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SMALL SIZE, ISOLATED, OR SPARSITY FUNDING IN OTHER STATES

This memorandum discusses various small size, isolated, or sparsity funding mechanisms used in other states' school finance formulas. Overall, about two-thirds of states utilize some form of small size, isolated, or sparsity funding, and most of those states also include such funding in their primary funding model. Please note, this memorandum does not discuss all of the states with a small size, isolated, or sparsity funding mechanism.

Kansas (KSA 2024 Supp. 72-5149)

In Kansas, the low enrollment weighting is available to school districts with full-time equivalent (FTE) enrollments that are less than 1,622. The weighting is calculated on a bilinear transition: for districts with 100 or fewer students the weighting is 101.4 percent of the enrollment of the district, and that amount transitions to approximately 3.5 percent of the enrollment of the district as the enrollment approaches 1,622 students.

More specifically, the weighting is calculated as follows:

- For school districts with fewer than 100 students:
  - FTE enrollment x 1.014331 = low enrollment weighting;
- For school districts of at least 100 students but fewer than 300 students:
  - Step 1: (FTE enrollment – 100) x 9.655 = A;
  - Step 2: 7,337 – A = B;
  - Step 3: B / 3,642.4 = C;
  - Step 4: C – 1 = D; and
  - Step 5: D x FTE enrollment = low enrollment weighting;
- For school districts of at least 300 students but fewer than 1,622 students:
  - Step 1: (FTE enrollment – 300) x 1.2375 = A;
  - Step 2: 5,406 – A = B;
  - Step 3: B / 3,642.4 = C;
  - Step 4: C – 1 = D; and
  - Step 5: D x FTE enrollment = low enrollment weighting.

Arkansas (Arkansas Code § 6-20-601)

Isolated school districts are school districts that meet any four of the following five criteria:

- There is a distance of twelve miles or more by hard-surfaced highway from the high school of the district to the nearest adjacent high school in an adjoining district;
- The density ratio of transported students is less than three students per square mile of area;
- The total area of the district is 95 square miles or greater;
- Less than 50 percent of bus route miles is on hard-surfaced roads; and
- There are geographic barriers, such as lakes, rivers, and mountain ranges, that would impede travel to schools that otherwise would be appropriate for consolidation, cooperative programs, or shared services.

Isolated funding is available to isolated school districts if:

- The school district's budget is prepared by the school district with the Division of Elementary and Secondary Education approval;
- The school district has a prior-year three-quarter average daily membership (ADM) of fewer than 350; and
- The school district and each school within the school district meets the minimum standards for accreditation of public schools in accordance with current law and rules.

Two categories of isolated funding are available: Category I and Category II. Category I isolated funding is calculated as:

Category I Isolated Funding = ((350 – the prior-year three-quarter ADM) / 850) x (the prior-year three-quarter ADM x Foundation Funding Amount).

Category II isolated funding is additional funding provided to isolated school districts that have a prior-year three-quarter ADM ratio of less than 1.2 students per square mile and is calculated at 50 percent of Category I funding:

Category II Isolated Funding = Category I Isolated Funding x 0.5.

An isolated school district whose per-student revenue exceeds the per-student foundation funding amount receives isolated funding according to the following calculation:

[(Category I + Category II) – Foundation Funding Amount – District's per-student revenue] x the prior-year three-quarter ADM.

[*Note:* Isolated funding is required to be allocated and funded to school districts in a line item appropriation within the Public School Fund.]

Colorado (Colorado Revised Statute § 22-54-104)

The district size factor adjusts the base amount based on school district enrollment and provides additional money to all school districts. Small school districts that are unable to take advantage of economies for scale are particularly impacted by the size factor; districts with enrollments below 5,000 students receive the largest size factors and more funding per pupil. To account for the incentives and disincentives of reorganization that are inherent under this adjustment, the act provides:

- When a reorganization results in a lower size factor, such lower size factor is phased in over six years; and

- When a reorganization results in a higher size factor, the district(s) involved in the reorganization receive the lower size factor of the original district.

