

# Budget Brief – MSP Basic School Program

NUMBER: PED BB-MSP-02

## SUMMARY

The Basic School Program acts as a series of large block grants to support the local provision of educational services. It is the largest program in the Minimum School Program and supports the operation and maintenance of public schools. These basic programs often referred to as “above the line” or “WPU driven” because total costs are derived by multiplying the number of WPUs for each program by the value of the WPU. School districts and charter schools receive allocations based on their number of WPUs for each of the various programs.

### Weighted Pupil Unit

The WPU is the common factor used in distributing basic program revenues. Basic School Programs do not represent a plan of expenditure, or budget, for a school district or charter school to follow but provide a way to estimate the cost of a ‘basic’ education. School districts and charter schools generate WPUs based on their number of qualifying students or programs for each Basic School Program category. The WPU also supports the equitable distribution state revenues. Through the WPU, the State provides ‘reasonably equal educational opportunities’ (UCA 53A-17a-102) for all public school children in Utah. Further detail on Basic School Programs may be found in Chapters 3 and 4 of the Compendium of Budget Information (COBI).

Since 1994, the number of WPUs has increased from 622,372 to 714,055 estimated in FY 2009. This is an increase of 91,683 WPUs, or 14.7 percent.

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

### Value of the WPU

The value of the WPU is established each year by the Legislature. When the value of the WPU is adjusted, the total cost of the Basic School Program increases or decreases. The current value of the WPU is \$2,514. The Legislature may establish a new WPU value during the 2008 General Session.

Please refer to the Issue Brief titled “Increasing the Value of the WPU: FY 2009” for further information.

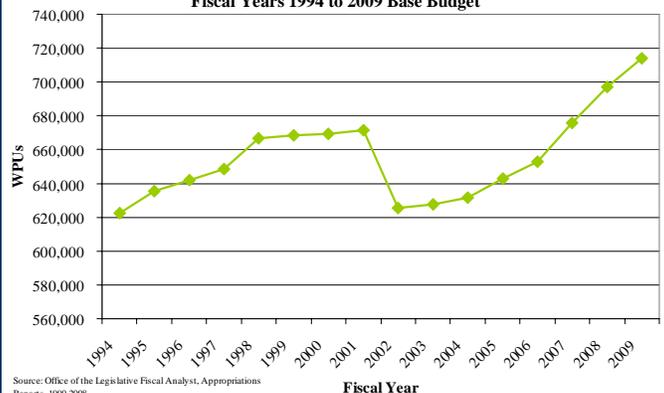
**Minimum School Program - Weighted Pupil Unit History**  
Fiscal Years 1994 to 2009 Base Budget

Year	WPU Value	% Change	Total WPU's	Increase/Decrease	% Change
1994	1,539	3.3%	622,372	16,746	2.8%
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%
2008	2,514	4.0%	697,207	21,449	3.2%
2009	2,514	0.0%	714,055	16,848	2.4%

Note: A new WPU value for FY 2009 may be adopted by the Legislature during the 2008 General Session.

Source: Appropriations Reports, Office of the Legislative Fiscal Analyst, 1990-2008. (01/08BL).

**Minimum School Program: Total Weighted Pupil Units**  
Fiscal Years 1994 to 2009 Base Budget



Source: Office of the Legislative Fiscal Analyst, Appropriations Reports, 1990-2008.

### *The Basic Property Tax Levy*

The Basic School Program provides a mechanism for the state and local school districts to share in the cost of providing basic education services. School districts must impose a minimum basic tax rate on taxable property within the district and contribute the proceeds of this Basic Levy towards their cost of the Basic School Program. This contribution of local revenue enables school districts to receive state revenue supporting the basic program.

The Legislature establishes the Basic Tax Rate required of all school districts in statute each year. Please refer to the Issue Brief titled “Basic Levy: Local Contribution to the MSP” for more detailed information.

### **ISSUES AND RECOMMENDATIONS**

Funding received through the Basic School Program assists school districts and charter schools in meeting the required costs associated with educating school children. The following issues and recommendations provide the subcommittee with additional information on FY 2008 Supplemental or FY 2009 budgetary issues related to the Basic School Program.

