



# MINIMUM SCHOOL PROGRAM: GROWTH VARIABLES

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE  
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ISSUE BRIEF

## SUMMARY

The Minimum School Program (MSP) has several variables that require adjustment by the Legislature each year. These growth variables are due to and increase or decrease in student counts, teacher counts, certain restricted revenue sources, and the value of taxable property in the school districts. Finally, the Legislature annually determines the WPU Value – an amount of funding provided to Local Education Agencies (LEAs – i.e. school districts and charter schools) for each Weighted Pupil Unit (WPU). The following sections detail each of these variables.

## STUDENT ENROLLMENT GROWTH

Each fall, public schools conduct a student enrollment census on the first school day in October. Following this census, representatives from the Legislative Fiscal Analyst, Governor’s Office of Planning and Budget, and the Utah State Office of Education (USOE) establish a projected enrollment for the next school year. The USOE also uses these enrollment projections to estimate the total number of WPUs for the next school year.

Figure 1 provides a history of student enrollment. Since fall 2000, student enrollment in Utah’s public schools has increased by 101,066 (fall 2010 count) to a total of 576,335 – an increase of 21.3 percent.

In fall 2011 (FY 2012), student enrollment is projected to increase to 591,089, an increase of 14,754 students or 2.6 percent over fall 2010.

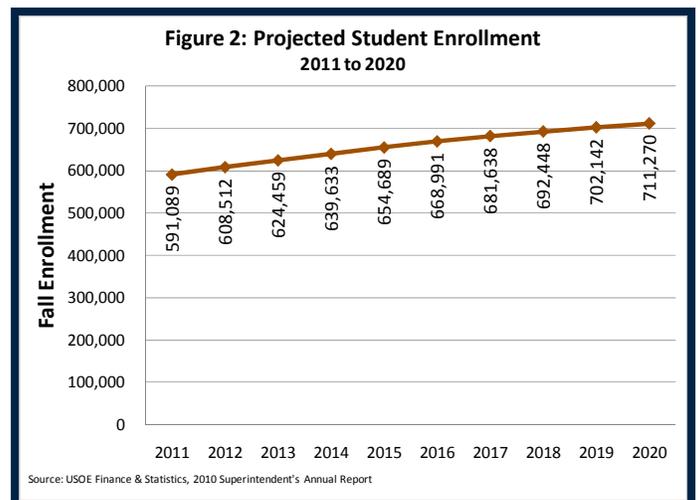
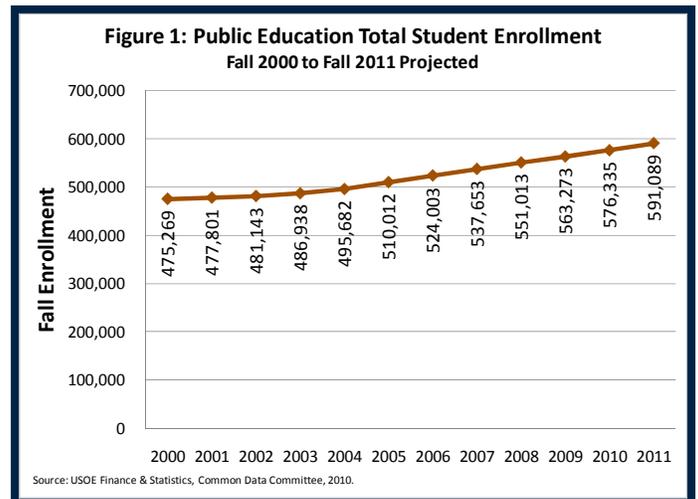
The State Office of Education has projected student growth through fall 2020 – see Figure 2. In fall 2020, projections show that approximately 711,270 students will enroll in Utah’s public schools. This projected growth is an increase of 134,935 over the fall 2010 count, or 23.4 percent.

## ENROLLMENT GROWTH COST ESTIMATE

Increased student enrollment results in cost increases to certain programs within the MSP. These cost increases are based on statutory formulas throughout Title 53A, Chapter 17a in Utah code. Growth costs are determined by two factors: the number of Weighted Pupil Units and the WPU Value.