The district size factor is calculated based on a district's funded pupil count. The formulas are listed in the table below.

District's Funded Pupil Count	Formula
Less than 276	1.5457 + (0.00376159 x (276 – Funded Pupil Count))
276 or more but less than 459	1.2385 + (0.00167869 x (459 – Funded Pupil Count))
459 or more but less than 1,027	1.1215 + (0.00020599 x (1,027 – Funded Pupil Count))
1,027 or more but less than 2,293	1.0533 + (0.00005387 x (2,293 – Funded Pupil Count))
2,293 or more but less than 3,500	1.0368 + (0.00001367 x (3,500 – Funded Pupil Count))
3,500 or more but less than 5,000	1.0297 + (0.00000473 x (5,000 – Funded Pupil Count))
5,000 or more	1.0297

Florida (Florida Statutes § 1011.62)

Small District Factor

Florida's small district factor is provided to each school district in a fiscally constrained county with a FTE student membership of fewer than 20,000 students. Fiscally constrained counties are defined as counties that are entirely within rural areas of opportunity or counties for which the value of a mill would raise no more than $5 million in revenue.

The small district factor is determined in the General Appropriations Act. In FY 2024-2025, the small district factor was set a 1.0277.

Small District Factor = 1.0277 x FTE

Small, Isolated School Supplement

Small, isolated schools in Florida include the following:

- High schools that:
  - Serve students primarily in basic studies;
  - Are located at least 28 miles by the shortest route from another high school; and
  - Have a membership of at least 28 students but not more than 100 students in grades 9 through 12;
- Elementary schools that:
  - Serve students primarily in basic studies;
  - Serve a primary configuration of Kindergarten through grade 5 (but may also include pre-Kindergarten or grades 6 through 8);
  - Are located at least 35 miles by shortest route from another elementary school within the district;
  - Have a student population in which at least 75 percent of the students are eligible for free or reduced-price school lunch; and
  - Have a membership of at least 28 students but not more than 100 students.

School districts with qualifying schools must levy the maximum discretionary operating millage in order to receive the supplement which is determined by multiplying the number of unweighted FTE students by 2.75.

Small, Isolated School Supplement = Unweighted FTE x 2.75

Idaho (Idaho Code § 33-1003)

In Idaho, school districts may operate and maintain a school that is remote and isolated from other schools within the state because of geographical or topographical conditions. The board of trustees for such school district may petition the Idaho State Board of Education to recognize and approve the school as a remote and necessary school. School districts that are approved as being necessary and remote must be allowed adequate funding within the support program for an acceptable educational program for the students of the school. The Idaho State Board of Education makes the final determination of an acceptable program and adequate funding.

Louisiana (Louisiana Administrative Code, title 28, Part I, § 1107)

The economy of scale weight in Louisiana is provided for a city or parish school system to recognize a base amount of funding for fixed overhead costs that should be provided when student populations equal 7,500 or less. The economy of scale weight is calculated as a curvilinear weight of 20 percent at a student membership count of zero down to 0 percent at a student membership count equal to or greater than 7,500.

To calculate the weight, the February 1 student membership count for each city and parish school system is subtracted from 7,500 and divided by 37,500. The result of this calculation is then multiplied by each system's February 1 student membership count to determine the weighted students.

Economy of Scale Weight = [(7,500 - February 1 Student Count) / 37,500] x February 1 Student Count

Michigan (Michigan Compiled Laws § 388.1622d)

In FY 2024-2025, Michigan appropriated $12,306,900 for supplemental payments to rural districts. This total amount was broken out and allocated to different types of rural districts accordingly:

- $3,734,400 to districts that meet all of the following criteria:
  - Operates Kindergarten through grade 12;
  - Has fewer than 250 pupils in membership;
  - Each school building operated by the district is either isolated in the Upper Peninsula at least 30 miles from any other public school building or located on an island that is not accessible by bridge;
- $8,042,100 to districts with fewer than 10 pupils per square mile or that have greater than 250 square miles; and
- $530,400 to districts where each school building operated by the district is located on an island that is accessible by bridge.

