

# Public Education – State Budget Overview

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1. Guiding Principles – funding allocated for public schools in Utah generally supports one or more of the following principles:
  - a. Equal Access - all students in Utah should have reasonably equal access to a basic education regardless of the ‘wealth’ of their local school district.
  - b. Focused Distribution – state funding targets resources to meet different educational needs of specific student sub-groups. Targets in the current budget include: necessarily existent small schools, accelerated students, students at-risk of failure, English language learners, economically disadvantaged students, etc.
  - c. Local Control – local school boards or governing boards (charter schools) decide how state funds are expended to best meet the specific educational needs in the public schools. However, some programs the Legislature has determined must be funded and carry some expenditure restrictions. Examples include: Special Education Funding, Categorical (Below-the-Line) Programs.
  - d. Local Buy-in – the Minimum School Program provides a mechanism for the state and local school districts to share in the cost of educating Utah’s school children. Statute states that “school districts should be required to participate on a partnership basis in the payment of a reasonable portion of the cost of a minimum program” (UCA 53A-17a-102(2)). The Basic Levy assessed by school district provides the majority of this local contribution.
  
2. State Budget Perspective – Public Education is the largest budget appropriated by the Legislature each year.
  - a. In FY 2009, 49% of state General & Education Fund appropriations supported public education.
  - b. Education Fund – is the major revenue source for public education expenditures.
    - i. Is the largest state fund – 29% of all state revenues (FY 2009)
    - ii. Funded by the Income Tax – which is constitutionally restricted to support education (1996 Constitutional Amendment allowed income tax revenue to also support higher education).
    - iii. Funds the Uniform School Fund – which in turn directly funds public education appropriations

3. Utah’s Public Education Budget – in FY 2009, the Legislature appropriated more than \$3.7 billion (all funding sources) to support public education in Utah.
  - a. Three Primary Budget Categories – the budget is organized into the following categories:
    - i. Minimum School Program – \$3.12 Billion or 87%
    - ii. School Building Program – \$42.2 Million or 1%
    - iii. Education Agencies – \$450.5 Million or 12%
  - b. State funding sources contribute approximately 73% to education appropriations.
  
4. Minimum School Program – is the largest program in the state budget. The MSP provides operating revenue to school districts and charter school. The program provides funding to support the delivery of a ‘basic education’ in school districts and charter schools.
  - a. Provides the general mechanism for equalizing state education funding among students, school districts, and charter schools.
  - b. The MSP is divided into four sub-programs, the Basic School Program, the Related to Basic School Program, Voted & Board Leeway Programs, and One-Time Programs. Each program is summarized below.
    - i. Basic School Program –
      1. Programs are often called “Above-the-Line”
      2. Accounts for nearly 60% of MSP Funding (most of this funding is ‘un-restricted’ to local school districts and charter schools)
      3. Two Revenue Sources – Uniform School Funds & Local Property Taxes
      4. Equitably distributes the two revenue sources among school districts and charter schools by using a Weighted Pupil Unit.
        - a. Weighted Pupil Unit – is the common factor used in distributing program funding and also determines the “cost” of a basic education on a uniform basis for each similarly situated student.
          - i. 1 WPU = 1 Student in Average Daily Membership
          - ii. Weightings adjust based on student characteristics:
            1. Kindergarten Student – Weighted at .55 WPU
            2. Regular Education Student – Weighted at 1 WPU

3. Special Education Student – Weighted at 2.53 WPU
- iii. Additional WPUs may be allocated to meet other needs:
  1. Necessarily Existent Small Schools
  2. Professional Staff
  3. Administrative Costs
  4. Career & Technology Education
  5. Class Size Reduction
- iv. Total Number of WPUs = 714,055 (Compared to 551,000 Students)
- b. Value of the WPU – each year the Legislature determines a dollar value for each WPU. The cost of the Basic School Program is determined by multiplying the total number of WPUs (also approved by the Legislature) by the Value of the WPU.
  - i. Current WPU Value = \$2,577
- c. Property Tax Equalization –
  - i. All school districts must assess the Basic Levy in order to receive state funding.
  - ii. Basic Levy established each year by the Legislature.
    1. The Basic Rate is the same for all districts.
    2. Rate is restricted to generate the same amount of revenue as the previous year (but is adjusted to accommodate the growth in new properties).
    3. The amount of revenue generated by a school district is dependent on the relative value of property within that district.
    4. State funding (Income Tax) fills in the gap between the revenue a district generates through the Basic Levy and the total cost of the Basic School Program as determined by a districts number of WPUs.
  - iii. Recapture – if the Basic Rate generates more revenue than the cost of the Basic School Program for a school district, the excess revenue is collected

by the state and deposited into the Uniform School Fund for the use of all public schools in the state.