The Executive Appropriations Committee (EAC) has made base budget allocations to the appropriations subcommittees. The Minimum School Program budget detail table located on page 2 of the Minimum School Program Overview Budget Brief represents the base budget allocation made by the EAC and includes the level of revenue appropriated for FY 2008 (less one-time appropriations) as well as funding for enrollment growth. Please refer to the Issue Brief titled “Base Budget & Student Enrollment Growth” for further detail.

Except for student enrollment growth and additional revenue for the FY 2008 Educator Salary Adjustments, the base budget allocation does not include funding 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** – ‘Base Budget & Student 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 2008 and additional revenue for the FY 2008 Educator Salary Adjustments of \$2,500.
- **MSP 2** – ‘Increasing the Value of the WPU’ estimates the cost to increase the value of the WPU by one percent. The brief also details the MSP programs impacted with changes in the value of the WPU.
- **MSP 3** – ‘Basic Levy: Local Contribution to the MSP’ outlines the Basic Levy in the Minimum School Program and identifies potential impacts of increasing or decreasing the Basic Rate.
- **MSP 4** – ‘Basic School Program Building Blocks’ provides information on two FY 2009 issues dealing with Comprehensive Guidance Counseling and Special Education Impact Aid.

### *Foreign Exchange Students*

The Grades K-12 Program base includes a total of 212 WPUs to reimburse school districts for foreign exchange students attending Utah's public high schools. This represents an increase of 37 students over the 175 funded in the FY 2008 appropriated budget.

During the 2006 General Session, the Legislature reinstated state funding for foreign exchange students. The state provides a reimbursement to school districts and charter schools each year based on the number of exchange students enrolled the prior school year (see UCA 53A-2-206). For example, the FY 2009 allocation reimburses school districts and charter schools for foreign exchange students that attended Utah schools during the 2007-08 school year. The state reimbursement equals one WPU (at the value established for FY 2009). The total number of foreign exchange students attending Utah public high schools is limited to a total of 328 students.

### *MSP Non-lapsing Balances*

Base budget allocations include an estimated \$36.8 million in unencumbered non-lapsing balances in the Minimum School Program. Sources of MSP non-lapsing balances vary, but most often, these balances are generated through increased revenue from the Basic Rate or un-allocated program funding. For example, if more WPUs are estimated than materialize the revenue from the 'excess' WPUs becomes a non-lapsing balance. The total non-lapsing balance at the end of FY 2007 in the Minimum School Program is estimated at just over \$42.1 million. This funding will carry-forward into FY 2008.

Unlike many state government agencies, funds appropriated from the Uniform School Fund to public education do not lapse. UCA 53A-17a-105(7) states "as an exception to Section 63-38-8, the state fiscal officer may not close out appropriations from the Uniform School Fund at the end of the fiscal year."

The Analyst recommends that the Legislature use the \$36.8 million in unencumbered non-lapsing balances from the Minimum School Program to meet FY 2008 Supplemental or FY 2009 one-time funding needs.

### ACCOUNTABILITY DETAIL

The Utah Performance Assessment System for Students (U-PASS) was enacted by the Legislature in 2000. U-PASS requires the annual reporting of student assessment results and if schools have achieved an established State Level of Performance.

The criterion-referenced tests form the basis of the U-PASS system. These tests are aligned to the state's core curriculum and aim to measure a student's proficiency of core subjects. The table "Criterion-Referenced Test Results" provides a multi-year history of the proficiency of all students in the state for each of the core tests.

U-PASS also requires high school students to pass the Utah Basic Skills Competency Test (UBSCT) in order to receive a basic high school diploma. The UBSCT contains subtests in reading, mathematics and writing. Students must pass all three sub-tests in order to pass the UBSCT. The table "Utah Basic Skills Competency Test" provides the results, by subject, for the UBSCT in 2007.

Year		Language Arts	Math	Science
2005	Students	411,731	360,473	273,907
	% Proficient	76.3%	71.4%	62.5%
2006	Students	426,817	370,781	282,524
	% Proficient	77.3%	72.6%	64.2%
2007	Students	439,087	392,041	293,129
	% Proficient	77.1%	69.9%	63.6%

Source: Utah State Office of Education, Assessment and Accountability. State CRT Report, September 17, 2007.