Under the first type of supplemental payments to rural districts, the funding amount for each eligible district is determined under a spending plan developed cooperatively by the intermediate superintendents of each district and approved by the Superintendent of Public Instruction.

Under the second type of supplemental payments to rural districts, most of the funding is allocated to districts with fewer than 8.0 pupils per square mile. If the amount of funding is insufficient, then the Department of Education must prorate payments to districts on an equal per-pupil basis.

Minnesota (Minnesota Statutes § 126C.10)

Secondary Sparsity Revenue

Minnesota school districts with one or more sparsely populated high school attendance areas may be eligible for additional revenue to meet the higher cost of operating a secondary program with a small number of students. There are two requirements a high school must meet to receive the additional revenue:

- Have an isolation index grater than 23; and
- Have fewer than 400 pupils in ADM.

A school district's secondary sparsity revenue is the sum of the results of the following calculation:

- Step 1: The formula allowance for the school year – \$530 = A;
- Step 2: A x Secondary ADM = B;
- Step 3: B x [(400 – Secondary ADM) / (400 + Secondary ADM)] = C; and
- Step 4: C x Lesser of:
  - 1.5; or
  - (Isolation Index – 23) / 10 = Secondary Sparsity Revenue.

If a school district has more than one high school, such school district's sparsity revenue is the sum of the calculation for each high school.

Elementary Sparsity Revenue

Minnesota school districts with a sparsely populated elementary school attendance area may be eligible for additional revenue to operate the elementary school. Eligible elementary schools must have an average of 20 pupils or fewer per grade level and must be located 19 or more miles from the nearest elementary school. A school district's elementary sparsity revenue equals the sum of the following calculation:

- Step 1: The formula allowance for the school year – \$530 = A;
- Step 2: A x Elementary ADM = B; and
- Step 3: B x [(140 – Elementary ADM) / (140 + Elementary ADM)] = Elementary Sparsity Revenue.

Transportation Sparsity Revenue

The transportation sparsity revenue provides districts with additional funding based on the number of pupils per square mile in a school district. A school district's transportation sparsity allowance equals the greater of zero or the result of the following calculation:

- Step 1: Formula Allowance x 141 = A;
- Step 2: A x Sparsity Index$^{0.26}$ = B;
- Step 3: B x Density Index$^{0.13}$ = C;
- Step 4: Formula Allowance x 0.0466 = D;
- Step 5: C – D = E; and
- Step 6: E x Adjusted Pupil Units = Transportation Sparsity Revenue.

Missouri (Missouri Annotated Statutes § 163.044)

In Missouri, the General Assembly appropriates \$30 million for the small school program which includes school districts with an average daily attendance (ADA) of 350 students or less in the previous school year. Of the \$30 million, \$20 million is distributed to eligible districts in proportion to their average daily attendance. The remaining \$10 million is distributed to eligible school districts that have:

- An operating levy for school purposes in the current year equal to or greater than the performance levy; or

- An operating levy for school purposes in the current year less than the performance levy solely due to a modification in such district's levy required under stat law.

