

Issue Brief – Base Budget & Student Enrollment Growth

MINIMUM SCHOOL PROGRAM

NUMBER: MSP 01

SUMMARY

Funding student enrollment growth in the public schools continues to be a major budgetary factor facing the Legislature each year. In recent history, the Legislature has appropriated additional revenue to fund the impact of student enrollment increases in the Minimum School Program (MSP) Base Budget Amendments. This bill not only funds increases in student enrollment growth, but also ensures that the ongoing budget from the current fiscal year is continued into the new fiscal year. This brief provides an overview of student enrollment growth impacts addressed in the 2008 General Session MSP Base Budget Amendments (House Bill 1).

DISCUSSION AND ANALYSIS

Each fall, school districts and charter schools conduct a student enrollment census. This census occurs on the first school day in October. Following the census, representatives from the Legislative Fiscal Analyst, Governor's Office of Planning and Budget, and the Utah State Office of Education establish a projected enrollment for the next fall. This projection creates a base on which to estimate growth costs for the next school year. The USOE also uses these enrollment projections to estimate the total number of Weighted Pupil Units for the next school year.

Public School Enrollment

After a brief enrollment decline from 1998-2000, student enrollment growth in Utah has accelerated. Recent history shows, and projections indicate, that student enrollment growth will increase 2.5 to 2.8 percent each year for the next 7-8 years. The chart to the right provides a fall enrollment history since 1993.

In Fall 2007, Utah's public schools enrolled 537,653 students, a 2.6 percent increase over the 2006-07 school year. Projections for Fall 2008 indicate that an additional 12,880 students will likely enroll in Utah's public schools, an increase of 2.4 percent over Fall 2007.

Enrollment Growth Costs

In addition to the FY 2009 base budget, House Bill 1 "Minimum School Program Base Budget Amendments," provides increased revenue to support the projected Fall 2008 student enrollment growth. The bill includes an additional 16,848 WPU's to fund the estimated 12,880 new students in FY 2009.

A total of \$34.1 million in new ongoing revenue is included in H.B. 1. However, this amount does not accurately reflect the true cost of FY 2009 enrollment growth. Several expenditure offsets were available to the Legislature this year. The table titled "Public Education Enrollment Growth" on page two shows the impact of these offsets on the costs associated with funding student enrollment growth.

Fall Enrollment History
Actual Fall Enrollment 1993-2007
& Projected Fall Enrollment 2008

Year	Enrollment	Increase	Change
1993	468,675		
1994	471,402	2,727	0.6%
1995	473,666	2,264	0.5%
1996	478,028	4,362	0.9%
1997	479,151	1,123	0.2%
1998	477,061	(2,090)	-0.4%
1999	475,974	(1,087)	-0.2%
2000	475,269	(705)	-0.1%
2001	477,801	2,532	0.5%
2002	481,143	3,342	0.7%
2003	486,938	5,795	1.2%
2004	495,682	8,744	1.8%
2005	510,012	14,330	2.9%
2006	524,003	13,991	2.7%
2007	537,653	13,650	2.6%
2008	550,533	12,880	2.4%

Source: Utah State Office of Education, Finance & Statistics, Common Data Committee.

Enrollment Growth Cost Detail

Funding additional WPUs in the Basic School Program represents the most significant component of student enrollment growth costs. In FY 2009, an estimated \$42.3 million will provide the current Value of the WPU of \$2,514 for each of the new 16,848 WPUs projected in the fall.

In addition, the Executive Appropriations Committee approved sufficient revenue to provide a 2.4 percent increase to several non-WPU driven programs to account for student enrollment growth. The total cost of including these non-WPU driven programs is \$23.5 million. The table titled "Related to Basic Program Enrollment Growth" provides detail of the "Below-the-Line" programs that received the 2.4 percent adjustment.

Charter Schools

The MSP base budget includes an additional \$8 million to provide Charter School Local Replacement funding to an additional 6,760 new charter school students. The FY 2008 local revenue replacement rate of \$1,184 per charter schools students was not changed.

In FY 2008, the Legislature provided \$62 per student enrolled in a charter school to assist the schools with administrative expenses. This appropriation was equally divided between one-time and ongoing revenue. House Bill 1 includes revenue to continue the ongoing portion of the administrative cost program. The total appropriation in H.B. 1 for Charter School Administrative Costs is \$898,600, which provides \$31/student based on the projected charter school enrollment of 28,986.

Enrollment Growth Cost Offsets

The Executive Appropriations Committee applied three offsets to the total cost of student enrollment growth in FY 2009. First, during the 2007 General Session, the Legislature pre-funded FY 2009 charter school enrollment growth with \$3 million in ongoing revenue and \$4 million in one-time revenue. The ongoing portion of this revenue was used as an offset.

Increases in local property tax revenues provide the source of the remaining two offsets used in the base budget bill. Local revenue generated by the school districts through the Basic Levy, Voted Leeway, and Board Leeway increased enough to provide a \$28.8 million offset to the state funds required to support the Basic School Program and the two leeway programs.

Public Education Enrollment Growth

FY 2009 Cost Estimate

Based on Fall 2008 Enrollment Projections

Program	Amount
1. Basic Program (WPU) Growth	\$42,355,900
2. Social Security & Retirement	8,056,600
3. Related to Basic (Below-the-Line)	7,474,900
4. Charter School Local Replacement	8,040,000
Subtotal	\$65,927,400
Offsets	
1. Basic Tax Levy	(15,477,000)
2. Voted & Board Leeways	(13,347,300)
3. Pre-funded Charter School Growth	(3,000,000)
Subtotal	(\$31,824,300)
Net Student Enrollment Growth	\$34,103,100

Related to Basic Program Enrollment Growth

FY 2009 Estimates for "Below-the-Line" Programs

Based on Fall 2008 Enrollment Projections

Program	Amount
1. Social Security & Retirement	\$8,056,600
2. To & From School Transportation	1,702,300
3. Interventions for Student Success	430,900
4. Quality Teaching	1,774,700
5. Youth at Risk Programs	718,200
6. Adult Education	234,700
7. Accelerated Learning Programs	117,700
8. Concurrent Enrollment	221,200
9. Charter School Local Replacement	8,040,000
10. Charter School Admin. Costs	148,600
11. Education Salary Adjustments	2,126,500
Net Student Enrollment Growth	\$23,571,400

Other Base Budget Adjustments

House Bill 1 includes two additional adjustments to the Minimum School Program base budget. First, \$19.9 million in ongoing revenue was included to fund the Educator Salary Adjustments authorized by the Legislature for FY 2008 (H.B. 382, 2007 General Session). Included in the “Below-the-Line” increases for student enrollment growth is \$2.1 million to accommodate additional teachers as a result of student growth. These items, combined with an ongoing base of \$68.7 million, provide a total of \$90.7 million dollars to continue the salary adjustments in FY 2009.

Second, a supplemental appropriation of \$22.3 million is included in H.B. 1 to provide sufficient revenue in FY 2008 for the salary adjustments and one-time bonus to qualifying educators outlined in H.B. 382 (2007 General Session).

These adjustments to the base budget are estimated to provide the full \$2,500 gross salary increase to each qualifying educator in FY 2008 and to continue this adjustment in FY 2009.

LEGISLATIVE ACTION

This brief provides information on adjustments contained in H.B. 1 “Minimum School Program Base Budget Amendments.” Legislative action on H.B. 1 will implement the base budget adjustments identified in this brief.