

Agenda Item #5

Nevada Department of Education
Auxiliary Services

Commission on School Funding
September 17, 2021

Auxiliary Services Presentation

- Data Sources
- Consumer Price Indexes
- Components and impacts of the methodology
- Transportation and food services data provided in this presentation are based on the 81st Legislatively approved Pupil-Centered Funding Plan (PCFP) totals.
- CPI data
 - U.S. Bureau of Labor Statistics (bls.gov)
 - Nevada Department of Employment, Rehabilitation and Training (DETR) (detr.nv.gov)

Auxiliary Services

Methodology considerations

- Commission on Schools Funding requested considerations
 - An adjustment for outlier years (COVID 19)
 - A weighted four-year allocation
 - Based on actual district costs
 - Inflation rate options
 - Considered industry specific CPI

Auxiliary Services

Data sources

Data sources:

- Actual District Costs
 - NRS 387 annual financial report
- Two options considered from the Consumer Price Index for All Urban Consumers (CPI-U)
 - U.S. Bureau of Labor Statistics (bls.gov)
 - Nevada Department of Employment, Training and Rehabilitation (DETR)

Auxiliary Services

School district actual cost

School districts actual auxiliary services cost

- NRS 387 annual financial report
 - Districts self-reported actuals costs
 - Reporting requirements already exist for districts
 - Currently managed by the department
 - Reported to and utilized by the Governor's Finance Office and Legislative Counsel Bureau
 - Used a four years of actual costs as reported by the school districts

Auxiliary Services

Consumer Price Index for All Urban Consumers (CPI-U)

CPI-U data used for this presentation

- U.S. Bureau of Labor Statistics (bls.gov)
 - January and January index data
 - 2020 - 2021
 - 2019 - 2020
 - 2018 - 2019
 - 2017 - 2018
 - Used same PCFP calculation for determining the inflation rate
 - Most recent year CPI minus prior year CPI divided by prior year CPI equals inflation factor for that year.
 - Example: $272.238 - 268.841 / 268.841 =$ an adjustment factor of 1.26% for that one-year time period.

Auxiliary Services

CPI by expenditure category

- Education specific CPI
 - Based on national data
 - Private schools only
- Food at elementary and secondary school specific CPI
 - Based on national data
 - Private schools only
- Transportation CPI
 - Based on national data
 - Combines expenditure categories
 - Gasoline (all types)
 - Motor vehicle parts and equipment
 - Motor vehicle maintenance and repair
 - Motor vehicle insurance
 - Not education specific

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CPI by expenditure category - continued

- Western region specific CPI
 - 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
 - Includes the education industry

Auxiliary Services

Calculated inflation rates

- PCFP legislatively approved inflation rate
 - 1.74%
 - One year time period, 2020 – 2019 CPI-U index
- Education Inflation rate
 - 2.04%, based on a four-year average inflation rate using 2017 through 2021 CPI-U unadjusted index data
- Food at elementary and secondary schools
 - (-) 4.07%, based on a four-year average inflation rate using 2017 through 2021 CPI-U unadjusted index data

Auxiliary Services

Calculated inflation rates - continued

- Transportation
 - 1.15%, based on a four-year average inflation rate using 2017 through 2021 CPI-U unadjusted index data
- Western region rate
 - 2.53%, based on a four-year average inflation rate using 2017 through 2021 CPI-U unadjusted index data
- Nevada rate
 - 1.88%, based on a four-year average inflation rate using 2017 through 2021 CPI-U unadjusted index data
 - The DETR four-year average CPI for Nevada is the same as the Federal Nevada rate of 1.88%

Auxiliary Services

Adjusting for outlier years

- Establish a “hold harmless” type of adjustment for auxiliary services
- The proposed would mirror the *Average Daily Enrollment (ADE)* hold harmless provision of NRS 387.1223
 - Actual costs only will be used to determine any hold harmless adjustment
 - Auxiliary services actual costs will be compared to the prior year costs
 - 2020 will be compared to 2019 actual costs
 - If there is a decline greater than 5 percent of the actual costs from the immediately preceding school year, the preceding years actual costs will be applied for the purposes of calculating the auxiliary services allocations for the PCFP