To determine the amount to be paid to each eligible district, the following calculation is used:

- Step 1: Determine the tax-rate-weighed ADA by dividing the district's current year operating levy by the district's current year performance levy and then multiplied by the district's previous year ADA;
  - Tax-rate-weighted ADA = (District's Current Year Operating Levy / District's Current Year Performance Levy) x District's Previous Year ADA

- Step 2: Determine the per-pupil amount by dividing the total appropriation by the sum of the tax-rate-weighted ADA of all eligible districts; and
  - (Total Appropriation / Sum of Tax-rate-weighted ADA of Eligible Districts)

- Step 3: Determine each eligible district's amount by multiplying the per-pupil amount by each district's tax-rate-weighted ADA.
  - Per-pupil Amount x Each Eligible District's Tax-rated-weighted ADA = Amount to be paid to each district

Nebraska (Nebraska Revised Statutes § 79-1007.16)

School Districts with 900 or more Formula Students

Basic funding for school districts with 900 or more formula students equals the number of formula students multiplied by the average of the adjusted general fund operating expenditures per formula student for each district in the comparison group, excluding the districts with the highest and lowest adjusted general fund operating expenditures per formula student.

School Districts with fewer than 900 Formula Students

Basic funding for school districts with fewer than 900 students equals the product of the average of the adjusted general fund operating expenditures for each district in the comparison group, excluding the districts with the highest and lowest adjusted general fund operating expenditures per formula student.

North Dakota

Weighted Average Daily Membership (North Dakota Century Code § 15.1-27-03.1)

If a school district in North Dakota has less than 100 students enrolled in ADM and the district consists of an area greater than 275 square miles, then the weighted ADM for such district is determined by multiplying the school district's ADM by 0.10.

Weighted ADM = ADM x 0.10

[*Note:* Any school district consisting of an area greater than six hundred square miles and enrolling fewer than fifty students in ADM is deemed to have an enrollment equal to fifty students in ADM.]

School District Size Weighting Factor (North Dakota Century Code § 15.1-27-03.2)

Each school district in North Dakota is assigned a baseline school district size weighting factor based on its ADM.

- 1.36 if the ADM is fewer than 110;
- 1.35 if the ADM is at least 110 but fewer than 125;
- 1.34 if the ADM is at least 125 but fewer than 130;
- 1.33 if the ADM is at least 130 but fewer than 135;
- 1.32 if the ADM is at least 135 but fewer than 140;
- 1.31 if the ADM is at least 140 but fewer than 145;
- 1.30 if the ADM is at least 145 but fewer than 150;
- 1.29 if the ADM is at least 150 but fewer than 155;
- 1.28 if the ADM is at least 155 but fewer than 160;
- 1.27 if the ADM is at least 160 but fewer than 165;
- 1.26 if the ADM is at least 165 but fewer than 175;
- 1.25 if the ADM is at least 175 but fewer than 185;
- 1.24 if the ADM is at least 185 but fewer than 200;
- 1.23 if the ADM is at least 200 but fewer than 215;
- 1.22 if the ADM is at least 215 but fewer than 230;
- 1.21 if the ADM is at least 230 but fewer than 245;
- 1.20 if the ADM is at least 245 but fewer than 260;
- 1.19 if the ADM is at least 260 but fewer than 270;
- 1.18 if the ADM is at least 270 but fewer than 275;
- 1.17 if the ADM is at least 275 but fewer than 280;
- 1.16 if the ADM is at least 280 but fewer than 285;
- 1.15 if the ADM is at least 285 but fewer than 290;
- 1.14 if the ADM is at least 290 but fewer than 295;
- 1.13 if the ADM is at least 295 but fewer than 300;
- 1.12 if the ADM is at least 300 but fewer than 305;
- 1.11 if the ADM is at least 305 but fewer than 310;

- 1.10 if the ADM is at least 310 but fewer than 320;
- 1.09 if the ADM is at least 320 but fewer than 335;
- 1.08 if the ADM is at least 335 but fewer than 350;
- 1.07 if the ADM is at least 350 but fewer than 360;
- 1.06 if the ADM is at least 360 but fewer than 370;
- 1.05 if the ADM is at least 370 but fewer than 380;
- 1.04 if the AMD is at least 380 but fewer than 390;
- 1.03 if the ADM is at least 390 but fewer than 400;
- 1.02 if the ADM is at least 400 but fewer than 600;
- 1.01 if the ADM is at least 600 but fewer than 900; and
- 1.00 if the ADM is at least 900.

