

Budget Brief – MSP Basic School Program

PED BB-04.1

SUMMARY

Statute defines the Basic School Program as programs for kindergarten, elementary, and secondary school students that are operated and maintained for the amount derived by multiplying the number of Weighted Pupil Units (WPUs) for each district or charter school by the value of the Weighted Pupil Unit (UCA 53A-17a-103). Programs contained within the Basic School Program are often referred to as “above the line” or “WPU driven” programs. School districts must impose the Basic Levy on all taxable property in the school district and contribute the proceeds toward the cost of the Basic School Program in order to qualify for State revenue distributed through the program.

Weighted Pupil Unit

The Minimum School Program (MSP) acts as a series of large block grants provided by the State to support local level educational services. The WPU was developed as a mechanism to equally distribute State revenue among school districts and charter schools. The WPU is not a plan of expenditure, or budget, for the school district or charter school to follow but a mechanism to derive total program cost and distribute revenues. Through this mechanism, the State provides ‘reasonably equal educational opportunities’ (UCA 53A-17a-102) for all public school children in Utah.

Since 1995, the number of WPUs has increased from 635,379 to 696,784 in the FY 2008 base budget. This growth represents a total increase of 61,405 WPUs, or 9.6 percent.

Value of the WPU

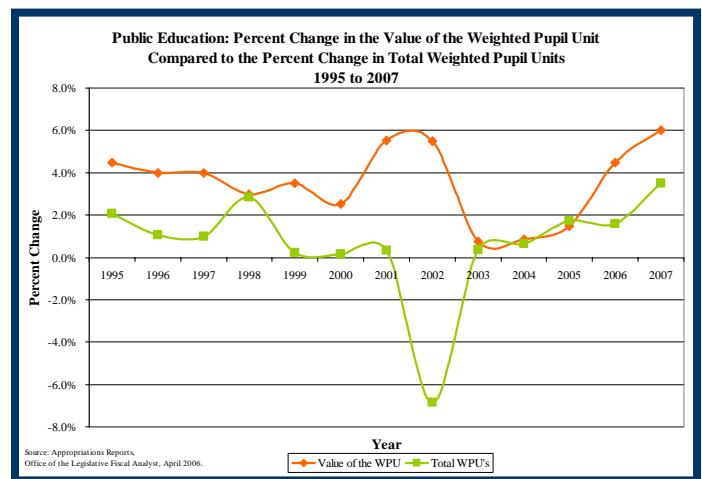
Each year the Legislature establishes a value for each WPU in statute. Total funding for Basic School Programs is determined by the number of WPUs in the program multiplied by the value of the WPU. When the Legislature provides an increase to the value of the WPU it is increasing the overall value of the Basic School Program as allocated equally among school districts and charter schools based on their respective WPU counts.

During the 2006 General Session, the Legislature established the value of one WPU at \$2,417 for FY 2007. The value of the WPU remains at \$2,417 in the FY 2008 base budget until the Legislature determines a new value during the 2007 General Session. Since 1995, the value of the WPU has increased \$809, or 50.3 percent.

During the 2001 & 2002 General Sessions, the Legislature consolidated several WPU driven programs into three block grants resulting in the sharp decline in the number of WPUs compared to the value of the WPU in FY 2002. The consolidation of programs into block grants removed the WPUs previously assigned to the programs.

Fiscal Year	Value of the WPU	% Change	Total WPU's	Change in WPU's	% Change
1995	1,608	4.5%	635,379	13,007	2.1%
1996	1,672	4.0%	642,121	6,742	1.1%
1997	1,739	4.0%	648,532	6,411	1.0%
1998	1,791	3.0%	666,891	18,359	2.8%
1999	1,854	3.5%	668,465	1,574	0.2%
2000	1,901	2.5%	669,408	943	0.1%
2001	2,006	5.5%	671,513	2,105	0.3%
2002	2,116	5.5%	625,549	(45,964)	-6.8%
2003	2,132	0.8%	627,795	2,246	0.4%
2004	2,150	0.8%	631,771	3,976	0.6%
2005	2,182	1.5%	642,701	10,930	1.7%
2006	2,280	4.5%	652,990	10,289	1.6%
2007	2,417	6.0%	675,758	22,768	3.5%

Source: Appropriations Reports, Office of the Legislative Fiscal Analyst, 1990-2007. (11/06BL).



ISSUES AND RECOMMENDATIONS

Funding received through the Basic School Program, combined with local property tax revenue and Federal Funds, assists school districts and charter schools in meeting the required costs associated with educating Utah school children. The following Issue Briefs provide the subcommittee with additional information on FY 2007 Supplemental or FY 2008 budgetary issues related to the Basic School Program.

The Executive Appropriations Committee (EAC) has made base budget allocations to the various appropriations subcommittees. The Minimum School Program budget detail table located behind Tab 4 represents the base budget allocation made by the EAC and includes the level of revenue appropriated for FY 2007 (less one-time appropriations) as well as funding for enrollment growth. Please refer to the Issue Brief titled "Enrollment Growth" for further detail.