### The Weighted Pupil Unit

The WPU is the common factor used to determine the cost, and distribution, of state funding through the Basic School Program. School districts participate in the cost of the program through the Basic Levy (detailed below). LEAs generate WPUs based on the number of qualifying students, or some other



statutorily defined factor, for each program. Statute controls the accrual of WPUs by school districts and charter schools, as a result, when student enrollment increases so do the total number of WPUs.

The WPU supports the equitable distribution of a majority of the state revenue allocated to LEAs. Due to the statutory nature of the WPU, the Legislature has two primary mechanisms to control costs. First, the weight applied to each WPU program. Second, the dollar value established for the WPU. LEAs generate WPUs based on statutory formulas for each program. When the total number of WPUs increases, the Legislature can either reduce the WPU Value paid for each WPU or adjust weightings to reduce the total number of WPUs.

**WPU Value**

The WPU Value is set each year by the Legislature. When the WPU Value is adjusted, the total cost of each program increases or decreases. The WPU Value in FY 2011 is \$2,577. The WPU Value has remained at \$2,577 since FY 2009. Figure 3 & 4 provide a history of the number of WPUs as well as the WPU Value since 1995. In FY 2002, several WPU programs were moved into three non-WPU block grants, reducing the total number of WPUs.

**FY 2012 Growth Costs**

Figure 5 details the cost estimates for FY 2012 student enrollment growth. In Senate Bill 1, *Public Education Base Budget* (2011 General Session), the Legislature re-allocated funding within the Minimum School Program to adjust certain programs for growth. To date, no additional funding has been allocated to fund enrollment growth.

Funding additional WPUs in the Basic School Program represents the most significant cost. In FY 2012, an estimated increase of \$44.3 million will provide the current WPU Value (\$2,577) for each of the 17,181 new WPUs projected in fall 2011.

Historically, the Legislature has increased several non-WPU programs to account for student enrollment. This increase is generally the percent increase in overall student growth, or 2.6 percent in FY 2012. The total cost of including these non-WPU programs is estimated at \$13.2 million.

The cost estimate also includes an additional \$8.3 million to provide local property tax replacement funding to charter schools based on current statute. This provides a statutory replacement amount of \$1,673 for each student enrolled in a charter school. Enrollment projections indicate that 46,278 students will likely enroll in charter schools this fall, an increase of 6,157.

Figure 6 includes an increased cost to the Educator Salary Adjustment based on the actual increase in teachers in FY 2011. The program has two components, a \$2,500 adjustment to all licensed educators in

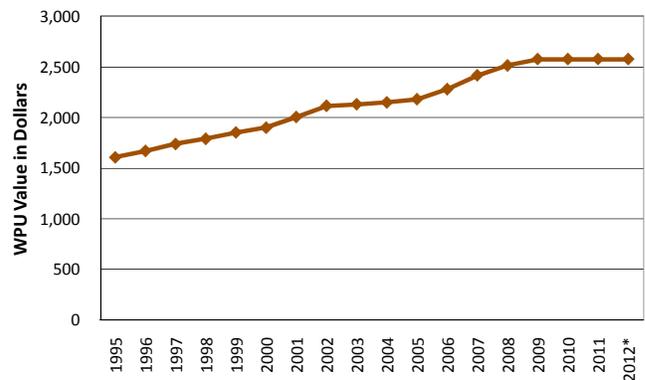
**Figure 3: WPU History FY 1995 to FY 2012 Base Bill**  
WPU Value & Total Number of WPUs

Fiscal Year	WPU Value	% Chg.	Total WPUs	Total Growth	% Chg.
1995	1,608	4.5%	635,379		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	2,577	2.5%	714,055	16,848	2.4%
2010	2,577	0.0%	731,519	17,464	2.4%
2011	2,577	0.0%	745,100	13,581	1.9%
2012*	2,577	0.0%	762,281	17,181	2.3%

\* WPU value as established in S.B. 1 (2011 General Session). A different WPU Value for FY 2012 may be adopted by the Legislature by the end of the 2011 General Session.

