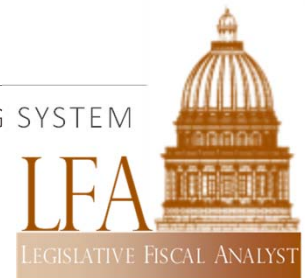


# Minimum School Program

UNDERSTANDING UTAH'S PUBLIC EDUCATION FUNDING SYSTEM



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## Minimum School Program: Origins

*"The Utah school formula has had an excellent local and nationwide reputation. The State has long been in a leadership role in providing equality of educational opportunity, but that leadership is threatened unless revisions and improvements are made."*

*Utah School Finance Study  
1972*

- Current Program Created in Early 1970s
  - Utah's Response to a Growing Equity Movement
  - Current Foundational Elements Recommended in the "Utah School Finance Study"
- Program First Funded in 1974
- Reviewed in 1990
  - "A Study of the Utah Public School Finance System"
  - Found that "Utah's school finance system provides a high degree of equity"



**Legal Authority:**  
*Utah Constitution*  
*Article X - Education*

- Legislature – Establish & Maintain
- State Board – General Control & Supervision
- Elementary & Secondary Schools Shall be Free
- Income Tax – Restricted to Public & Higher Education
- Establishes the Permanent State School Fund & Uniform School Fund

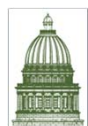


**Legal Authority:**  
*Utah Code*

*Title 53A – State System of Public Education*

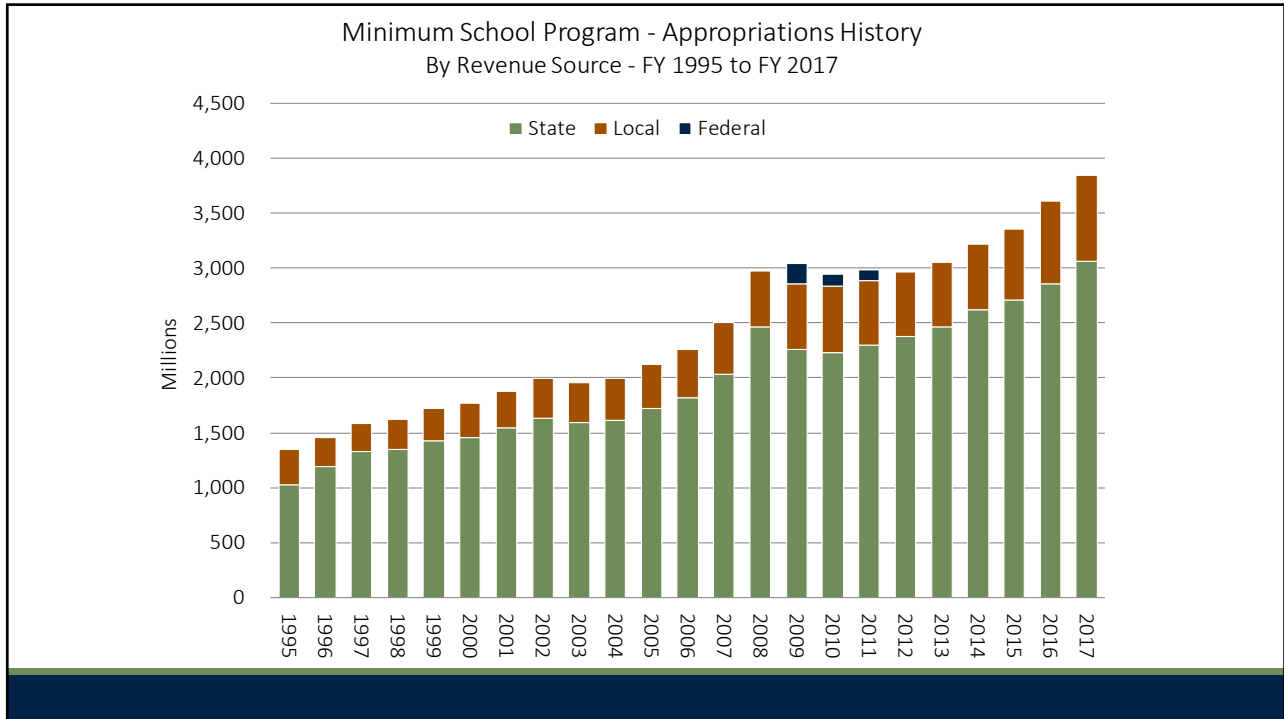
*Chapter 17a – Minimum School Program Act*