Except for enrollment growth, the base budget allocation does not include revenue for the recommendations made in this brief, or other budget priorities the subcommittee may wish to consider. The co-chairs of the EAC have recommended that the appropriations subcommittees complete the following tasks.

- Review agency base budgets;
- Reallocate revenue where possible within the base budget to meet new subcommittee budget priorities;
- Develop a priority list, to be submitted to the EAC, of new budget priorities not completed through budgetary reallocations.

Issue Briefs

Please refer to the Issue Briefs listed below for additional information on the following topics:

- **MSP 1** – 'Enrollment Growth' details funding increases included in the Minimum School Program base budget to accommodate the estimated growth in students entering Utah's public schools in fall 2007.
- **MSP 2** – 'Increasing the Value of the WPU' estimates the cost to increase the value of the WPU by 1 percent. The brief also details the MSP programs impacted with changes in the value of the WPU.
- **EAC-07-02** – 'Property Taxes and the State' outlines the Basic Levy in the Minimum School Program and identifies potential impacts of increasing or decreasing the Basic Rate.
- **MSP 3** – 'Class Size Reduction' provides additional information on the history of class size reduction funding in the MSP and provides cost estimates to reduce pupil to teacher ratios.
- **MSP 4** – 'Educator Compensation' provides detail on teacher compensation in Utah, specifically, average compensation and average beginning salaries. The brief also provides some comparisons to other states.
- **MSP 5** – 'Foreign Exchange Students' details the statutory change that reinstated state funding for foreign exchange students attending Utah public schools and highlights emerging issues.

Other Issues and Recommendations

- **Comprehensive Guidance Counselors** – The State Board of Education requests a budget increase to reduce the counselor to student ratio in Utah. In FY 2006, Utah's average counselor to student ratio in secondary schools was 1:388 with a range of 1:241 in Uintah School District to 1:2,284 in Emery School District. According to USOE documents, 4 school districts (Daggett, Duchesne, North Sanpete, and Wayne) reported not having secondary counselors.

The State Board of Education requests \$8.6 in ongoing Uniform School Funds to bring the secondary counselor to student ratio to 1:350. Secondary school counselors administer statewide assessments under No Child Left Behind (NCLB) and the Utah Performance Assessment System for Students (U-PASS), ensuring each student meets graduation requirements. Many school counselors facilitate the Utah Basic

Skills Competency Test (UBSCT), ensure students meet increased graduation requirements, schedule student classes, provide personalized career development opportunities, and counsel students.

Recommendation: The Analyst recommends that the Legislature consider prioritizing funding for reducing the counselor to student ratio in Utah's secondary schools among other FY 2008 budget issues.

The Analyst further recommends that the Legislature request that the State Board of Education develop accountability measures to ensure a reduction in counselor to student ratios. This language could specify that increased revenues, if provided by the Legislature, supplement and not supplant current counselor expenditures made by school districts and charter schools. Some school districts and charter schools may have ceilings placed on the secondary counselor to student ratios (example: 1:650). Receipt of state funds could be contingent on lowering any pre-established caps placed on counselor to student ratios.

- **Basic Levy Growth** – New property growth generates additional local revenue to support the Basic School Program. This revenue provides an offset to the state cost towards the Minimum School Program. In FY 2008, revenue projections indicate that the Basic Rate will generate an additional \$12,771,700, nearly double the FY 2007 estimated growth of \$6.6 million. The total Basic Levy revenue is estimated at \$245,254,790 for FY 2008.

H.B. 3 'Minimum School Program Base Budget Amendments' (Last, B.) includes the new local revenue generated by the Basic Levy and sets the estimated Basic Tax Rate at 0.001474. This rate is 0.000041 less than the FY 2007 rate of 0.001515. The rate continues to decline as property values increase in order to not exceed the revenue threshold established by statute.

- **Special Education – Add-on WPUs** – The Analyst has included an additional 150 WPUs to the Special Education – Add-on WPUs line in the Minimum School Program. These additional WPUs compensate for unknown special education enrollment growth occurring in newly opened charter schools at the time H.B. 3 was drafted. A special education enrollment census is conducted each year during the first part of December. School Districts and charter schools report these enrollments to USOE during the first part of January. Actual new growth figures should be available by the end of January, allowing the Legislature to adjust the Special Education – Add-on WPU count accordingly.
- **Special Education State Programs** – Includes an Impact Aid program used to support school districts and charter schools in serving special education students whose extensive needs cost the district or charter school more than \$15,000 per student. School districts and charter schools apply for Impact Aid which provides a reimbursement for actual expenditures. In FY 2006, the total MSP funding for impact aid totaled \$161,000 – school districts sought reimbursement for \$2.8 million. The State Board of Education requests an additional \$1.7 million in state support for the program. The increased state support, when combined with the MSP base funding of \$161,000 and Federal IDEA funds of \$983,300 provides a total Impact Aid pool of \$2.8 million.

