

# Auxiliary Services

## Agenda Item #6

# Nevada Department of Education

## Commission on School Funding

### October 8, 2021

# Auxiliary Services Overview

- Review of Commission on School Funding's (CSF) prior recommendations
- Review of proposed inflation rate options
- CSF requests
  - Capital costs removed from auxiliary services
  - Explore industry specific Consumer Price Index (CPI)
  - Methodology for the inflation rate calculations
- NDE recommendation

# Auxiliary Services

## CSF's Prior Recommendations: Auxiliary Services

- CSF meeting September 17, 2021
  - Agenda item #5 – motions approved
    - Recommendation – Use of the four-year average of actual costs for transportation and food services
    - Recommendation – Use a similar “hold harmless” type of adjustment for each of the 4 years of transportation and food services costs that is used for the average daily enrollment for payment purposes
  - Agenda item #5 – deferred recommendations
    - The inflation rate to use for auxiliary services

# Auxiliary Services

## CSF's Prior Recommendations: Extend Auxiliary Services funding to Charter Schools

- CSF meeting September 17, 2021
  - Agenda item #6 – motions approved
    - Recommendation - Charter and University schools be included in the auxiliary services allocation calculations
    - Recommendation – Charter and University schools receive the same inflation factors as districts
    - Recommendation – The average total should be based on the number of years that the school has supporting transportation and food services data
      - Example: If the school only had two years of auxiliary services data, a two-year average would be applied for that charter and university school
  - Agenda item #6 – pending decisions
    - The inflation rate to use for auxiliary services

# Auxiliary Services

## Options for Inflation Rates

- PCFP approved inflation rate
  - Included in the legislatively approved Pupil-Centered Funding Plan (PCFP)
- Education specific inflation rate
  - Based on national data
  - Private schools only
- Industry specific inflation rate
  - Transportation inflation rate
    - Based on national data
    - Combines Consumer Price Index (CPI) expenditure categories
      - Gasoline (all types)
      - Motor vehicle parts and equipment
      - Motor vehicle maintenance and repair
      - Motor vehicle insurance
    - Not education specific
  - Food at elementary and secondary school specific inflation rate
    - Based on national data
    - Private schools only

# Auxiliary Services

## Options for Inflation Rates - continued

- Western region specific inflation rate
  - Based on the western regional data
    - All items, less food and energy
    - Unadjusted index data
    - Not education specific
- Nevada specific CPI
  - Based on Nevada data
  - Based on state and area employment, hours, and earnings
  - Combines the following industries:
    - Government
    - Education and Health Services
    - Trade, Transportation, and Utilities
  - Unadjusted index data

# Auxiliary Services

## Options for Inflation Rates – Data Sources

- Education inflation rate
  - Data source, <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>
    - Data found on slides 18 through 21 and slide 22
- Industry Specific inflation rate
  - Data source, <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>
  - Transportation
    - Data found on slides 18 through 21 and slides 23, 24 and 25
  - Food
    - Data found on slides 18 through 21 and slide 26
- Western Region rate
  - Data source, [https://www.bls.gov/regions/west/news-release/consumerpriceindex\\_west.htm](https://www.bls.gov/regions/west/news-release/consumerpriceindex_west.htm)
    - Data found on slide 27
- Nevada rate
  - <https://www.bls.gov/regions/west/nevada.htm>
    - Data found on slides 29 through 31 and slide 32

# Auxiliary Services Inflation Rates

- PCFP approved inflation rate (CPI) = 1.74%
- Education inflation rate = 2.04%
- Industry Specific inflation rate
  - Transportation = 1.60%
  - Food = (-4.07%)
- Western Region rate = 2.53%
- Nevada rate = 1.88%

# Auxiliary Services Capital Costs

Fiscal Year 2020 Pupil-Centered Funding Plan approved auxiliary cost calculations included capital costs

- Capital costs were captured from the NRS 387 report
  - District auxiliary services costs including capital costs:  
\$196,756,097
  - District auxiliary services costs, less capital costs: \$168,719,988
  - Difference of \$28,036,109
  - Charter and university school auxiliary services costs including capital costs: \$758,191
  - Charter and university school auxiliary services costs, less capital costs: \$758,191
  - Difference of \$0

# Auxiliary Services

## CPI Data Sources by Category

### Energy

- Energy commodities
  - Fuel oil and other fuels
    - Fuel oil
    - Propane, kerosene, and firewood(9)
  - Motor fuel
    - Gasoline (all types)
      - Gasoline, unleaded regular(6)
      - Gasoline, unleaded midgrade(10)(6)
      - Gasoline, unleaded premium(6)
    - Other motor fuels(5)
- Energy services
  - Electricity
  - Utility (piped) gas service