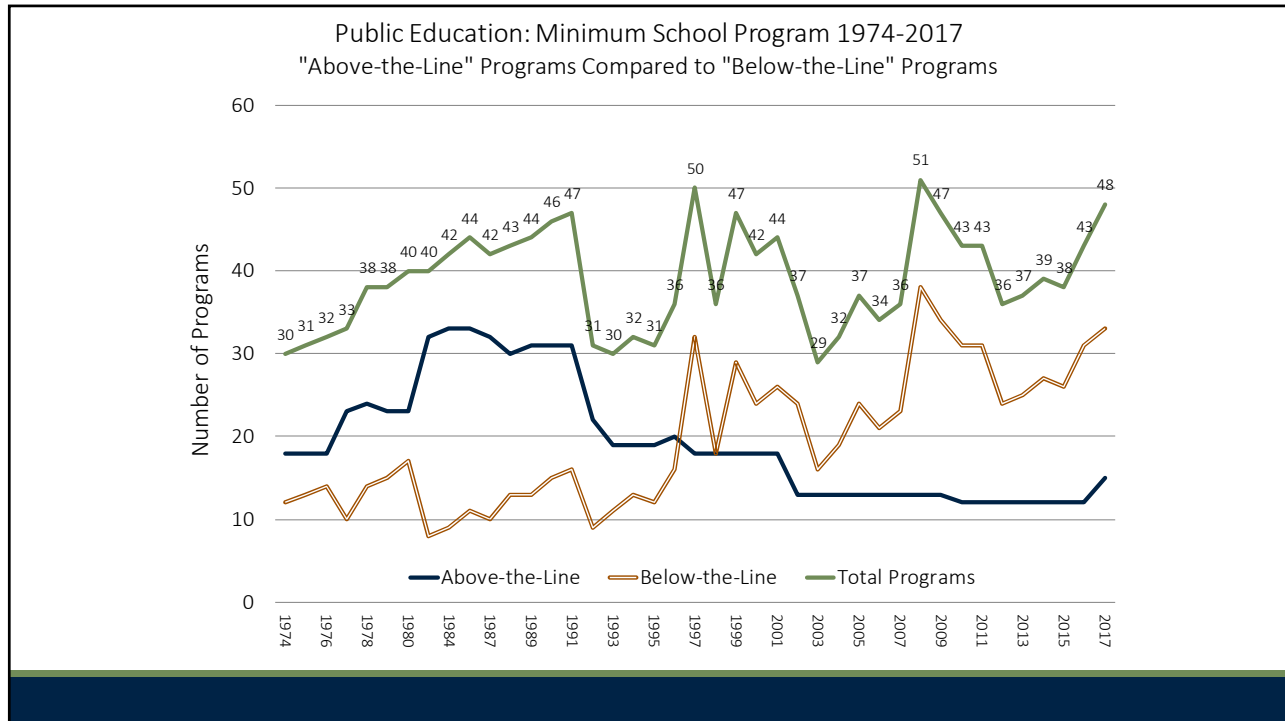
- Equity
  - All children are entitled to reasonably equal educational opportunities regardless of residence or economic situation of their school district
- State & Local Participation
  - Establishment is primarily a state function and school districts should be required to pay a portion of the cost of a minimum program
- Local Control & Determination
  - School districts empowered to provide educational facilities and opportunities beyond the minimum program
  - Latitude of action is permitted and encouraged



## Minimum School Program

- Equalizes State & Some Local Property Tax Revenues
- Divided into Three Parts:
  - Basic School Program
  - Related to Basic School Program
  - Voted & Board Local Levy Programs
- Programs Distribute State Funding to LEAs
- Programs Designed to Meet Several Functional Principles:
  - Maintain System Equity
  - Consider Different LEA Cost Structures
  - Address Individual Student Characteristics/Requirements
  - Meet Statewide Educational Goals
  - Support Local Control





## Basic School Program

"Above-the-Line" | WPU Based Programs

- Utah's Foundation Funding Formula
- Provides for the Delivery of a Basic Education
- Program Funding Levels Determined by Weighted Pupil Units (WPU) & WPU Value
- WPU Value Set Annually by Legislature
- Primary Funding Equalization Program
- Basic Tax Levy – Certified Revenue Amount



## The Weighted Pupil Unit (WPU)

*The common factor used to determine the "cost" of basic education programs on a uniform basis and to distribute state revenues to local education agencies*

- Statute Defines WPUs for Each Program
  - Basic Formula: 1 WPU = 1 Student in Average Daily Membership (ADM)
  - WPU Weightings Vary
    - Kindergarten Student = .55
    - Regular Education = 1.0
    - Special Education Student = 1.53
    - Different Weightings for Charter School Students
  - Primary & Add-on Student Counts
  - Additional WPUs Allocated to Meet Other Needs
- FY 2017
  - WPUs = 844,305
  - Value = \$3,184 (All Programs)



## Counting Students: Average Daily Membership

*The number of WPUs is computed by adding the average daily membership (ADM) of pupils. The State Board shall use prior year plus growth to determine ADM.*

53A-17a-106

- Based on Days Enrolled
  - 990 Hours/180 Days (Grades 2-12)
  - 810 Hours/180 Days (1<sup>st</sup> Grade)
  - 450 Hours/180 Days (Kindergarten)

Student Membership Days		
	Enrollment	Days
Student 1	10th Grade - Full Time 8 of 8 Class Periods	180 Days
Student 2	8th Grade - Less than Full Time 6 of 8 Class Periods	135 Days
Student 3	11th Grade - Part Time 4 of 8 Class Periods	90 Days
Student 4	5th Grade Full Time	180 Days
Student 5	6th Grade Part Time	90 Days
<b>Total Membership for LEA</b>		<b>675 Days</b>

Source: School Finance, Utah State Board of Education.



## Counting Students: ADM to WPU

*An LEA may not count a student as an eligible student if the student has unexcused absences during all of the prior ten consecutive school days.*

*Rule – R277-419-5*

- Membership Based on Enrollment Status, Not Actual Days Attended
- 10 Day Rule

Converting ADM to WPU

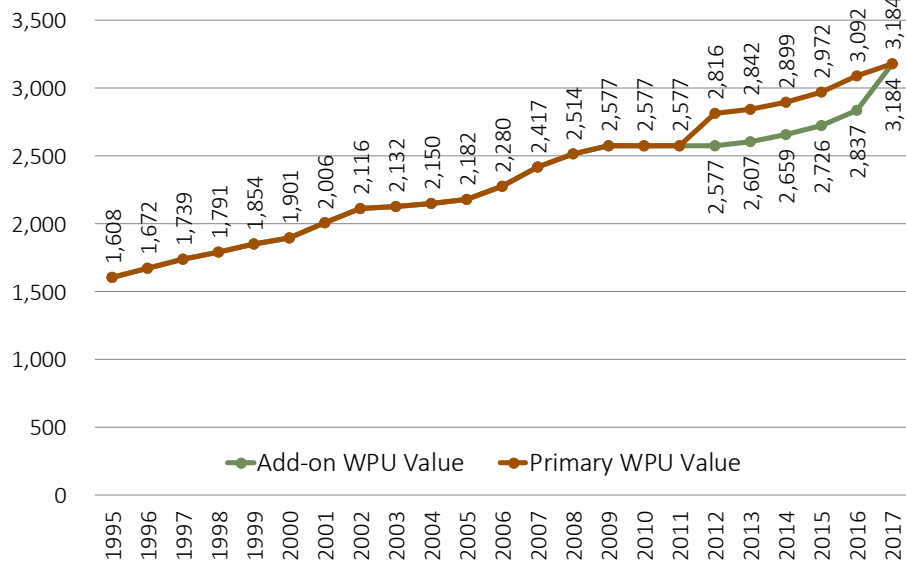
	Enrolled	Consecutive Days of Unexcused Absence	Final Membership Days	WPU (Membership /180)
Student 1	180 Days	11	179	0.994
Student 2	135 Days	0	135	0.75
Student 3	90 Days	10	90	0.5
Student 4	180 Days	40	150	0.833
Student 5	90 Days	5	90	0.9
<b>Total</b>	<b>675 Days</b>		<b>644</b>	<b>3.977 WPU</b>

Source: School Finance, Utah State Board of Education.

