than 20,000	\$2,900,000
Total Cost Estimate	\$76,960,000
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	\$28,593,200

Formula Change Hold-Harmless

FY 2025 + 3 Year Step-Down

<i>Estimates</i>	<i>5-Year</i>
FY 2025 - 100% Hold-Harmless	\$2,150,000
FY 2026 - 75% Hold-Harmless	\$1,612,500
FY 2027 - 50% Hold-Harmless	\$1,075,000
FY 2028 - 25% Hold-Harmless	\$537,500
Total Estimate - One-time Cost	\$5,375,000



Minimum School Program: Necessarily Existent Small Schools

Proposed New Formula Components & Comparisons | 2024 General Session

District Scale of Operations 4th-6th Class + 3rd Class Enrolling Fewer Than 2,000 Students + 3rd Class Enrolling Fewer than 20,000 Students

School-Based Factor - Rural-Distant [0.15 Weighting] or Rural-Remote [0.6 Weighting]

School District	FY 2024 NESS + Related Funding	New Necessarily Existent Small Schools Formula Estimates					Budget Comparisons			
		District Scale of Operations Factor	Rural School Factor	3rd Class Enrolling < 20,000	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	\$0	\$735,482,809	0.0%	\$19,287,153	\$19,287,153
Beaver	\$2,665,585	\$2,389,204	\$1,492,727	\$0	\$3,881,931	\$1,216,346	\$19,798,376	6.1%	\$485,859	\$1,702,205
Box Elder	\$1,093,077	\$0	\$836,423	\$256,654	\$1,093,077	\$0	\$116,508,112	0.0%	\$2,968,654	\$2,968,654
Cache	\$0	\$0	\$593,410	\$0	\$593,410	\$593,410	\$181,998,555	0.3%	\$4,633,690	\$5,227,101
Carbon	\$1,181,488	\$1,488,824	\$357,677	\$0	\$1,846,501	\$665,013	\$36,572,053	1.8%	\$872,894	\$1,537,907
Daggett	\$1,612,486	\$2,248,150	\$466,342	\$0	\$2,714,492	\$1,102,006	\$5,146,576	21.4%	\$119,164	\$1,221,170
Davis	\$0	\$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	\$0	\$5,431,352	\$2,351,485	\$58,687,842	4.0%	\$1,437,592	\$3,789,078
Emery	\$2,830,014	\$1,913,228	\$1,918,623	\$0	\$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	\$0	\$4,750,766	\$726,131	\$20,600,002	3.5%	\$521,176	\$1,247,307
Grand	\$763,433	\$2,472,696	\$0	\$0	\$2,472,696	\$1,709,262	\$19,122,913	8.9%	\$381,303	\$2,090,566
Granite	\$0	\$0	\$0	\$0	\$0	\$0	\$543,093,184	0.0%	\$13,995,135	\$13,995,135
Iron	\$1,052,093	\$0	\$275,302	\$776,791	\$1,052,093	\$0	\$124,461,754	0.0%	\$3,329,263	\$3,329,263
Jordan	\$0	\$0	\$0	\$0	\$0	\$0	\$514,784,812	0.0%	\$13,310,958	\$13,310,958
Juab	\$244,850	\$1,632,335	\$198,860	\$0	\$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	\$0	\$3,522,112	\$63,478	\$21,183,668	0.3%	\$499,237	\$562,715
Millard	\$1,794,079	\$1,506,244	\$3,208,446	\$0	\$4,714,690	\$2,920,611	\$35,030,338	8.3%	\$853,128	\$3,773,739
Morgan	\$274,297	\$1,488,084	\$683,200	\$0	\$2,171,284	\$1,896,987	\$31,571,515	6.0%	\$759,125	\$2,656,112
Nebo	\$0	\$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	\$0	\$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	\$0	\$3,577,723	\$2,007,250	\$17,183,689	11.7%	\$321,054	\$2,328,304
Park City	\$0	\$0	\$0	\$0	\$0	\$0	\$77,535,385	0.0%	\$958,186	\$958,186
Piute	\$1,782,726	\$2,292,381	\$709,962	\$0	\$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	\$0	\$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	\$0	\$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	\$0	\$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	\$0	\$1,490,557	\$90,900	\$36,941,394	0.2%	\$853,875	\$944,775
South Summit	\$1,424,111	\$2,223,353	\$0	\$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	\$0	\$2,500,476	\$596,012	\$6,286,971	9.5%	\$153,151	\$749,164
Tooele	\$2,318,926	\$0	\$471,600	\$1,847,325	\$2,318,925	(\$0)	\$154,390,064	(0.0%)	\$3,877,051	\$3,877,051
Uintah	\$714,626	\$1,069,530	\$589,905	\$0	\$1,659,435	\$944,809	\$68,890,964	1.4%	\$1,650,821	\$2,595,631
Wasatch	\$69,140	\$0	\$0	\$0	\$0	(\$69,140)	\$88,174,287	(0.1%)	\$1,999,274	\$1,930,134
Washington	\$1,578,657	\$0	\$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	\$0	\$3,543,700	\$1,445,870	\$8,472,930	17.1%	\$213,289	\$1,659,159
Weber	\$487,742	\$0	\$0	\$0	\$0	(\$487,742)	\$301,898,293	(0.2%)	\$7,837,076	\$7,349,333
Salt Lake	\$0	\$0	\$0	\$0	\$0	\$0	\$231,632,509	0.0%	\$4,793,052	\$4,793,052
Ogden	\$0	\$0	\$0	\$0	\$0	\$0	\$99,398,922	0.0%	\$2,492,742	\$2,492,742
Provo	\$0	\$0	\$0	\$0	\$0	\$0	\$126,994,627	0.0%	\$3,243,419	\$3,243,419
Logan	\$0	\$0	\$0	\$0	\$0	\$0	\$48,897,112	0.0%	\$1,253,130	\$1,253,130
Murray	\$0	\$0	\$0	\$0	\$0	\$0	\$53,966,039	0.0%	\$1,386,821	\$1,386,821
Canyons	\$0	\$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	\$2,880,770	\$76,938,900	\$27,048,220	\$5,649,298,578		\$142,084,409	\$169,132,629

Cost Estimates by School District

Comparison to Total MSP State-Fund Allocation

Net Change with 3.8% Inflationary WPU Value Increase



Questions?