Oklahoma (Oklahoma Statutes tit. 70, § 18-201.1)

In Oklahoma, the weighted district calculation is determined by using the calculations for both the small school district formula and the district sparsity—isolation formula, and applying whichever is greater of the calculations.

Small School District Formula

The small school district formula calculation applies only to school districts whose highest ADM is less than 750 pupils. It is calculated as follows:

Small School District Formula = [(750 – ADM) / 750] x 0.2 x ADM.

District Sparsity—Isolation Formula

The district sparsity—isolation formula applies only to school districts who meet the following criteria:

- School districts whose total area in square miles is greater than the average number of square miles for all school districts in the state; and

- School districts whose areal density is less than one-fourth of the state average areal density, which is determined by dividing the school district's ADM by the school district's total area in square miles.

The district sparsity—isolation formula calculation is as follows:

District Sparsity—Isolation Formula = (Student Cost Factor x Area Cost Factor) x ADM.

Student Cost Factor

The cost factor is calculated using the school district's ADM categorized into grade level groups and applied to the appropriate formulas below:

- Grades K-5
  - Step 1: 74 / (Grade Level ADM + 23) = A
  - Step 2: A + 0.85 = B
  - Step 3: B x Grade Level ADM = C
- Grades 6-8
  - Step 1: 122 / (Grade Level ADM + 133) = D
  - Step 2: A + 0.85 = E
  - Step 3: B x Grade Level ADM = F
- Grades 9-12
  - Step 1: 292 / (Grade Level ADM + 128) = G
  - Step 2: G + 0.78 = H
  - Step 3: H x Grade Level ADM = I

After calculating the grade level group amounts pursuant to the above formulas, the student cost factor is determined accordingly:

Student Cost Factor = [(C + F + I) / District ADM] – 1.00.

Area Cost Factor

The school district area cost factor is calculated by subtracting the state average district area from the district area and then dividing the remainder by the state average district area. For FY 2023-2024, the state average district area was equal to 137.32545 square miles.

Area Cost Factor = (District Area – 137.32545) / 137.32545

The district area cost factor must not exceed 1.0.

South Dakota (South Dakota Codified Laws § 13-13-78 and § 13-13-79)

South Dakota provides additional money to school districts that meet the definition of "sparse." These school districts are eligible for additional state dollars up to $137,000 per district.

The criteria for meeting the definition of "sparse" include the following:

- Has a fall enrollment per square mile of 0.50 or less;

- Has a fall enrollment of 500 or less;
- Has an area of 400 square miles or more;
- Has at least 15 miles between its secondary attendance center(s) and that of an adjoining district;
- Operates a secondary attendance center; and
- Levies ad valorem taxes at the maximum rates allowed under state law or more.

Funding for sparse school districts is determined by multiplying the sparsity fall enrollment or the sparsity adjusted fall enrollment by 75 percent of the per student equivalent.

Sparse School District Funding = Sparsity Fall Enrollment or Sparsity Adjusted Fall Enrollment x (0.75 x Per Student Equivalent)

Sparsity Fall Enrollment

Sparsity fall enrollment for sparse school districts with a fall enrollment of less than 83 or greater than 232 is calculated accordingly:

- Step 1: Fall Enrollment / School District Area (square miles) = A;
- Step 2: A x (-0.125) = B;
- Step 3: B + 0.0625 = C;
- Step 4: C x Fall Enrollment = Sparsity Fall Enrollment.

Sparsity Adjusted Fall Enrollment

Sparsity adjusted fall enrollment for sparse school districts with a fall enrollment of at least 83 but not more than 232 is calculated by subtracting the fall enrollment from 232.

Sparsity Adjusted Fall Enrollment = 232 – Fall Enrollment

Utah (Utah Code § 53F-2-304; 2025 HB 396)

Effective July 1, 2025, Utah will calculate additional weighted pupil units using a two-factor distribution which is the sum of a scale of operations weighting and a rural-school weighting.