# Auxiliary Services

## CPI Data Sources by Category

### Transportation Services

- Leased cars and trucks(4)(15)
- Car and truck rental(5)
- Motor vehicle maintenance and repair(4)
  - Motor vehicle body work(4)
  - Motor vehicle maintenance and servicing(4)
  - Motor vehicle repair(4)(5)
- Motor vehicle insurance
- Motor vehicle fees(4)(5)
  - State motor vehicle registration and license fees(4)(11)(5)
  - Parking and other fees(4)(5)
    - Parking fees and tolls(5)(6)
    - Automobile service clubs(4)(5)(6)

# Auxiliary Services

## CPI Data Sources by Category

### Transportation Commodities

- New vehicles
  - New cars and trucks(5)(6)
    - New cars(6)
    - New trucks(14)(6)
  - Used cars and trucks
  - Motor vehicle parts and equipment(4)
    - Tires(4)
    - Vehicle accessories other than tires(4)(5)
      - Vehicle parts and equipment other than tires(4)(6)
      - Motor oil, coolant, and fluids(4)(6)

# Auxiliary Services

## CPI Data Sources by Category

### Education and Communication Commodities

- Educational books and supplies
  - College textbooks(4)(15)(6)
- Information technology commodities(12)
  - Personal computers and peripheral equipment(7)
  - Computer software and accessories(4)(5)
  - Telephone hardware, calculators, and other consumer information items(4)(5)

# Auxiliary Services

## CPI Data Sources by Category

### Food Away from Home

- Full service meals and snacks(4)(5)
- Limited service meals and snacks(4)(5)
- Food at employee sites and schools(5)
  - Food at elementary and secondary schools(4)(8)(6)
- Food from vending machines and mobile vendors(4)(5)
- Other food away from home(4)(5)

# Auxiliary Services

## CPI Data Sources by Category

### Education and Communication Services

- Education and communication services(12)
  - Tuition, other school fees, and childcare
    - College tuition and fees
    - Elementary and high school tuition and fees
    - Child care and nursery school(13)
    - Technical and business school tuition and fees(5)

# Auxiliary Services

## CPI Data Sources by Special Aggregate Indexes

- Education and communication(5)
  - Education(5)
  - Communication(5)
    - Information and information processing(5)
    - Information technology, hardware and services(18)
- Transportation
  - Private transportation
    - New and used motor vehicles(5)
- Food and beverages
  - Domestically produced farm food

# Auxiliary Services

## CPI Data Sources

- The following data sets were used for the Education and Industry Specific inflation rate calculations:
  - 17-18 CPI Data Sets – January to January
    - <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>
  - 18-19 CPI Data Sets – January to January
    - <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>
  - 19-20 CPI Data Sets – January to January
    - <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>
  - 20-21 CPI Data Sets – January to January
    - <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>

# Auxiliary Services

## January 2017 to January 2018 CPI Data

Expenditure category	Jan. 2017	Jan. 2018
All items	242.839	247.867
Food at elementary and secondary schools <sup>(4)(8)(6)</sup>	143.907	145.969
Gasoline (all types)	206.360	223.806
Motor vehicle parts and equipment <sup>(4)</sup>	142.993	142.562
Motor vehicle maintenance and repair <sup>(4)</sup>	279.523	283.305
Motor vehicle insurance	510.919	554.166
Education <sup>(5)</sup>	251.122	256.150

17-18 CPI Data Sets

<https://www.bls.gov/cpi/tables/supplemental-files/home.htm>

# Auxiliary Services

## January 2018 to January 2019 CPI Data

Expenditure category	Jan. 2018	Jan. 2019
All items	247.867	251.712
Food at elementary and secondary schools <sup>(5)(9)(7)</sup>	145.969	148.889
Gasoline (all types)	223.806	201.194
Motor vehicle parts and equipment <sup>(5)</sup>	142.562	145.591
Motor vehicle maintenance and repair <sup>(5)</sup>	283.305	290.758
Motor vehicle insurance	554.166	572.950
Education <sup>(6)</sup>	256.150	263.125

18-19 CPI Data Sets: <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>

# Auxiliary Services

## January 2019 to January 2020 CPI Data

Expenditure category	Jan. 2019	Jan. 2020
All items	251.712	257.971
Food at elementary and secondary schools <sup>(4)(8)(6)</sup>	148.889	152.124
Gasoline (all types)	201.194	227.010
Motor vehicle parts and equipment <sup>(4)</sup>	145.591	148.335
Motor vehicle maintenance and repair <sup>(4)</sup>	290.758	300.112
Motor vehicle insurance	572.950	572.693
Education <sup>(5)</sup>	263.125	268.841

