

Understanding Public School Finance in Utah

**Office of Legislative Research and General Counsel
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Legislature

- **Has responsibility and authority to create laws that provide for the establishment and maintenance of the public education system (Utah Constitution, Art. X, Secs. 1 & 2)**
- **Appropriates state monies for the support of public education**

State Revenue and Funds for Education

- **Utah Constitution, Art. X, Sec. 5**
 - Permanent State School Fund
 - Uniform School Fund
- **Utah Constitution, Art. XIII, Sec. 5(5)**
 - “All revenue from...a tax on income shall be used to support the systems of public education and higher education...”
- **Education Fund**

State Board of Education

- Utah Constitution provides that “general control and supervision of the public education system shall be vested in the State Board of Education.” (Art. X, Sec. 3)
- 15 elected nonpartisan members
- Makes rules
- Allocates funds to school districts and charter schools in accordance with statutes

State Superintendent and State Office of Education

- **Utah Constitution requires the State Board of Education to appoint a State Superintendent of Public Instruction (Art. X, Sec. 3)**
- **State Superintendent administers programs**
- **State Office of Education employees assist the State Board and State Superintendent**

Local School Boards and District Superintendents

- School districts <24,000 students have 5 elected nonpartisan members
- School districts >24,000 students have 7 elected nonpartisan members
- Each local school board is required to appoint a district superintendent as its chief executive officer
- Establish school district policies
- Administer programs with state and local funds

Charter Schools

- **Are public schools that operate under a charter approved by a local school board or the State Board of Education**
- **Subject to its charter and other statutes applicable to public schools, except as specifically exempted in statute**

Statutory Guiding Principles

- **All children are entitled to reasonably equal educational opportunities regardless of place of residence**
 - **Establishment of school system is primarily a state function – school districts should pay a portion**
 - **Each locality should be empowered to provide educational facilities and opportunities beyond the minimum program**
- (Utah Code Section 53A-17a-102)

Other Education Funding Principles

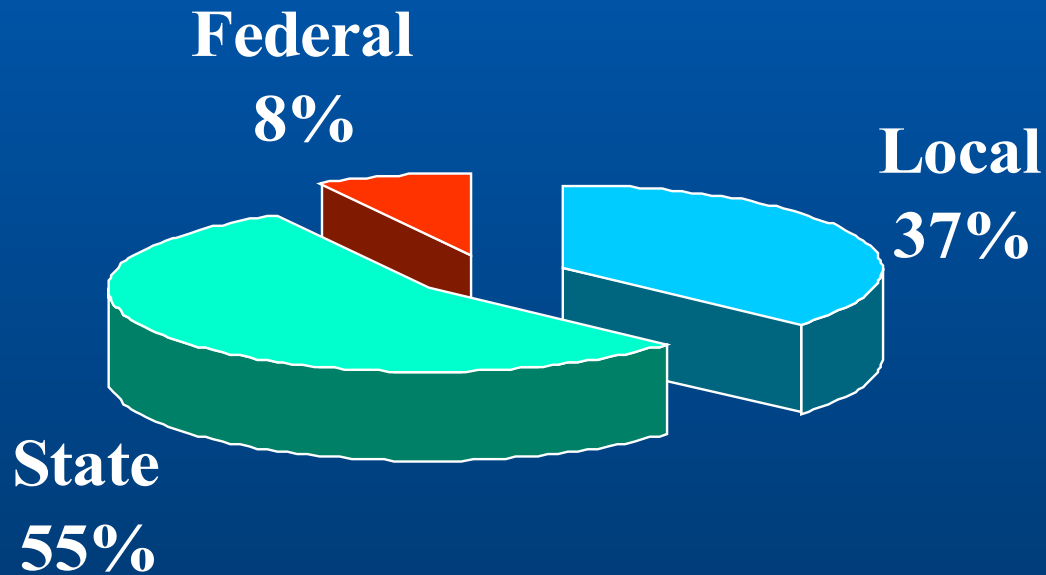
- **The cost structure of school districts vary. Funding takes into consideration the different costs. Costs vary due to:**
 - School district size
 - Rural or urban environment
 - Characteristics of the student population
 - Experience and educational levels of the staff
 - Enrollment growth or decline
 - Programs and courses offered