- # of Days / Total Days (180)
- Student 1:  $179/180 = 0.994$  WPU



WPU Value History  
FY 1995 to FY 2017



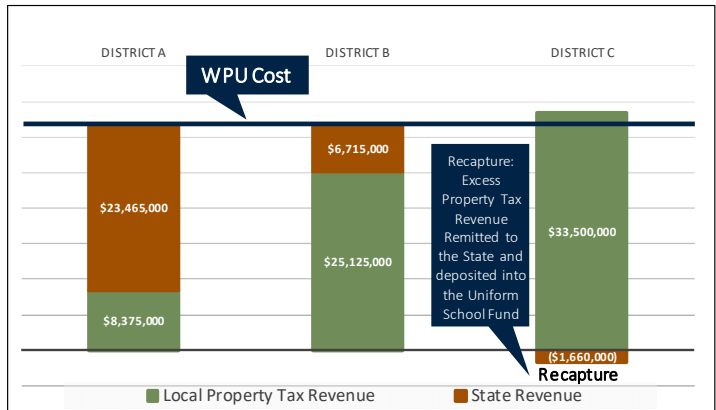
# Basic School Program: Funding Equalization

## Recapture

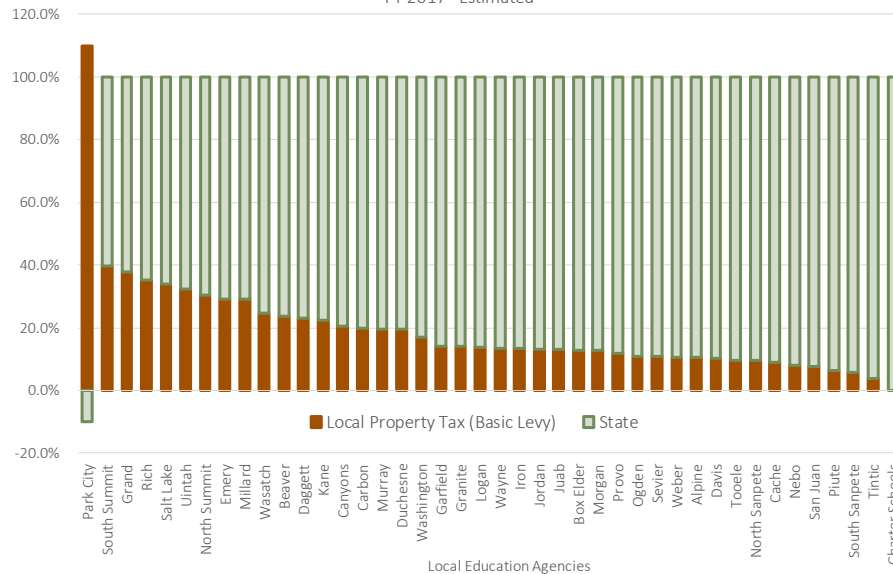
Tax proceeds that exceed the cost of the basic program "shall be paid into the Uniform School Fund as provided by law." (53A-17a-135)

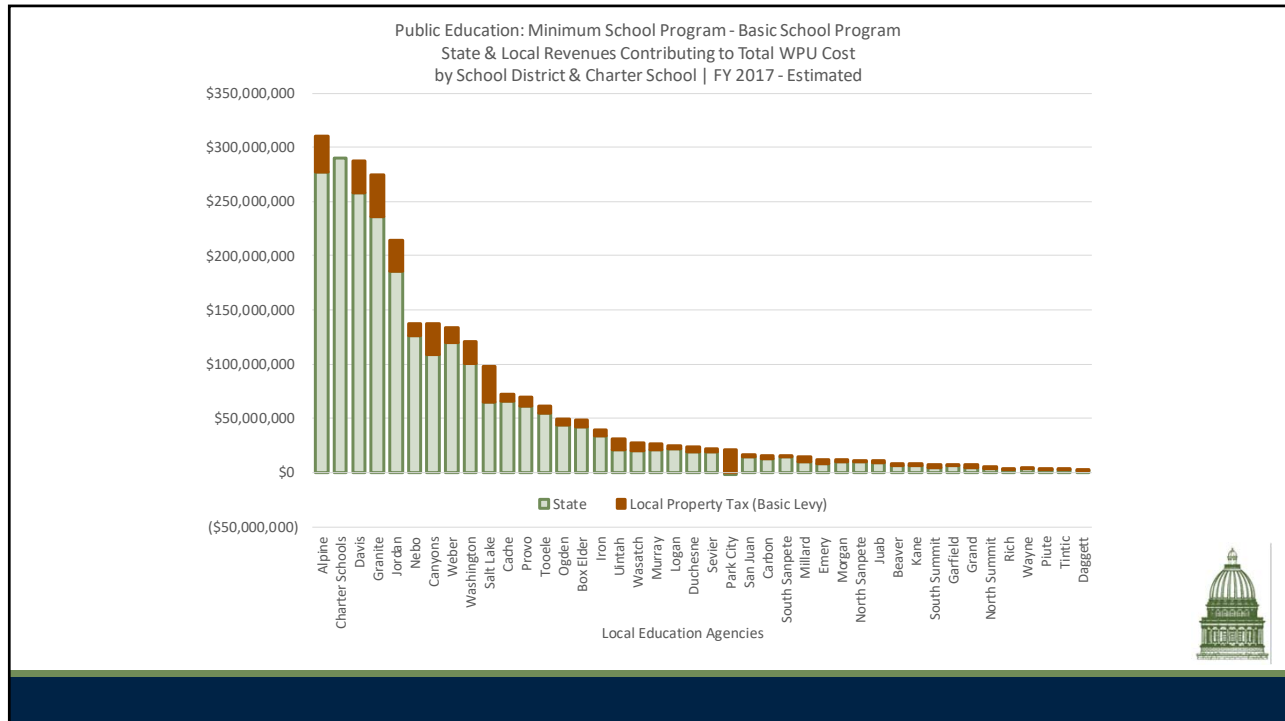
**Minimum School Program: Basic School Program Equalization**  
Basic Levy Revenue Equalization Example Using the Weighted Pupil Unit (WPU)