Source: Appropriations Reports, Legislative Fiscal Analyst, 1995-2010

**Figure 4: WPU Value History**  
FY 1995 to FY 2012 Base Budget



a school (including principals) and a \$1,700 to all licensed educators excluding principals. Approximately 29,688 educators qualify for the \$2,500 adjustment and 28,403 for the \$1,700 adjustment. The total cost of the program is expected to be \$152,104,700 in FY 2011, an increase of \$1,728,500.

The Legislature normally funds the increase to this program on a supplemental basis (to better obtain actual count). The increase is required as a one-time supplemental in FY 2011 to fully fund the salary adjustments for new educators in the current year. A similar increase is also required, on an ongoing basis, in the FY 2012 budget to fund the ongoing impacts of this growth. The FY 2012 amount was included in the base budget (S.B. 1, 2011 General Session). The FY 2011 supplemental component has not been funded.

Finally, the Voted & Board Leeway programs provide a state revenue guarantee to qualifying school districts. Education Funds ensure that each school district that elects to levy the minimum tax rates for these programs will generate a minimum level of revenue per WPU.

An additional \$23.4 million is required to increase the state guarantee rate from \$25.25 to \$27.17 per WPU as required by statute and to adjust for the increase in the total number of WPUs.

Senate Bill 1 includes the \$23.4 million increase to the program cost. This estimate was based on the total WPU count prior to program reductions made by the legislature. Programmatic reductions in S.B. 1 reduced the total number of WPUs by 3,474, from 765,755 to 762,281. These changes are detailed in the notes of Figure 5. With the decrease in total WPUs, the cost for the guarantee may be approximately \$332,700 less.

**WPU Value Changes**

The Legislature establishes a WPU Value for each fiscal year. Total funding for each WPU program is determined by multiplying the number of WPUs for each program by the WPU Value established in statute. Altering the WPU Value will increase (or decrease) the total funding for each program.

Senate Bill 1 maintains the WPU Value at the FY 2011 amount of \$2,577.

Estimates indicate that it will cost approximately \$20.5 million for every percent increase or decrease in the WPU Value. Figure 6 provides a breakdown of programs historically adjusted with changes to the WPU Value. Adjustments made throughout the session may increase or decrease this estimate.

**Figure 5: FY 2012 Enrollment Growth Cost Estimates**  
Based on Fall 2011 Enrollment Projections

<b>Basic Program (17,181 New WPUs)*</b>	<b>\$44,275,437</b>
<b>Related to Basic Program</b>	
Pupil Transportation	1,543,000
Concurrent Enrollment	221,800
Interventions for Student Success	390,000
Youth at Risk Programs	720,300
Adult Education	240,900
Accelerated Learning Programs	90,900
Charter School Local Replacement	8,311,300
Charter School Administrative Costs**	0
Educator Salary Adjustments (FY11 Growth)	1,728,500
<b>Subtotal</b>	<b>\$13,246,700</b>
<b>Voted &amp; Board Leeways - State Guarantee*</b>	<b>\$23,392,250</b>
<b>Total All Programs</b>	<b>\$80,914,387</b>

\* The Legislature re-allocated funds within the education budget to adjust these programs for enrollment growth. No additional funding (over the FY 2011 appropriation) was provided in S.B. 1, 2011 General Session to fund student enrollment growth.  
\*\* In S.B. 1, 2011 General Session, the Legislature eliminated funding for school district administrative costs (reduction of 1,535 WPUs, eliminated district funding for students attending UCAT campuses (reduction of 1,939 WPUs), and eliminated administrative costs for charter schools.