19-20 CPI Data Sets

<https://www.bls.gov/cpi/tables/supplemental-files/home.htm>

# Auxiliary Services

## January 2020 to January 2021 CPI Data

Expenditure category	Jan. 2020	Jan. 2021
All items	257.971	261.582
Food at elementary and secondary schools <sup>(4)(8)(6)</sup>	152.124	118.831
Gasoline (all types)	227.010	207.406
Motor vehicle parts and equipment <sup>(4)</sup>	148.335	149.198
Motor vehicle maintenance and repair <sup>(4)</sup>	300.112	310.662
Motor vehicle insurance	572.693	551.552
Education <sup>(5)</sup>	268.841	272.238

20-21 CPI Data Sets

- <https://www.bls.gov/cpi/tables/supplemental-files/home.htm>

# Auxiliary Services

## Education Inflation Rate

Year	Description	January CPI One Year Prior	January CPI Most Recent	Unadjusted CPI Index
2017	Education	251.122	256.150	2.00%
2018	Education	256.150	263.125	2.72%
2019	Education	263.125	268.841	2.17%
2020	Education	268.841	272.238	1.26%

Education 4 year average CPI rate

2.04%

# Auxiliary Services

## Transportation Inflation Rate - Part 1

Year	Description	January CPI One Year Prior	January CPI Most Recent	Unadjusted CPI Index
2017	Gasoline (all types)	206.360	223.806	8.45%
2018	Gasoline (all types)	223.806	201.194	-10.10%
2019	Gasoline (all types)	201.194	227.010	12.83%
2020	Gasoline (all types)	227.010	207.406	-8.64%
2017	Motor vehicle parts and equipment	142.993	142.562	-0.30%
2018	Motor vehicle parts and equipment	142.562	145.591	2.12%
2019	Motor vehicle parts and equipment	145.591	148.335	1.88%
2020	Motor vehicle parts and equipment	148.335	149.198	0.58%

# Auxiliary Services

## Transportation Inflation Rate – Part 2

Year	Description	January CPI One Year Prior	January CPI Most Recent	Unadjusted CPI Index
2017	Motor vehicle maintenance and repair	279.523	283.305	1.35%
2018	Motor vehicle maintenance and repair	283.305	290.758	2.63%
2019	Motor vehicle maintenance and repair	290.758	300.112	3.22%
2020	Motor vehicle maintenance and repair	300.112	310.662	3.52%
2017	Motor vehicle insurance	510.919	554.166	8.46%
2018	Motor vehicle insurance	554.166	572.950	3.39%
2019	Motor vehicle insurance	572.950	572.693	-0.04%
2020	Motor vehicle insurance	572.693	551.552	-3.69%

# Auxiliary Services

## Transportation Inflation Rate – Part 3

Description	Unadjusted CPI Index
2017 Combined Average:	4.49%
2018 Combined Average:	-0.49%
2019 Combined Average:	4.47%
2020 Combined Average:	-2.06%

Transportation 4 year average CPI rate 1.60%

# Auxiliary Services

## Food Services Inflation Rate

Year	Description	January CPI One Year Prior	January CPI Most Recent	Unadjusted CPI Index
2017	Food at elementary and secondary schools	143.907	145.969	1.43%
2018	Food at elementary and secondary schools	145.969	148.889	2.00%
2019	Food at elementary and secondary schools	148.889	152.124	2.17%
2020	Food at elementary and secondary schools	152.124	118.831	-21.89%

Food Services 4 year average CPI rate

-4.07%

# Auxiliary Services

## Western Region Inflation Rate

Description	2018	2019	2020	2021
Month	12-month	12-month	12-month	12-month
January	3.1%	2.7%	2.9%	1.4%
February	3.1	2.4	3.1	1.6
March	3.2	2.4	2.5	2.4
April	3.2	2.9	1.3	3.9
May	3.5	2.9	0.8	4.7
June	3.6	2.7	1.2	5.1
July	3.6	2.7	1.7	5.2

Table above West region CPI-U 12-month percent changes, all items index, not seasonally adjusted

Western Region 4 year average CPI rate 2.53%

Western Region CPI data source

[Consumer Price Index, West Region — August 2021 : Western Information Office : U.S. Bureau of Labor Statistics \(bls.gov\)](https://www.bls.gov)

# Auxiliary Services

## Nevada Specific CPI Data Sources

- The following CPI data sources were used for the Nevada specific inflation calculations
  - CPI-Nevada - Government
    - <https://www.bls.gov/regions/west/nevada.htm>
  - CPI-Nevada – Education and Health Services
    - <https://www.bls.gov/regions/west/nevada.htm>
  - CPI-Nevada - Trade, Trans and Utilities
    - <https://www.bls.gov/regions/west/nevada.htm>