Auxiliary Services

Transportation: using ADE hold harmless
for FY 2020

Districts	2019	2020	Percent of Change	FY 2020 HH
Churchill	\$ 1,954,425	\$ 1,719,375	87.97%	\$ 1,954,425
Clark	\$ 160,606,166	\$ 144,286,074	89.84%	\$ 160,606,166
Douglas	\$ 3,931,543	\$ 3,465,564	88.15%	\$ 3,931,543
Elko	\$ 4,886,649	\$ 4,285,094	87.69%	\$ 4,886,649
Esmeralda	\$ 324,260	\$ 328,550	101.32%	\$ 328,550
Eureka	\$ 537,295	\$ 434,259	80.82%	\$ 537,295
Humboldt	\$ 2,622,861	\$ 1,619,978	61.76%	\$ 2,622,861
Lander	\$ 392,352	\$ 582,580	148.48%	\$ 582,580
Lincoln	\$ 598,189	\$ 773,153	129.25%	\$ 773,153
Lyon	\$ 4,676,120	\$ 4,568,463	97.70%	\$ 4,568,463
Mineral	\$ 257,034	\$ 310,615	120.85%	\$ 310,615
Nye	\$ 4,092,226	\$ 3,846,650	94.00%	\$ 4,092,226
Carson	\$ 2,591,617	\$ 2,354,421	90.85%	\$ 2,591,617
Pershing	\$ 887,515	\$ 723,395	81.51%	\$ 887,515
Storey	\$ 366,721	\$ 547,375	149.26%	\$ 547,375
Washoe	\$ 24,028,206	\$ 24,043,224	100.06%	\$ 24,043,224
White Pine	\$ 1,054,974	\$ 1,054,977	100.00%	\$ 1,054,977
Totals	\$ 213,808,153	\$ 194,943,747		\$ 214,319,233

Auxiliary Services

Food services: using ADE hold harmless
For FY 2020

Districts	2019	2020	Percent of Change	FY 2020 HH
Churchill	\$ 50,000	\$ -	0.00%	\$ 50,000
Clark	\$ -	\$ -	0.00%	\$ -
Douglas	\$ -	\$ -	0.00%	\$ -
Elko	\$ 301,364	\$ 347,096	115.18%	\$ 347,096
Esmeralda	\$ 49,638	\$ 49,284	99.29%	\$ 49,284
Eureka	\$ 281,756	\$ 399,223	141.69%	\$ 399,223
Humboldt	\$ 19,890	\$ 56,472	283.92%	\$ 56,472
Lander	\$ -	\$ 100,000	0.00%	\$ 100,000
Lincoln	\$ 70,000	\$ 70,000	100.00%	\$ 70,000
Lyon	\$ -	\$ -	0.00%	\$ -
Mineral	\$ 88,000	\$ 88,000	100.00%	\$ 88,000
Nye	\$ -	\$ -	0.00%	\$ -
Carson	\$ 216,198	\$ 529,286	244.82%	\$ 529,286
Pershing	\$ 20,000	\$ 60,899	304.50%	\$ 60,899
Storey	\$ 21,848	\$ 23,002	105.28%	\$ 23,002
Washoe	\$ -	\$ -	0.00%	\$ -
White Pine	\$ 76,980	\$ 89,088	115.73%	\$ 89,088
Totals	\$ 1,195,674	\$ 1,812,350		\$ 1,862,350

Auxiliary Services

Weighted four-year allocation

- Establish four-year weighted allocation
 - The actuals from each of the four years would have a weighted rate applied and the sum would establish the allocation
 - The weights being demonstrated
 - Year 1 = 10%
 - Year 2 = 20%
 - Year 3 = 30%
 - Year 4 = 40%