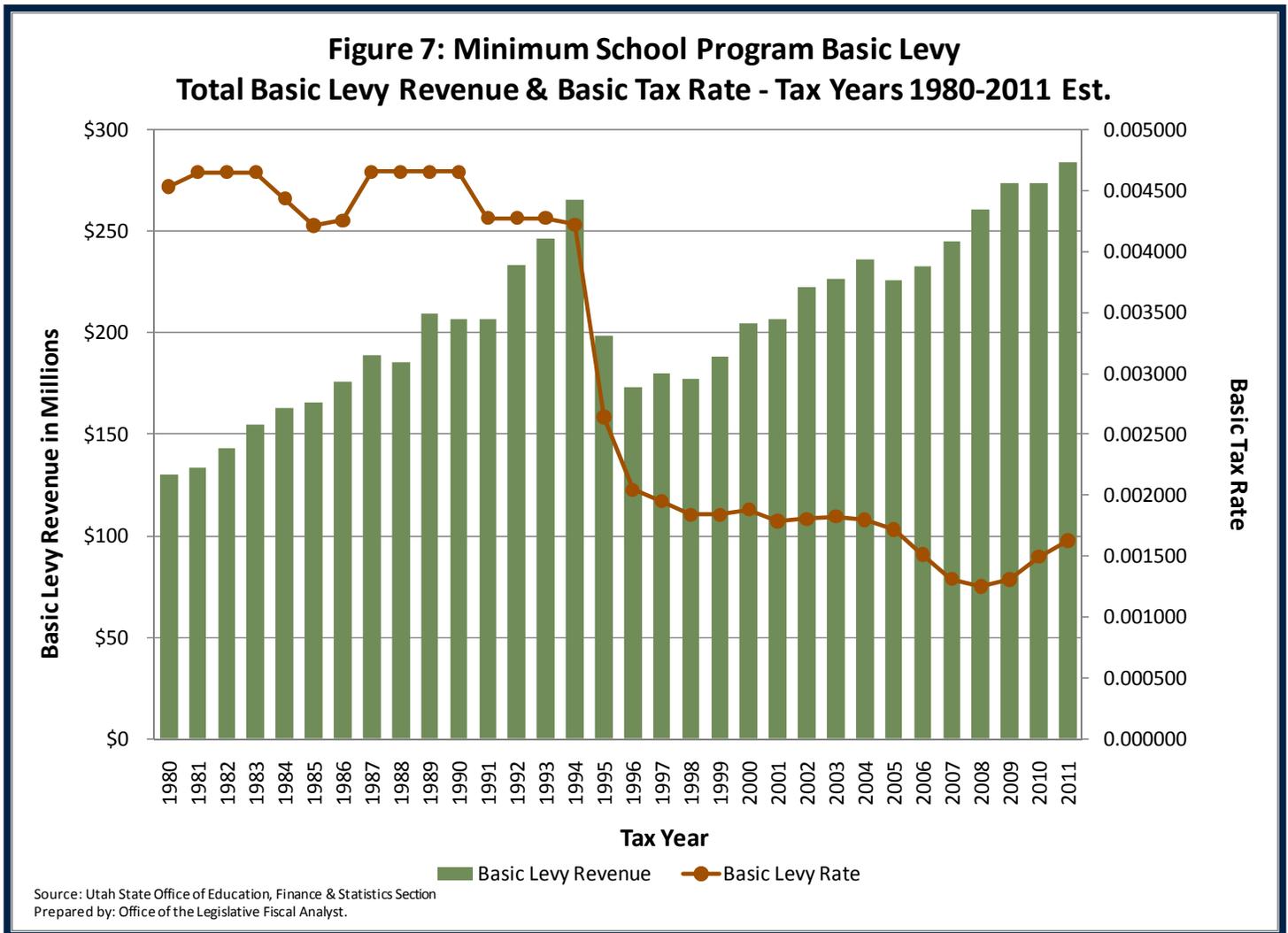
**Figure 6: 1% Increase/Decrease Cost Estimate**  
Minimum School Program - FY 2011

<b>Basic School Program</b>	<b>\$19,297,000</b>
<b>Related to Basic School Program</b>	
Pupil Transportation	593,500
Concurrent Enrollment	85,300
Interventions for Student Success	150,000
Youth At-Risk Programs	277,000
Adult Education	92,700
Accelerated Learning Programs	35,000
<b>Subtotal</b>	<b>\$1,233,500</b>
<b>Total</b>	<b>\$20,530,500</b>

**LOCAL PROPERTY TAXES**

Figure 7 details the total Basic Levy revenue in the Basic School Program and Basic Rate to derive this revenue since 1980. Since 1990, the Basic Rate has decreased from 0.004656 to an estimated rate of 0.001628 in 2012. However, over the same time frame, revenues generated by this rate have increased from \$206.5 million to \$284.1 million.