Weighted Pupil Units = Scale of Operations Weighting + Rural-School Weighting

Scale of Operations Weighting

The scale of operations weighting will provide up to 1.5 weighted pupil units based on the cost function analysis conducted by the State Board of Education and for each student enrolled in either:

- A school district in a county of the fourth, fifth, or sixth class; or

- A school district in a county of the third class with fewer than 2,000 students.

Scale of operations is defined as a cost function analysis conducted by the State Board of Education to determine the relative higher cost of providing educational services for students enrolled in smaller school districts when compared to larger school districts.

Rural-School Weighting

For each necessarily existent small school, the rural-school weighting will provide the following weighted pupil units for each grade band from Kindergarten to grade 6 offered:

- With 5 or fewer students, a base of 9.0 weighted pupil units;
- For each student above 5 students but less than 12 students, 1.0 additional weighted pupil unit for each additional student above 5; and
- For each student above 12 students, 1.0 less weighted pupil unit for each additional student.

For each necessarily existent small school, the rural-school weighting will provide the following weighted pupil units for each grade band from grade 7 to grade 12 offered:

- With 5 or fewer students, a base of 9.0 weighted pupil units;
- For each student above 5 students but less than 61 students, 1.0 additional weighted pupil unit for each additional student above 5; and
- For each student above 61 students, 1.0 less weighted pupil unit for each additional student; and
- For each necessarily existent small school with 15 or fewer students, the State Board of Education may provide a base level of 9.0 weighted pupil units for each grade band offered.

If any grade band generates negative pupil units, the weighted pupil units for that grade band is zero.

Necessarily Existent Small Schools

Necessarily existent small schools are defined as schools that:

- Are located in an area with a National Center for Education Statistics (NCES) locale code of 33 or higher;
- Are located more than 10 miles from an area with a NCES locale code of 21 or less;

- Are not an online school, specialty school, technical school, alternative school, or charter school; and

- Have an ADM less than or equal to:
    - 27 in any individual grade band Kindergarten through 6; or
    - 125 in any individual grade band 7 through 12.

Vermont (Vermont Statutes, tit. 16, § 4010)

Low Population Density Weight

An additional weighting is provided for each pupil included in long-term membership residing in a low population density school district as follows:

- 0.15 where the number of persons per square mile is fewer than 36 persons;

- 0.12 where the number of persons per square mile is 36 or more but fewer than 55 persons; or

- 0.07 where the number of persons per square mile is 55 or more but fewer than 100.

Low population school districts are measured by the number of persons per square mile residing within the land area of the geographic boundaries of the district as of July 1 each year.

Small School Weight

An additional weighting for pupils who attend a small school in Vermont is also provided if the number of persons per square mile residing within the land area of the geographic boundaries of a school as of July 1 each year is 55 or fewer and the school district is also receiving a sparsity weight. There are two tiers for the small school weight:

- School districts that have fewer than 100 pupils in average two-year enrollment will receive an additional weighting amount of 0.21 for each pupil included in the small school's average two-year enrollment; and

- School districts that have 100 or more but fewer than 250 pupils will receive an additional weighting amount of 0.07 for each pupil included in the small school's average two-year enrollment.

Wisconsin (Wisconsin Statutes § 115.436)

There are two tiers of sparsity aid available to school districts in Wisconsin. Sparsity aid equal to $400 multiplied by the previous year membership is available to school districts that satisfy the following criteria:

- The school district's membership in the previous year was not more than 745; and

- The school district's membership in the previous year divided by the school district's area in square miles is less than 10.

Sparsity aid equal to $100 multiplied by the previous year membership is available to school districts that satisfy the following criteria:

- The school district's membership in the previous year was between 745 and 1,000; and

- The school district's membership in the previous year divided by the school district's area in square miles is less than 10.