Other Education Funding Principles

- **Student and family characteristics affect learning. Funding considers individual student needs.**
 - students with disabilities
 - disadvantaged students
 - English language learners
- **Many spending decisions are best determined locally. School districts determine:**
 - salaries and most benefits
 - class size, pupil-teacher ratios
 - school building design and materials
 - the level of spending on textbooks, supplies, and computers

Total School District Revenues by Source

FY 2007-08



Source: Utah State Office of Education

Local Revenue for Public Schools

- **Property Taxes**
 - Mandatory levies
 - **Basic Rate**
 - Uniform throughout the state
 - Revenue from the Basic Rate is the local contribution to the Basic Program
 - **.0006 Capital Outlay Levy** in counties of the first class
 - Discretionary levies – generally capped and restricted to certain purposes
- **Fees on Secondary School Students**

Discretionary Property Tax Levies Supplemented by State Money to Guarantee a Certain Amount per Pupil or WPU

Tax Levy	Use of Funds	% of Districts Imposing Levy Receiving Guarantee Monies
Voted Leeway	Operations & maintenance	53%
Board Leeway	Class size reduction	56%
Reading Levy	K-3 Reading	69%
Capital Outlay	Capital outlay, debt service	35%

Other Discretionary Levies

- Debt Service
- Voted Capital Outlay
- 10% of Basic (capital outlay, debt, textbooks and supplies)
- Special Transportation
- Recreation
- Judgment Recovery
- Tort Liability
- Impact Aid (to mitigate varying levels of federal aid to districts with children residing on Indian reservations or military installations)

Minimum School Program Expenditures

- **Basic School Program**
 - Weighted pupil unit (WPU)– a unit of measurement used to determine a school district's or charter school's basic program cost
 - WPUs assigned based on number and characteristics of students and other factors
 - Value of WPU set annually by Legislature
- **Related to Basic Program**
 - Categorical spending programs not based on WPU
- **Voted and Board Leeways**
- **One-time Programs**

Number of WPU's Assigned to Sample Districts

Basic Program Subprograms	Large Urban District	Small Rural District
Kindergarten	3,000	20
Grades 1 - 12	60,000	500
Professional Staff	5,900	75
Administrative Costs	16	53
Small Schools	0	306
Special Education	10,250	70
Career & Tech. Ed.	3,100	90
Class Size Reduction	4,100	35
Total WPU's	86,366	1,149

Sample Districts - Basic Program Cost and State and Local Contribution

	Large Urban District	Small Rural District
Total WPU	86,366	1,149
Value of WPU	X \$2,577	X \$2,577
Basic Program Cost	\$222,565,182	\$2,960,973
Basic Rate Revenue	- \$32,500,000	- \$270,000
State Funds	\$190,065,182	\$1,690,973

Funding for School Buildings

- **Less than \$30 million in ongoing state aid for school buildings**
 - Distributed to school districts based on the amount of property tax revenue generated per pupil and enrollment growth
- **.0006 Capital Outlay Levy**
 - Mandatory for school districts in counties of the first class
 - Distributed among school districts in the county on the basis of enrollment (75%) and enrollment growth (25%)
- **Discretionary property tax levies for capital outlay and debt service**

Charter School Funding

- **Charter schools qualify for Minimum School Funds in a manner similar to school districts, except not eligible for transportation funds**
- **Local property tax replacement monies**
 - District per pupil local revenues distributed to charter schools for each charter school pupil
 - Minimum of \$1427 per charter school pupil
 - School districts contribute 25% of per pupil local revenues, excluding debt service revenues, for each resident student in a charter school
 - State pays the remainder