Cost	District A	District B	District C
WPU Value:	\$3,184	\$3,184	\$3,184
Number of WPUs:	10,000	10,000	10,000
Basic School Program (WPU) Cost:	\$31,840,000	\$31,840,000	\$31,840,000
<b>Revenues</b>			
Taxable Value of Property in District:	\$5,000,000,000	\$15,000,000,000	\$20,000,000,000
Basic Rate (Set by State):	0.001675	0.001675	0.001675
<b>Local Property Tax Revenue</b>	<b>\$8,375,000</b>	<b>\$25,125,000</b>	<b>\$33,500,000</b>
<b>State Revenue</b>	<b>\$23,465,000</b>	<b>\$6,715,000</b>	<b>(\$1,660,000)</b>



Public Education: Minimum School Program - Basic School Program  
Percent of State and Local Revenues Contributing to Total WPU Cost by School District  
FY 2017 - Estimated






## Statutory Formula Stabilizers: *Predictability for Locals*

Statute includes several mechanisms that stabilize state funding distribution to LEAs, create a predictable funding system, and allow flexibility to mitigate funding changes

- Prior Year + Growth
  - Current Year K-12 WPU's Based on Prior Year Actual ADM (53A-17a-106)
  - Growth Factor – October to October
  - Declining Enrollment Hold-Harmless
- Authority to Adjust Allocations
  - State Board Authority to Adjust for Estimating Errors (53A-17a-105.5)
- Education Fund Deficit
  - State & Local Board Flexibility to Adjust to Revenue Reductions (53A-17a-146)
- Special Education
  - Additional Variables to Stabilize Funding