Transportation

4-year weighted vs 4-year average allocation

Districts	4 Year Average allocation	4 year weighted allocation	Difference
Churchill	\$ 1,847,315	\$ 1,842,026	\$ (5,288)
Clark	\$ 147,318,767	\$ 150,689,775	\$ 3,371,008
Douglas	\$ 3,764,827	\$ 3,709,746	\$ (55,081)
Elko	\$ 5,083,460	\$ 4,707,322	\$ (376,138)
Esmeralda	\$ 358,944	\$ 352,548	\$ (6,396)
Eureka	\$ 463,918	\$ 472,274	\$ 8,356
Humboldt	\$ 1,955,651	\$ 1,961,686	\$ 6,034
Lander	\$ 433,553	\$ 463,428	\$ 29,876
Lincoln	\$ 605,191	\$ 650,813	\$ 45,622
Lyon	\$ 4,732,602	\$ 4,790,488	\$ 57,886
Mineral	\$ 355,906	\$ 342,070	\$ (13,836)
Nye	\$ 3,874,364	\$ 3,910,522	\$ 36,158
Carson	\$ 2,407,477	\$ 2,425,024	\$ 17,547
Pershing	\$ 770,728	\$ 776,543	\$ 5,816
Storey	\$ 428,010	\$ 450,735	\$ 22,726
Washoe	\$ 26,139,371	\$ 25,648,618	\$ (490,753)
White Pine	\$ 1,093,788	\$ 1,065,989	\$ (27,799)
Totals:	\$ 201,633,869	\$ 204,259,607	\$ 2,625,738

Food Services

4-year average vs 4-year weighted allocations

Districts	4 Year Average allocation	4 year weighted allocation	Difference
Churchill	\$ 126,250	\$ 90,500	\$ (35,750)
Clark	\$ 366,241	\$ 292,993	\$ (73,248)
Douglas	\$ -	\$ -	\$ -
Elko	\$ 370,979	\$ 350,863	\$ (20,116)
Esmeralda	\$ 44,586	\$ 47,193	\$ 2,607
Eureka	\$ 187,313	\$ 254,705	\$ 67,392
Humboldt	\$ 77,118	\$ 63,308	\$ (13,810)
Lander	\$ 37,500	\$ 45,000	\$ 7,500
Lincoln	\$ 70,000	\$ 70,000	\$ -
Lyon	\$ -	\$ -	\$ -
Mineral	\$ 73,000	\$ 79,000	\$ 6,000
Nye	\$ -	\$ -	\$ -
Carson	\$ 298,070	\$ 340,933	\$ 42,863
Pershing	\$ 60,225	\$ 53,360	\$ (6,865)
Storey	\$ 14,796	\$ 17,869	\$ 3,073
Washoe	\$ -	\$ -	\$ -
White Pine	\$ 82,751	\$ 82,723	\$ (29)
Totals:	\$ 1,808,829	\$ 1,788,446	\$ (20,383)

Auxiliary Services

Inflation rates

- PCFP approved inflation rate = 1.74%
- Education inflation rate = 2.04%
- Industry Specific inflation rate
 - Transportation = 1.15%
 - Food = (-)4.07%
- Western Region rate = 2.53%
- Nevada rate = 1.88%

