

1 **SMALL SCHOOL DISTRICT SCALE OF OPERATIONS**

2 **FORMULA**

3 2024 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Karen M. Peterson**

6 **Senate Sponsor: Lincoln Fillmore**

7

LONG TITLE

8 **General Description:**

9 This bill amends the formula for necessarily existent small schools funding.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ amends the formula for necessarily existent small schools funding.

13 **Money Appropriated in this Bill:**

14 None

15 **Other Special Clauses:**

16 This bill provides a special effective date.

17 **Utah Code Sections Affected:**

18 **REPEALS AND REENACTS:**

19 **53F-2-304**, as last amended by Laws of Utah 2021, Chapter 439

20

Be it enacted by the Legislature of the state of Utah:

21 Section 1. Section **53F-2-304** is repealed and reenacted to read:

22 **53F-2-304. Weighted pupil units for students in necessarily existent small schools.**

23 (1) As used in this section:

24 (a) "Rural-distant school" means a school in a rural-distant area as defined by the

25 National Center for Education Statistics.



28 (b) "Rural-remote school" means a school in a rural-remote area as defined by the
29 National Center for Education Statistics.

30 (c) "Scale of operations" means a cost function analysis conducted by the state board to
31 determine the relative higher cost of providing educational services for students enrolled in
32 smaller school districts when compared to larger school districts.

33 (2) (a) The state board shall adopt a formula to calculate additional weighted pupil
34 units for necessarily existent small schools using a two-factor distribution described in
35 Subsection (2)(b).

36 (b) The two-factor distribution shall be the sum of:

37 (i) a scale of operations weighting that provides up to 3.0 weighted pupil units:

38 (A) for each student enrolled in:

39 (I) a school district in a county of the fourth, fifth, or sixth class as described in Section
40 17-50-501; or

41 (II) a school district in a county of the third class as described in Section 17-50-501
42 with fewer than 2,000 students; and

43 (B) based on the cost function analysis conducted by the state board: and

44 (ii) a rural-school weighting that provides weighted pupil units as follows:

45 (A) a rural-remote weighting that provides 0.6 weighted pupil units:

46 (I) for each student attending a rural-remote school in a county of the third, fourth,
47 fifth, or sixth class as described in Section 17-50-501; and

48 (II) to adjust funding for unique geographic conditions that increase costs for a school's
49 operation; and

50 (B) a rural-distant weighting that provides 0.15 weighted pupil unit:

51 (I) for each student attending a rural-distant school in a county of third, fourth, fifth, or
52 sixth class as described in Section 17-50-501; and

53 (II) to adjust funding for unique geographic conditions that increase costs for a school's
54 operation.

55 (c) The funding for a student who falls within the weighting factors described in
56 Subsections (2)(b)(i) and (2)(b)(ii) shall be computed under both weighting factors.

57 (3) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
58 state board shall make rule to:

59 (a) establish the formula described in Subsection (2) including the amount of weighted
60 pupil units described in Subsection (2)(b)(i) by:

61 (i) conducting a cost function analysis measuring the scale of operations weighting
62 including factors identified by the state board for each small and rural school district compared
63 to all school districts;

64 (ii) determining a weighting relative to the cost function prediction for each school
65 district that is above the minimum prediction for all school districts;

66 (iii) establishing a percentile cutoff for a full weighted pupil unit that:

67 (A) provides a full weighting for districts enrolling fewer than 1,100 students, not to
68 exceed the 15th percentile; and

69 (B) provides no scale of operations weighting described in Subsection (2)(b)(i) for
70 school districts enrolling greater than seven times the full-weight cutoff; and

71 (iv) based on the cost function analysis, establishing a gradually reduced weighted
72 pupil unit for each school district above the percentile cutoff established in Subsection
73 (3)(a)(iii);

74 (b) establish a timeline for the distribution of funds to school districts provided under
75 this section; and

76 (c) for fiscal year 2028 and subsequently each fifth fiscal year:

77 (i) recalculate the two-factor distribution formula described in Subsection (2) using
78 updated information in preparation for establishing budgets; and

79 (ii) report the cost function analysis results to the Public Education Appropriations
80 Subcommittee by October 1 of the relevant fiscal years including recommendations for any
81 change to the scale of operations or rural-school weightings for each school district.

82 (4) A local school board shall use money distributed under this section to effectively
83 operate schools in remote areas of the state and with low student populations.

84 (5) If an allocation to a school district under this section will be less than the allocation
85 to the school district for necessarily existent small schools in the 2024 fiscal year, the
86 Executive Appropriations Committee shall include a one-time appropriation in the public
87 education budget to supplement the difference between the two amounts from weighted pupil
88 units generated in Subsection (2) provides the same amount in the 2025 fiscal year and
89 gradually decreases to zero over the next three fiscal years.

90 (6) A school district shall receive the difference between funding amounts the school
91 district receives under Subsection (2) and the funding amount received in fiscal year 2024 if the
92 school district:

- 93 (a) is in a county of the third class as described in Section [17-50-501](#);
- 94 (b) has a total student enrollment of less than 20,000 students; and
- 95 (c) in fiscal year 2024, had a school within the school district that was a necessarily
96 existent small school.

97 (7) During each five year review described in Subsection (3)(c), if a school or school
98 district no longer qualifies under the criteria described in Subsections (2) or (6), the state board
99 shall:

- 100 (a) review the conditions causing the school or school district to no longer qualify; and
- 101 (b) if the school or school district has an average daily membership increase of no more
102 than 2% over the past five years, make recommendations to the Public Education
103 Appropriations Subcommittee regarding continuance of funding received under this section.

104 (8) If after the review described in Subsection (7) a school or school district is found to
105 no longer qualify for funding under this section, the Executive Appropriations Committee shall
106 include a one-time appropriation in the public education budget to provide the same amount of
107 funding the school district qualified for in the prior fiscal year and gradually decrease the
108 amount to zero over the next three fiscal years.

109 **Section 2. Effective date.**

110 This bill takes effect on July 1, 2024.