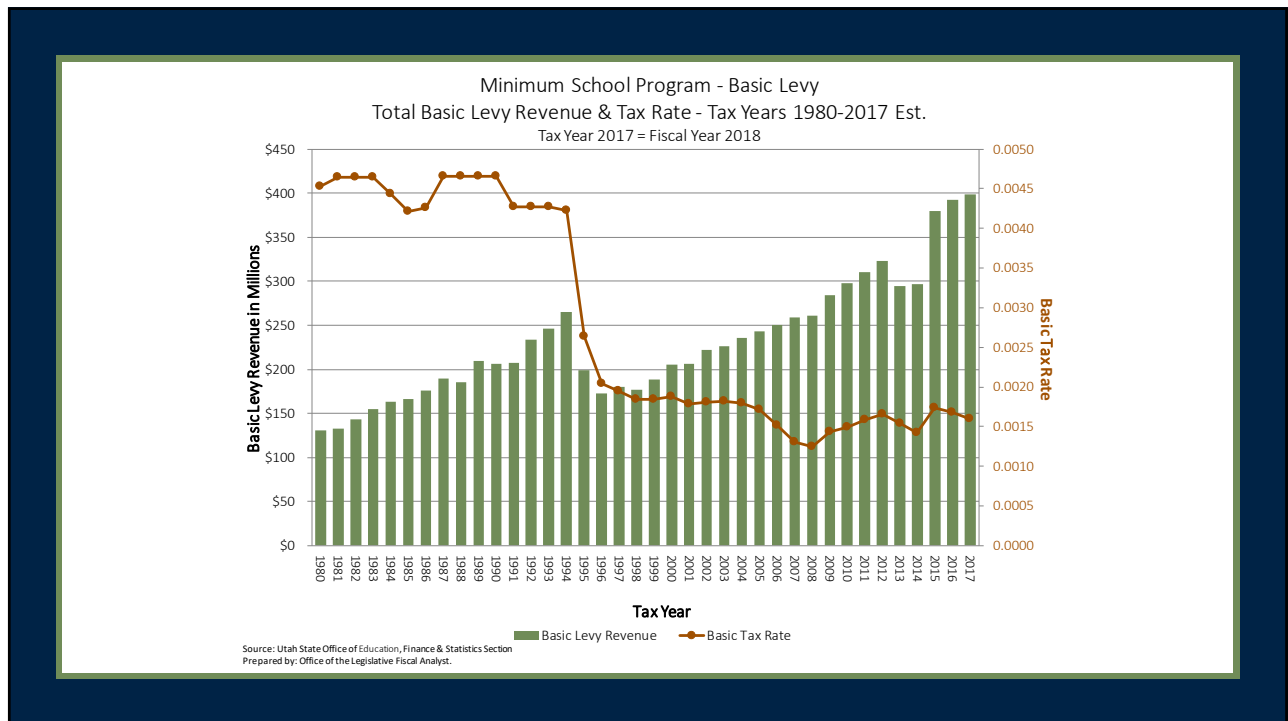


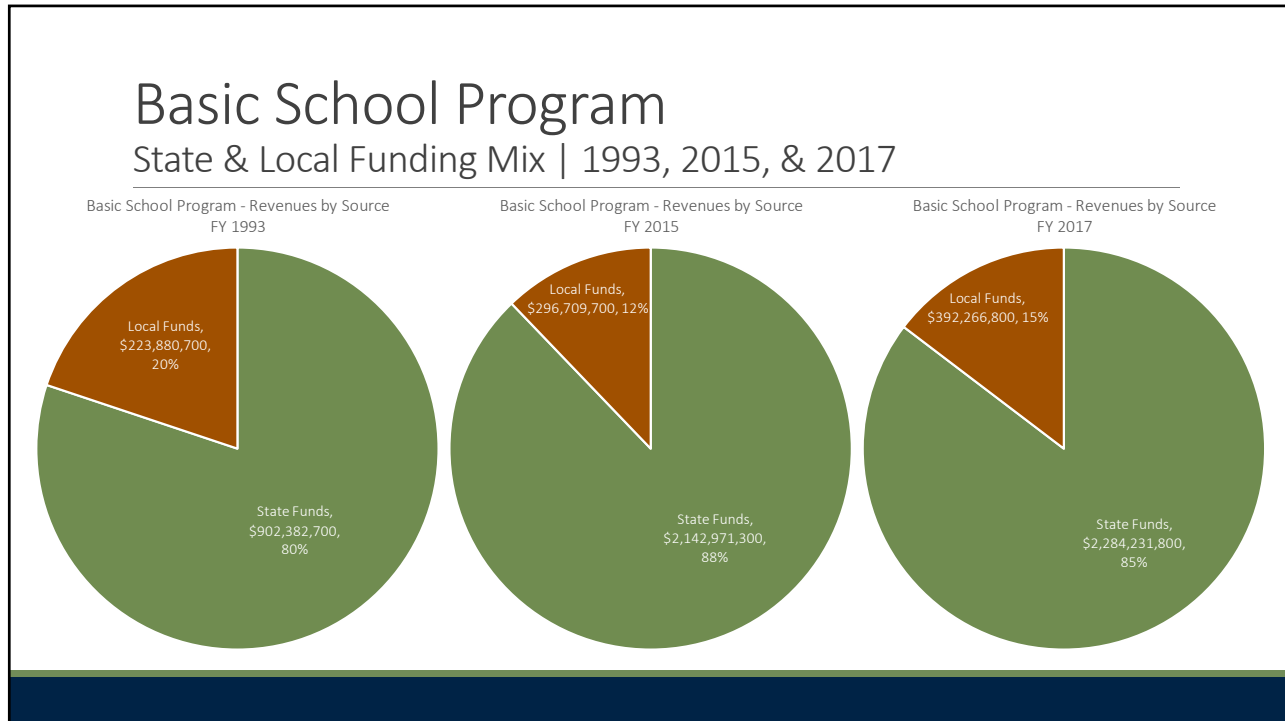


## State Basic Rate: "Basic Levy"

*In order to qualify for receipt of the state contribution toward the basic program and as its contribution toward its costs of the basic program, each school district shall impose a minimum basic tax rate per dollar of taxable value. . . (53A-17a-135)*

- Revenue Target Set by Legislature
  - Generates \$399.0 million in FY 2018
  - \$6,774,500 more than FY 2017
- Uniform Statewide Property Tax Rate
  - Estimated by Legislature (SB1) – 0.001596
  - Actual rate set by the Tax Commission to meet revenue target
- Rate "Floats" with Taxable Value Changes
  - Rate in FY 2017 – 0.001675
  - FY 2018 rate is lower do to higher taxable value of property





Basic School Program - 2018 Base Budget		
<b>Primary WPU Value:</b>		<b>\$3,184</b>
<b>Basic Tax Rate:</b>		<b>0.001596</b>
Revenue Sources		2018 Base
A. State Revenue		
1. Education Fund		2,273,000,500
2. Uniform School Fund		23,000,000
B. Local Property Tax Revenue - Basic Levy		399,041,300
C. Beginning Nonlapsing Balances		11,042,700
D. Closing Nonlapsing Balances		(11,042,700)
<b>Total Revenue:</b>		<b>\$2,695,041,800</b>

Basic School Program - 2018 Base Budget		
Primary WPU Value:		\$3,184
Expenditures by Program	WPUs	2018 Base
A. Regular Basic School Program		
1. Kindergarten	27,529	87,652,300
2. Grades 1-12 <sup>(2)(3)(9)</sup>	576,394	1,842,013,000
3. Foreign Exchange Students	328	1,044,400
4. Necessarily Existent Small Schools	9,514	30,292,700
5. Professional Staff	55,577	176,957,200
6. Administrative Costs	1,490	4,744,200
B. Restricted Basic School Program		
1. Special Education - Regular - Add-on WPUs <sup>(1)</sup>	77,514	246,804,500
2. Special Education - Regular - Self-Contained	13,940	44,385,000
3. Special Education - Pre-School	10,238	32,597,800
4. Special Education - Extended Year Program	429	1,365,900
5. Special Education - Impact Aid	2,016	6,418,900
6. Special Education - Intensive Services	397	1,264,000
7. Special Education - Extended Year for Special Educators	909	2,894,300
8. Career & Technical Education - District Add-on <sup>(1)(2)</sup>	28,040	89,279,400
9. Class Size Reduction	39,990	127,328,200
<b>Total Expenditures:</b>	<b>844,305</b>	<b>\$2,695,041,800</b>

## Budget Issues: Basic School Program

*FY 2017 & FY 2018 Issues for Consideration by the Legislature*

- Enrollment Growth
  - State Funds – \$43.8 m ongoing
  - Local Funds – \$6.8 m ongoing
  - Detail in “Enrollment Growth & WPU Value Estimates” presentation & “Issues” tab in COBI
- WPU Value
  - 1% Cost - \$27.4 m (\$30.0 m Total Cost)
- Administration of Special Education State Programs – Transfer to MSP Categorical Program Administration
- Budget Review Options – See “Issues” tab in COBI
  - Class Size Reduction Program - \$127.3 m
  - LEA Administrative Costs - \$2.7 m



## Related to Basic School Program

“Below-the-Line” | Non-WPU Based Programs

- Compliment or Enhance the Basic School Program
- Target Funding to Particular Educational Need, Student or Teacher Sub-group, Legislative Priority
- Funding Levels Not Determined by WPU's but Legislative Appropriation
- Funding Often Restricted to Certain Use
- Qualification & Distribution Formulas Determined in Statute or State Board of Education Rule