Class of		Writing	Reading	Math
2007	Passed	29,227	30,768	28,349
	Not Passed	7,318	5,777	8,196
	% Passed	80.0%	84.2%	77.6%
2008	Passed	29,180	31,956	28,241
	Not Passed	8,739	5,963	9,678
	% Passed	77.0%	84.3%	74.5%
2009	Passed	25,934	30,521	25,796
	Not Passed	13,062	8,475	13,200
	% Passed	66.5%	78.3%	66.2%

Source: Utah State Office of Education, Assessment and Accountability. Utah Basic Skills Competency Test - UBSCT Results by Subject.

**PROGRAM BUDGET**

The FY 2009 base budget for the Minimum School Program – Basic School Program totals \$1,795,134,270, an increase of 2.4 percent over the FY 2008 appropriated budget. This increase provides funding to support anticipated student enrollment growth costs in FY 2009. Projections indicate that an additional 12,880 new students may enroll in Utah public schools in fall 2008. This enrollment growth translates into the increase in the total number of WPUs, from 697,027 to 714,055, an increase of 16,848 WPUs.

When adjusting program WPUs for student growth, all but two Basic School Programs received an increase in the number of WPUs from the FY 2008 appropriated budget. Funding and WPU allocations 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 respectively.

**BUDGET DETAIL TABLE**

<b>Basic School Program - WPU Driven Programs (Above-the-Line)</b>					
	<b>WPU Value:</b>			<b>\$2,514</b>	<b>\$2,514</b>
	<b>Basic Rate:</b>			<b>0.001311</b>	<b>0.001250</b>
<b>Sources of Revenue</b>	<b>Supplemental</b>	<b>Total Revenue</b>		<b>Total Revenue</b>	<b>Difference</b>
I. State Revenue - Uniform School Fund		\$1,507,523,608		\$1,534,402,520	\$26,878,912
II. Local Revenue - Basic Levy		245,254,790		260,731,750	15,476,960
<b>Total Revenue:</b>		<b>\$1,752,778,398</b>		<b>\$1,795,134,270</b>	<b>\$42,355,872</b>
<b>Programs of Expenditure</b>	<b>Total WPUs</b>	<b>Funding</b>	<b>Total WPUs</b>	<b>Funding</b>	<b>Difference</b>
I. Basic School Program					
A. Regular Basic School Program					
1. Kindergarten	24,590	61,819,260	25,294	63,589,116	1,769,856
2. Grades 1-12	478,300	1,202,446,200	488,263	1,227,493,182	25,046,982
3. Professional Staff	44,724	112,436,136	45,133	113,464,362	1,028,226
4. Administrative Costs	1,620	4,072,680	1,620	4,072,680	0
5. Necessarily Existent Small Schools	7,649	19,229,586	7,649	19,229,586	0
Subtotal Regular Program:	556,883	\$1,400,003,862	567,959	\$1,427,848,926	\$27,845,064
B. Restricted Basic School Program					
1. Special Education - Add-on WPUs	56,895	143,034,030	60,454	151,981,356	8,947,326
2. Special Education - Pre-school	8,321	20,918,994	8,569	21,542,466	623,472
3. Special Education - Self-Contained WPUs	13,360	33,587,040	13,416	33,727,824	140,784
4. Special Education - Extended Year Program	367	922,638	376	945,264	22,626
5. Special Education - State Programs	1,627	4,090,278	1,666	4,188,324	98,046
Subtotal Special Education:	80,570	\$202,552,980	84,481	\$212,385,234	\$9,832,254
6. Career & Technology Education - District Add-on	25,914	65,147,796	26,205	65,879,370	731,574
7. Career & Technology Education - District Set-Aside	1,091	2,742,774	1,117	2,808,138	65,364
Subtotal Career and Technology Education:	27,005	\$67,890,570	27,322	\$68,687,508	\$796,938
8. Class Size Reduction	32,749	82,330,986	34,293	86,212,602	3,881,616
Subtotal Restricted Program:	140,324	\$352,774,536	146,096	\$367,285,344	\$14,510,808
<b>Total Expenditures Basic School Program:</b>	<b>697,207</b>	<b>\$1,752,778,398</b>	<b>714,055</b>	<b>\$1,795,134,270</b>	<b>\$42,355,872</b>

**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. Reduce from the Minimum School Program non-lapsing balances by \$36.8 million.
3. Consider other 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.