Recommendation: The Analyst recommends that the Legislature consider the financial impact on school districts and charter schools related to high cost special education students. The proposed funding scenario recommended by the State Board of Education does not account for a local revenue component in the reimbursement mix. Currently, Uniform School Fund revenues support approximately 80 percent of the total MSP expenditures.

Legislators may wish to further review the Impact Aid program, consider revenue sharing options between state, local and federal sources, and prioritize any state funding increase with other items before the subcommittee.

PROGRAM BUDGET

The FY 2008 base budget for the Minimum School Program – Basic School Program totals \$1,684,126,928, an increase of 3.1 percent over the FY 2007 budget. This increase provides revenue to support anticipated student enrollment growth costs for FY 2008. Projections indicate that an additional 14,500 new students may enroll in Utah public schools in fall 2007. This enrollment growth translates into the increase in the total number of WPUs, from 675,758 to 696,784.

All but two Basic School Programs changed from the FY 2007 budget. Funding for Necessarily Existent Small Schools and the Special Education – Extended Year Program remain the same as in FY 2007, indicating no increase in the number of Necessarily Existent Small Schools or the number of extended year student hours.

Only one program, Administrative Costs, decreased from FY 2007 to FY 2008. School districts receive Administrative Cost funding by meeting various enrollment thresholds, Charter Schools are considered one district for the purposes of this program. The reduction of 9 WPU represents the WPU difference between the 10,001 (and above) and 20,001 (and above) student thresholds. Essentially, a school district (or charter schools collectively) enrolled more than 20,001 students reducing the total number of WPUs required for Administrative Costs. Budget Detail – Basic School Program

BUDGET DETAIL TABLE

Programs of Expenditure	COBI PAGE	Fiscal Year 2007		FY 2008 Student Growth (H.B. 3)			
		WPU Value	\$2,417	WPU Value	\$2,417	Difference	% Change
		# of WPUs	Funding	# of WPUs	Funding		
I. Basic School Program							
A. Regular Basic School Program	15						
1. Kindergarten	15	23,680	\$57,234,560	24,590	\$59,434,030	2,199,470	3.8%
2. Grades 1-12	15-16	462,579	1,118,053,443	478,125	1,155,628,125	37,574,682	3.4%
3. Necessarily Existent Small Schools	17	7,649	18,487,633	7,649	18,487,633	0	0.0%
4. Professional Staff	18	43,909	106,128,053	44,724	108,097,908	1,969,855	1.9%
5. Administrative Costs	19-20	1,629	3,937,293	1,620	3,915,540	(21,753)	-0.6%
Subtotal Regular Program:		539,446	\$1,303,840,982	556,708	\$1,345,563,236	41,722,254	3.2%
B. Restricted Basic School Program	21						
1. Special Education - Add-on WPUs	21-22	56,413	\$136,350,221	57,045	\$137,877,765	1,527,544	1.1%
2. Special Education - Self-Contained WPUs	22-23	13,301	32,148,517	13,360	32,291,120	142,603	0.4%
3. Special Education - Pre-school	23	8,158	19,717,886	8,321	20,111,857	393,971	2.0%
4. Special Education - Extended Year Program	23-24	367	887,039	367	887,039	0	0.0%
5. Special Education - State Programs	24	1,443	3,487,731	1,627	3,932,459	444,728	12.8%
Subtotal Special Education:		79,682	\$192,591,394	80,720	\$195,100,240	2,508,846	1.3%
6. Career and Technology Education - District Add-on	24-25	24,797	59,934,349	25,516	61,672,172	1,737,823	2.9%
7. Career and Technology Education - District Set-Aside	25	1,060	2,562,020	1,091	2,636,947	74,927	2.9%
Subtotal Career and Technology Education:		25,857	\$62,496,369	26,607	\$64,309,119	1,812,750	2.9%
8. Class Size Reduction	25-26	30,773	\$74,378,341	32,749	\$79,154,333	4,775,992	6.4%
Subtotal Restricted Program:		136,312	\$329,466,104	140,076	\$338,563,692	9,097,588	2.8%
Total Basic School Program:		675,758	\$1,633,307,086	696,784	\$1,684,126,928	50,819,842	3.1%
The Line							

LEGISLATIVE ACTION

This section provides a guide of what actions might be taken if the Legislature wishes to adopt the recommendations presented in this brief.

1. Review and adopt the base budget for programs in the Minimum School Program – Basic School Program including individual program funding and WPU levels associated with new student growth.
2. Consider issues and recommendations discussed in this brief and the associated Issue Briefs. The subcommittee may wish to include these items in its prioritized budget recommendations submitted to the Executive Appropriations Committee.