## Distribution Formulas

**Related to Basic School Program: Categorical Programs by Formula Type**

Base +	Simple Per-Student/WPU
Enhancement for At-Risk Students	Flexible Allocation
Adult Education	Charter School Local Replacement
School LAND Trust Program	Charter School Administrative Costs
K-3 Reading Improvement	
Library Books & Electronic Resources	
Qualification	Grants
To & From School Pupil Transportation	Teacher Salary Supplement
Guarantee Transportation Levy	Matching Fund for School Nurses
Youth-in-Custody	Critical Languages & Dual Immersion
Enhancement for Accelerated Students	Year-Round Math & Science (USTAR Centers)
Concurrent Enrollment	Beverly Taylor Sorenson Arts Learning
Educator Salary Adjustments	Title I - Pareducators
Teacher Supplies & Materials	Early Intervention (Hybrid with Base +)



<b>Related to Basic School Program - 2018 Base Budget</b>	
<b>Revenue Sources</b>	<b>2018 Base</b>
A. State Revenue	
1. Education Fund	531,326,900
2. USF Restricted - Interest & Dividends Account	45,000,000
B. Transfers to Education Fund, One-time <sup>(4)</sup>	0
B. Beginning Nonlapsing Balances	14,044,400
C. Closing Nonlapsing Balances	(14,044,400)
<b>Total Revenue:</b>	<b>\$576,326,900</b>

<b>Related to Basic School Program - 2018 Base Budget</b>	
<b>Expenditures by Program</b>	<b>2018 Base</b>
A. Related to Basic Programs	
1. To and From School Pupil Transportation	79,265,300
2. Pupil Transportation - Grants for Unsafe Routes	500,000
3. Guarantee Transportation Levy	500,000
4. Flexible Allocation - WPU Distribution <sup>(1)(6)</sup>	7,788,000
B. Special Populations	
1. Enhancement for At-Risk Students <sup>(2)</sup>	26,539,500
2. Youth-in-Custody <sup>(2)</sup>	21,505,000
3. Adult Education <sup>(2)</sup>	10,563,900
4. Enhancement for Accelerated Students <sup>(7)</sup>	4,764,000
5. Centennial Scholarship Program <sup>(9)</sup>	250,000
6. Concurrent Enrollment	10,209,200
7. Title I Schools in Improvement - Paraeducators	300,000


Related to Basic School Program - 2018 Base Budget	
Expenditures by Program	2018 Base
C. Other Programs	
1. School LAND Trust Program	45,000,000
2. Charter School Local Replacement <sup>(8)</sup>	135,356,000
3. Charter School Administrative Costs <sup>(5)</sup>	7,463,700
4. K-3 Reading Improvement Program	15,000,000
5. Educator Salary Adjustments <sup>(7)</sup>	167,094,400
6. Teacher Salary Supplement Restricted Account	6,799,900
7. School Library Books & Electronic Resources	850,000
8. Matching Fund for School Nurses	1,002,000
9. Critical Languages & Dual Immersion <sup>(2)</sup>	2,956,000
10. Year-Round Math & Science (USTAR Centers)	6,200,000
11. Early Intervention	7,500,000
12. Beverly Taylor Sorenson Arts Learning Program <sup>(2)</sup>	8,880,000
13. Digital Teaching & Learning Program	10,040,000
<b>Total Expenditures:</b>	<b>\$576,326,900</b>

## Budget Issues:

### *Related to Basic School Program*

*FY 2017 & FY 2018 Issues for Consideration by the Legislature*

- Enrollment Growth
  - State Funds – \$19.9 m ongoing & \$4.0 m one-time
  - Detail in “Enrollment Growth & WPU Value Estimates” presentation & “Issues” tab in COBI
- WPU Value Increase
  - 1% Cost – \$1.5 m (\$30.0 m Total Cost)
- School LAND Trust Revenue
  - FY 2018 Estimate – \$50.4 M (\$5.4 M Increase)
- Administration of Digital Teaching & Learning Program
  - Transfer \$187,600 to MSP Categorical Program Administration Line-Item
- Budget Review Options
  - Teacher Supplies & Materials – \$6.0 m one-time
  - LEA Administrative Costs – \$2.3 m
  - Flexible Allocation – \$7.8 m
  - Digital Teaching & Learning – \$4.0 m
  - Other Programs – \$1.9 m



## Budget Issues: *Related to Basic School Program*

*State Board of Education reports requested by the Legislature during the 2016 General Session*

- Senate Bill 242, “Special Education Intensive Needs Fund”
  - “Board shall present the proposed rule to the Public Education Appropriations Subcommittee or the Education Interim Committee”
  - Before February 2017
  - Prior to Initiating the Rule Making Process
- Teacher Supplies & Materials Distribution
  - Intent Language – Senate Bill 2, “Public Education Budget Amendments”
  - Board recommend a distribution formula in the 2017 General Session



## Voted & Board Local Levy Programs

### State Supported Property Tax Guarantee Programs

- State Guarantees a Minimum Revenue Amount per WPU
  - FY 2017 – Rate of \$38.54 per WPU & Each Tax Increment
    - 1 Tax Increment = Tax Rate of 0.0001
  - Up to 20 Tax Increments Guaranteed by State
    - 16 in Voted & 4 in Board
- Local Property Tax Must Generate Less than the Guarantee Rate to Receive State Funding
- Original Program to Expand Educational Opportunities Above the Minimum Program
- State Guarantee Increases Each Year by Statute
  - FY 2018 Guarantee Rate - \$39.68 per WPU