# Auxiliary Services

## Nevada Specific Inflation Rate

### Government

State and Area Employment, Hours, and Earnings for Government

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>2016</b>	156.2	155.9	156.6	157.2	157.3	155.2	159.5	158.5	158.2	158.3	158.3	158.6
2017	158.9	159.3	159.6	159.5	160.0	160.3	162.5	163.0	162.7	160.5	160.2	160.7
2018	159.9	160.7	160.6	160.6	161.0	162.2	161.8	161.8	162.8	163.0	163.7	163.4
2019	162.7	164.0	164.1	164.6	165.3	163.9	165.5	167.1	166.1	166.2	166.7	166.3
2020	166.9	166.9	167.3	158.9	156.0	152.9	154.3	158.0	159.2	158.7	158.4	157.0
2021	161.2	158.6	159.3	160.4	160.9	160.6	161.0	N/A	N/A	N/A	N/A	N/A

Year	Inflation Rate
2017	0.63%
2018	1.75%
2019	2.58%
2020	-3.42%
Government 4 Year Average	0.39%

# Auxiliary Services

## Nevada Specific Inflation Rate

### Education and Health Services

State and Area Employment, Hours, and Earnings for Education and Health Services

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	124.5	124.9	124.9	125.4	125.9	126.3	127.6	128.0	128.5	129.7	129.4	129.9
2017	130.0	130.2	130.8	132.0	132.0	132.2	131.8	133.6	134.2	135.0	135.6	135.9
2018	136.9	137.5	138.1	138.2	138.7	139.1	139.4	140.6	141.5	141.6	142.1	142.5
2019	142.6	143.0	143.2	144.0	144.5	144.3	144.3	145.7	145.8	146.7	147.0	147.1
2020	149.0	149.1	147.5	128.8	134.0	137.7	140.5	141.2	142.7	141.9	141.2	142.9
2021	144.3	144.8	144.1	143.5	142.7	140.5	140.5	N/A	N/A	N/A	N/A	N/A

Year	Inflation Rate
2017	5.31%
2018	4.16%
2019	4.49%
2020	-3.15%
Education and Health Services 4 Year Average	
	2.70%

# Auxiliary Services

## Nevada Specific Inflation Rate

### Trade, Transportation, and Utilities

State and Area Employment, Hours, and Earnings for Trade, Transportation, and Utilities

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016	238.2	239.4	239.9	240.8	241.3	241.4	242.2	243.1	243.5	243.6	244.6	244.9
2017	245.3	245.9	246.3	246.8	247.1	247.7	248.3	248.9	250.0	250.9	251.4	253.7
2018	252.4	253.3	253.7	253.9	254.6	255.0	255.9	256.4	256.6	257.1	256.9	257.0
2019	258.9	259.2	259.8	259.7	260.8	261.7	262.3	262.6	262.6	264.2	265.7	266.6
2020	265.6	266.0	266.3	224.6	229.8	243.9	251.6	257.0	261.5	264.5	268.4	271.2
2021	271.4	273.6	275.7	274.3	276.1	281.3	282.2	N/A	N/A	N/A	N/A	N/A

Year	Inflation Rate
2017	2.89%
2018	2.58%
2019	2.59%
2020	2.18%
<b>Trade, Transportation, and Utilities 4 Year Average</b>	
	<b>2.56%</b>

# Auxiliary Services

## Nevada Specific Inflation Rate – 4 Year Average

Term	Industry	Inflation Rate
4 Year Average	Government	0.39%
4 Year Average	Education and Health Services	2.70%
4 Year Average	Trade, Transportation, and Utilities	2.56%
<b>Nevada Specific Combined 4 year average CPI rate</b>		<b>1.88%</b>

Western Region CPI data source

<https://www.bls.gov/regions/west/nevada.htm>

# Auxiliary Services

## Inflation Rates - Review

- Pupil-Centered Funding Plan approved inflation rate (CPI) = 1.74%
- Education inflation rate = 2.04%
- Industry Specific inflation rate
  - Transportation = 1.60%
  - Food = (-4.07%)
- Western Region inflation rate = 2.53%
- Nevada specific inflation rate = 1.88%

# Auxiliary Services Recommendation

## NDE recommendation

- Apply a consistent inflation factor to all funding tiers of the Pupil-Centered Funding Plan
  - Nevada specific inflation factor inclusive of
    - Inflation rate of 1.88%
    - Government CPI data set
    - Education and Health Services CPI data set
    - Trade, Transportation, and Utilities CPI data set
    - Aligns with the Nevada Cost of Education Index (NCEI) recommended by the CSF.

Thank You