1. Estimates indicate that Park City School District will enter recapture this year.

iv. Charter Schools do not have the ability to levy property taxes and they do not contribute to the Basic School Program like school districts. However, charter schools do fully participate in the program and the cost of WPUs in the schools is covered with Income Tax revenues.

ii. Related to Basic School Program –

1. Contains a series of programs often called “Below-the-Line” and are not funded on a WPU basis.
2. Compliment the Basic School Program, but generally target funding to a specific educational need, student group, or teacher group.
3. The funding for each program is determined by the Legislature each year.
  - a. Not all programs are adjusted each year for student growth or inflation (unlike the Basic School Program)
4. Funds are distributed to school districts and charter schools based on formulas (often specific to the individual program). Formulas often require school districts to meet certain eligibility requirements, such as, bus routes operated, student-based criteria (low-income, minority, homeless, advanced, etc.), teacher-based criteria, etc.
5. Related to Basic School Programs are divided into four categories:
  - a. Related to Basic Programs – provides funding for pupil transportation and Social Security & Retirement costs.
  - b. Block Grant Programs – include the Local Discretionary Block Grant, Interventions for Student Success Block Grant, and Quality Teaching Block Grant.
  - c. Special Populations – provides funding for At-Risk and Advanced student groups.

- d. Other Programs – mostly support programs to meet individual educational needs as determined by the Legislature. Major Programs Include:
      - i. Educator Salary Adjustments
      - ii. K-3 Reading Improvement Program
      - iii. School LAND Trust Program
      - iv. Charter School Local Replacement
  - iii. Voted & Board Leeway Programs –
    - 1. The Voted Leeway and Board Leeway are state supported property tax programs.
    - 2. The state provides a funding supplement to school districts that cannot generate enough property tax revenue to meet a target threshold.
      - a. The threshold is based on the amount of revenue a school district can generate per WPU. Only districts not meeting the threshold receive state funding.
    - 3. The Voted Leeway is considered ‘free revenue’ to a school district levying the tax.
    - 4. The Board Leeway is restricted revenue. Generated revenue must support class size reduction efforts in kindergarten through eighth grade (unless a district can certify that class sizes are not excessive).
  - iv. One-time Programs –
    - 1. Includes all one-time funding programs appropriated by the Legislature each year (typically programs that can be fully completed in the appropriated fiscal year).
    - 2. Sometimes the Legislature provides one-time funding to support a program over a specific number of years. Examples: Extended-day Kindergarten (one-time funding for 4 years), Arts Enhanced Learning (one-time funding over 4 years), Teacher Supplies & Materials (funded with one-time monies each year).
- 5. School Building Program – provides state funding to support the construction and renovation of school district buildings. The program is a state supported property tax program, to receive state funding school districts must levy a property tax dedicated to Capital Outlay.

- a. Program has a \$27.2 million ongoing appropriation divided into two programs: the Capital Outlay Foundation Program and the Capital Outlay Enrollment Growth Program.
  - b. Provides a base level of funding for all school districts. Additional funding is distributed to qualifying school districts, based on a district's relative ability to generate property taxes (on a per-student basis).
  - c. Level of funding appropriated by the Legislature determines the number of districts that receive additional funding (over the base amount) and the amount.
  - d. Enrollment Growth Program – provides additional funding for districts that receive an additional allocation under the Foundation Program, but also have a three-year history of continued student enrollment growth.
6. Education Agencies – appropriated funding supports the state-wide administration of public education through the State Board of Education and State Office of Education. Education Agencies also include specialized education programs that support school districts and charter schools.
- a. Total appropriations for the Education Agencies exceed \$450.5 million. However, the majority of this funding, over \$375 million, is 'passed-through' to local school districts and charter schools.
  - b. Agencies Include:
    - i. Utah State Office of Education – provides statewide oversight of public education through the State Board of Education. The Office budget also acts as the fiscal agent for most federal grants.
    - ii. Utah Schools for the Deaf and the Blind – supports the education of students with visual or hearing impairments. The schools provide services in self-contained classrooms on USDB campuses, supports the education of students in the districts, and also has a residential program.
    - iii. State Charter School Board – oversees the approval and operation of charter schools in the state. The Board reports directly to the State Board of Education.
    - iv. Educator Licensing – provides that all teachers in the state meet ongoing qualification requirements as established by the State Board of Education.
    - v. Child Nutrition Programs – contain a series of federal programs that support school lunch and breakfast.
    - vi. Fine Arts Outreach – provides funding to the state's professional art organizations (symphony, dance, opera, museums) to provide educational services in the public schools.

- vii. Science Outreach – provides funding for professional science organizations (planetarium, museums, botanical gardens, etc). to provide educational services in the public schools.
- viii. Education Contracts – funds State Board of Education contracts with school districts to provide educational services to students at the State Hospital in Provo and the State’s correctional facilities.