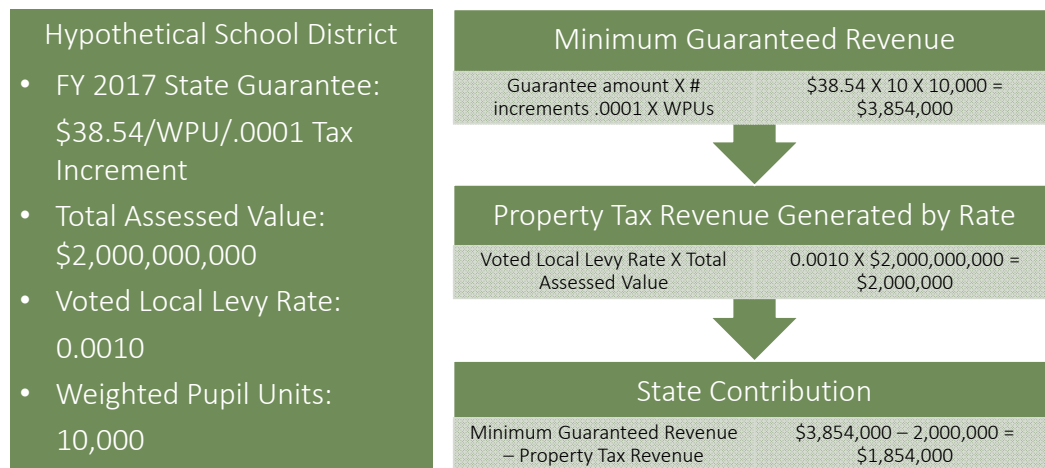
# Local Property Tax Levies

Voted Local Levy | Board Local Levy

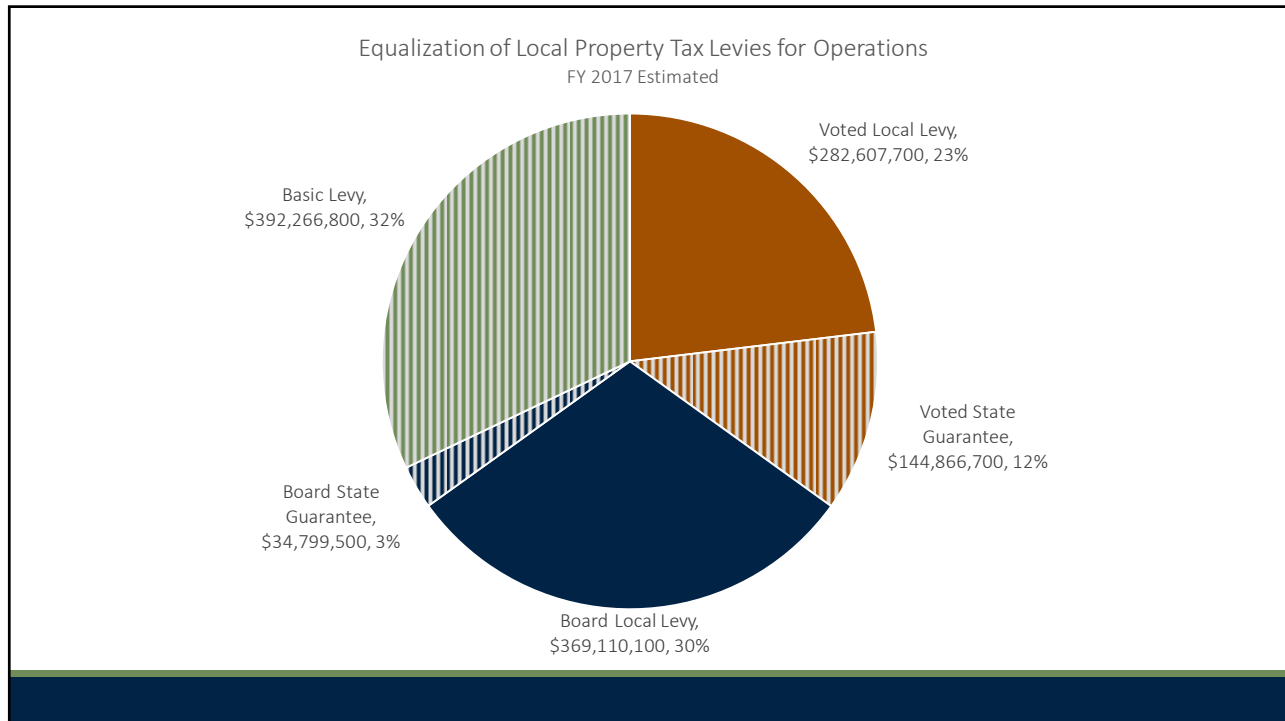
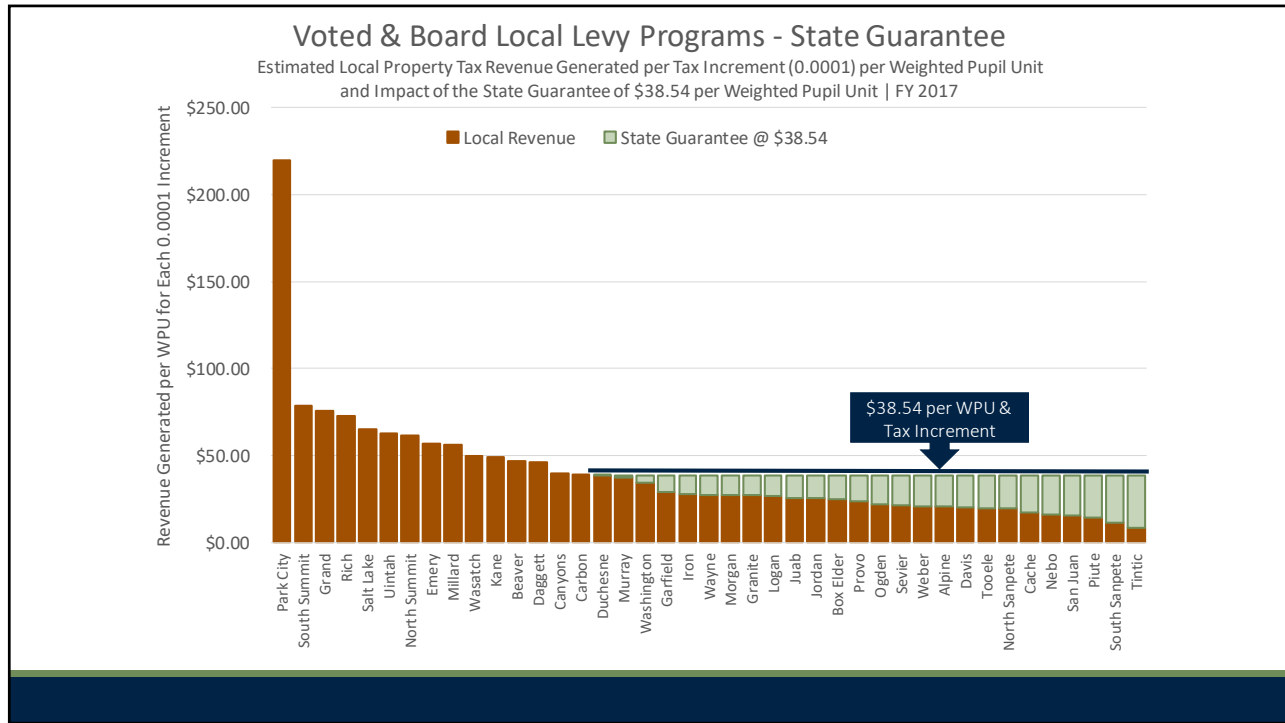
Levy	Description	Maximum Allowed Rate
<b>Basic Levy</b> (U.C.A. 53A-17a-135)	Local-state shared portion of each school district's Maintenance and Operations Expenditures	Uniform Statewide – estimated at .001695 for the 2016-2017 school year
<b>Voted Local Levy</b> (U.C.A. 53A-17a-133)	Levy approved by the majority of the electors of a school district to be used for maintenance and operations	Up to .0020
<b>Board Local Levy</b> (U.C.A. 53A-17a-164)	Levy approved by a local school board to fund operations and maintenance	Up to either .0025 or .0018 depending on the district historic tax rates
<b>Capital Local Levy</b> (U.C.A. 53A-16-107)	Levy to fund capital projects and, in some cases, maintenance of school facilities	Up to .0024
<b>Debt Service Levy</b> (U.C.A. 11-14-310)	Levy to fund general obligation bond principal and debt payment	None