Auxiliary Services

Inflation rate impacts transportation

Transportation	Original Allocations	PCFP Rate	Education Rate	Industry Rates	Western Region Rate	Nevada Rate
	Leg. Approved	Applying	Applying	Applying	Applying	Applying
Districts	No inflation rate	1.74%	2.04%	1.15%	2.53%	1.88%
Churchill	\$ 1,847,315	\$ 1,879,478	\$ 1,885,005	\$ 1,868,632	\$ 1,893,959	\$ 1,882,095
Clark	\$ 147,318,767	\$ 149,883,699	\$ 150,324,494	\$ 149,018,766	\$ 151,038,566	\$ 150,092,407
Douglas	\$ 3,764,827	\$ 3,830,375	\$ 3,841,640	\$ 3,808,271	\$ 3,859,888	\$ 3,835,709
Elko	\$ 5,083,460	\$ 5,171,966	\$ 5,187,177	\$ 5,142,121	\$ 5,211,817	\$ 5,179,168
Esmeralda	\$ 358,944	\$ 365,193	\$ 366,267	\$ 363,086	\$ 368,007	\$ 365,702
Eureka	\$ 463,918	\$ 471,995	\$ 473,383	\$ 469,271	\$ 475,632	\$ 472,652
Humboldt	\$ 1,955,651	\$ 1,989,701	\$ 1,995,552	\$ 1,978,219	\$ 2,005,032	\$ 1,992,471
Lander	\$ 433,553	\$ 441,101	\$ 442,398	\$ 438,556	\$ 444,500	\$ 441,715
Lincoln	\$ 605,191	\$ 615,728	\$ 617,539	\$ 612,175	\$ 620,472	\$ 616,585
Lyon	\$ 4,732,602	\$ 4,815,000	\$ 4,829,161	\$ 4,787,215	\$ 4,852,100	\$ 4,821,705
Mineral	\$ 355,906	\$ 362,102	\$ 363,167	\$ 360,013	\$ 364,892	\$ 362,607
Nye	\$ 3,874,364	\$ 3,941,819	\$ 3,953,412	\$ 3,919,072	\$ 3,972,191	\$ 3,947,308
Carson	\$ 2,407,477	\$ 2,449,393	\$ 2,456,597	\$ 2,435,259	\$ 2,468,266	\$ 2,452,804
Pershing	\$ 770,728	\$ 784,146	\$ 786,453	\$ 779,621	\$ 790,188	\$ 785,238
Storey	\$ 428,010	\$ 435,461	\$ 436,742	\$ 432,949	\$ 438,817	\$ 436,068
Washoe	\$ 26,139,371	\$ 26,594,478	\$ 26,672,690	\$ 26,441,009	\$ 26,799,390	\$ 26,631,509
White Pine	\$ 1,093,788	\$ 1,112,831	\$ 1,116,104	\$ 1,106,410	\$ 1,121,406	\$ 1,114,381
Totals	\$ 201,633,869	\$ 205,144,469	\$ 205,747,781	\$ 203,960,643	\$ 206,725,124	\$ 205,430,126

Auxiliary Services

Inflation rate impacts food services

Food Services	Original Allocations	PCFP Rate	Education Rate	Industry Rates	Western Region Rate	Nevada Rate
	Leg. Approved	Applying	Applying	Applying	Applying	Applying
Districts	No inflation rate	1.74%	2.04%	-4.07%	2.53%	1.88%
Churchill	\$ 126,250	\$ 128,448	\$ 128,826	\$ 121,112	\$ 129,438	\$ 128,627
Clark	\$ 366,241	\$ 372,617	\$ 373,713	\$ 351,335	\$ 375,488	\$ 373,136
Douglas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Elko	\$ 370,979	\$ 377,438	\$ 378,548	\$ 355,880	\$ 380,346	\$ 377,963
Esmeralda	\$ 44,586	\$ 45,363	\$ 45,496	\$ 42,772	\$ 45,712	\$ 45,426
Eureka	\$ 187,313	\$ 190,574	\$ 191,134	\$ 179,689	\$ 192,042	\$ 190,839
Humboldt	\$ 77,118	\$ 78,461	\$ 78,691	\$ 73,979	\$ 79,065	\$ 78,570
Lander	\$ 37,500	\$ 38,153	\$ 38,265	\$ 35,974	\$ 38,447	\$ 38,206
Lincoln	\$ 70,000	\$ 71,219	\$ 71,428	\$ 67,151	\$ 71,768	\$ 71,318
Lyon	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mineral	\$ 73,000	\$ 74,271	\$ 74,489	\$ 70,029	\$ 74,843	\$ 74,374
Nye	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Carson	\$ 298,070	\$ 303,260	\$ 304,152	\$ 285,939	\$ 305,597	\$ 303,682
Pershing	\$ 60,225	\$ 61,273	\$ 61,454	\$ 57,774	\$ 61,745	\$ 61,359
Storey	\$ 14,796	\$ 15,054	\$ 15,098	\$ 14,194	\$ 15,170	\$ 15,075
Washoe	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
White Pine	\$ 82,751	\$ 84,192	\$ 84,440	\$ 79,383	\$ 84,841	\$ 84,309
Totals	\$ 1,808,829	\$ 1,840,322	\$ 1,845,734	\$ 1,735,212	\$ 1,854,502	\$ 1,842,884

Auxiliary Services

Allocation methodology

NDE recommendation for auxiliary services

- Use four years of a school districts actual reported data
- NRS 387 Reports
- Apply a hold harmless type of adjustment for the outlier year
- Apply a weight to each of the four years actual costs
- Apply a consistent inflation factor to all funding tiers of the Pupil Centered Funding Plan

Thank you