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Nevada Cost of Education Index (NCEI)

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Presentation Overview

- Additional considerations after reviewing the application of the NCEI
 - Year-to-year differences based upon application approach
 - Change in factors and relative position
 - Scale of funding generated
 - Impacts by district
- Assessing the merits of including the NCEI in the PCFP:
 - Benefits
 - Drawbacks



ADDITIONAL CONSIDERATIONS REGARDING THE APPLICATION OF THE NCEI

Change in Range of Factors by Year

Raw NCEI (No Floor)		
	FY22/23	FY24/25
Clark	1.031	1.003
Churchill, Elko, Esmerelda, Eureka, Humboldt, Lander, Lincoln, Mineral, Nye, Pershing, White Pine	1.030	0.992
Washoe	0.986	0.999
Carson City, Douglas, Lyon, Storey	0.982	0.964

- Between FY22/23 and FY24/25 calculations, the range in factors went from 0.982-1.031 (5%), to 0.964-1.003 (4%)
 - If a floor of 1.0 as recommended by APA were used, the difference would go from 3 percent to 0.3 percent
 - Most districts above 1.0 using FY22/23 calculation, and only one district using FY24/25 calculation
- Change driven by:
 - Compression of salaries between 2019 and 2021 federal data, especially between Clark and Washoe
 - Smaller differential in goods index

Changes in Relative Position (Rebasing Approach)

Rebased		
	FY22/23	FY24/25
Clark	1.050	1.040
Churchill, Elko, Esmerelda, Eureka, Humboldt, Lander, Lincoln, Mineral, Nye, Pershing, White Pine	1.049	1.029
Washoe	1.004	1.039
Carson City, Douglas, Lyon, Storey	1.000	1.000

- A rebasing approach sets the lowest point as the base
 - Helpful to illustrate year-to-year change in terms of relative position
 - An alternative approach to not have any negative factors
- Comparison between FY22/23 and FY24/25 NCEI calculations:
 - Carson City, Douglas, Lyon and Storey remained the lowest point
 - Clark was still the highest relatively in both years, at a similar scale (5% or 4% higher)
 - Remaining districts grouping and Washoe switched relative positions

Funding Generated by Approach and by Year

	Total	Average per pupil	Min per pupil	Max per pupil
Using FY22/23 NCEI Calculations				
-Floor of 1.0	\$ 77,204,856	\$ 158	\$ -	\$ 514
-No floor	\$ 68,647,766	\$ 141	\$ (201)	\$ 514
-Rebased	\$ 139,218,032	\$ 285	\$ -	\$ 912
Using FY24/25 NCEI Calculations				
-Floor of 1.0	\$ 6,872,198	\$ 14	\$ -	\$ 19
-No floor	\$ 1,824,703	\$ 4	\$ (243)	\$ 19
-Rebased	\$ 118,471,567	\$ 243	\$ -	\$ 498

- In FY22, the \$77M was 1.9 percent of total PCFP funding
 - Without a floor, the NCEI would generate \$9M less, with the \$9M coming from districts that were below 1.0
 - Using a rebased approach would require distributing around twice the amount of funding through the NCEI
- Applied to the same FY22 statewide base amount, the FY24/25 calculations generate less dollars
 - Significantly less if factors are set with 1.0 representing the average (\$77M vs. \$6.9M with a floor)
- As the NCEI is applied as a multiplier against a district's size adjusted base, the amount generated per pupil is higher in the smallest settings

Funding Impact by District: Year to Year Fluctuations

	Minimum (Loss)	Maximum (Gain)
By District Difference, 1.0 Floor	(\$514)	\$0
By District Difference, No Floor	(\$652)	\$112
By District Difference, Rebased	(\$414)	\$279

- Applied to the same FY22 statewide base amount, there are meaningful differences between NCEI funding generated per pupil in districts between the FY22/23 and FY24/25 NCEI calculations
 - Differ by approach
- Largest impacts of year-to-year fluctuations (on a per pupil level) will be seen in smaller districts

Funding Impact by District: Impact of excluding the NCEI (FY22)

- More or less funding distributed through the NCEI will impact resources available elsewhere in the PCFP
 - If funding was redistributed through the base, and then adjusted for size, it would partially offset loss of NCEI funding
 - Using FY22 as an example, compared to the FY/23 NCEI calculation with a floor to not having an NCEI in the formula, the range of difference is:
 - \$227 per pupil more by not having the NCEI (maximum)
 - \$165 per pupil less by not having the NCEI (minimum)



ASSESSING THE MERITS OF INCLUDING THE NCEI IN THE PCFP

Benefits

- Data suggests that while not a wide range in differences, there are regional cost differences between districts
- The NCEI takes into consideration both the wage and non-wage cost pressures districts face
- Using the comparative wage index (CWI) to account for wage differences is:
 - In line with best practices from school finance research
 - Consistent with approach used in most other states that have a regional cost adjustment (RCA)

Drawbacks

- Lack of agreement on the philosophy of what the NCEI is trying to solve for
 - The NCEI cost of labor/education adjustment and not a cost-of-living adjustment
- Relies on federal data so there is limited specificity of adjustments (limited number of places data is available so cannot produce a district or county specific adjustment)
 - State-produced labor data from the Dept. of Employment Training and Rehabilitation (DETR) is not at the individual level so cannot be used for a comparative wage index
- RCAs are still not used by many states- currently only in 13 states
 - The range of adjustments is very small compared to other states
- Requires time and incurs costs to update
- Impacts of year-to-year fluctuations on districts would need to be accounted for



Questions?