# Voted & Board Formula

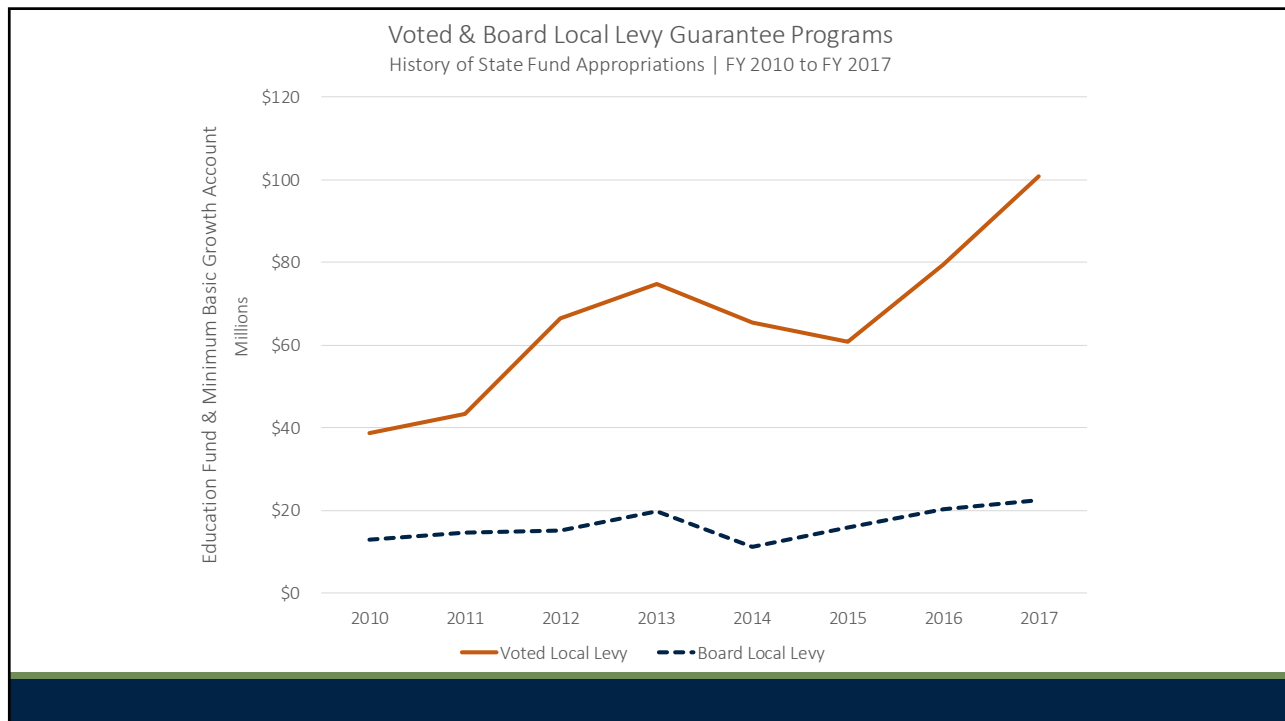
FY 2017 | How The Formula Works







<b>Voted &amp; Board Local Levy Programs - 2018 Base Budget</b>	
<b>Revenue Sources</b>	<b>2018 Base</b>
A. State Revenue	
1. Education Fund	123,416,200
3. EFR - Minimum Basic Growth Account	56,250,000
B. Local Property Tax Revenue	414,776,500
<b>Total Revenue:</b>	<b>\$594,442,700</b>
<b>Expenditures by Program</b>	<b>2018 Base</b>
<b>Guarantee Rate (per 0.0001 Tax Rate per WPU):</b>	<b>\$38.54</b>
A. Voted and Board Local Levy Programs	
1. Voted Local Levy Program	444,226,900
2. Board Local Levy Program	135,215,800
3. Board Local Levy - Reading Improvement Program	15,000,000
<b>Total Expenditures:</b>	<b>\$594,442,700</b>



**Budget  
Issues:  
*Voted & Board  
Local Levy  
Programs***

*FY 2017 & FY 2018 Issues  
for Consideration by the  
Legislature*

- Enrollment Growth
  - State Funds - \$373,900 ongoing
  - Local Funds - \$23,777,800 ongoing
- State Guarantee Rate in FY 2018
  - Statute Ties Rate to Prior-Year WPU Value Increase (FY2017) + Accelerator
  - Increases from \$38.54 to \$39.68 per WPU for each Tax Increment (0.0001) Guaranteed