In 1994-95 and 1995-96, the Legislature instituted a series of property tax reductions. These reductions reduced the Basic Rate from 0.004220 to 0.002046, a rate reduction of more than 50 percent. The second axis of the chart in Figure 7 shows this rate change.



### ***Equalization***

Utah is nationally regarded as having one of the best programs for equitably distributing state education funds. The allocation of state funding through the WPU maintains this equity. Utah’s system identifies a “basic” amount for educating each student, one WPU. However, the system also recognizes that the costs associated with educating each student varies depending on need. Allocating fewer, or additional WPUs, provides adjustments to accommodate the relative cost differentials among students. Finally, not restricting the use of the majority of state funds allocated to local education agencies allows local governing boards to target state funding to meet individual student needs.

The WPU uses state Education Fund appropriations to equalize a portion of local school district property tax revenues levied to support the Basic School Program. Each school district must impose a basic property tax levy in order to participate in the Minimum School Program. The Basic Levy is the same for each school district, but due to varying property values the revenue generated by each district varies. The state contribution to the Basic School Program for each school district equals the difference between the proceeds of the Basic Levy and the cost of the district’s Basic School Program (based on total number of WPUs). This process mitigates some of the relative inequities between property tax “rich” and “poor” school districts.

Since charter schools do not have the ability to levy property taxes, they do not contribute to the cost of the Basic School Program. However, students attending charter schools receive the same level of funding as a similarly situated student attending a district school, but the cost is entirely state-funded.

### ***Recapture***

If a school district’s Basic Rate yields more revenue than the amount the district is entitled to under the Basic School Program, the state ‘recaptures’ the difference and deposits it into the Uniform School Fund to benefit the entire public education system.

For the past three years, the state has recaptured funds from Park City School District. In FY 2011, estimated recapture funds total approximately \$2 million. The exact total will not be known until the end of the fiscal year. Actual recaptured revenue will be credited as a revenue source to the Uniform School Fund and can be appropriated by the Legislature.

Statutory changes in the 2010 General Session shifted most public education appropriations from the Uniform School Fund (USF) to the Education Fund. This brought state-fund appropriations in line with new accounting standards. Appropriations will still continue from the USF, but at a decreased amount. The USF will only contain those revenue sources that are required to be deposited into the fund by statute or the state’s constitution. USF appropriations will only occur in the Minimum School Program – Basic School Program to ensure that recaptured revenue is appropriated back into the program.

### **UNIFORM SCHOOL FUND RESTRICTED – INTEREST & DIVIDENDS ACCOUNT REVENUES**

The USFR-Interest & Dividends Account funds the School LAND Trust program. The School and Institutional Trust Lands Administration (SITLA) manages the school trust lands to generate revenue for public schools. Revenues are deposited into the Permanent School Fund, which is invested by the State Treasurer.

The interest and dividends earned off of the school fund are distributed to public schools to provide resources to improve student academic achievement. Each school must develop a school improvement plan. Public schools receive all interest and dividends earned off of the fund in a given year. The appropriation made by the Legislature each year is an estimate, actual funding may vary slightly depending on market conditions.

Estimates indicate that the revenue available to public schools will increase from \$20,000,000 to \$22,600,000, an increase of \$2.6 million. The Legislature may wish to reflect this increase in the FY 2012 budget.

**LEGISLATIVE ACTION**

The Legislature may wish to consider the following:

- Adjust the FY 2011 appropriation for the Educator Salary Adjustments by \$1,728,500 in one-time Education Funds. This supplemental appropriation will provide enough revenue in the current year to provide the salary adjustments outlined in statute for all qualifying educators.
- Consider adjusting the appropriation for the Voted & Board Leeway state guarantee, as funded in S.B. 1 (2011 General Session) by (\$332,700).
- Determine which programs in the Related-to-Basic School Program may receive an adjustment if the WPU Value is increased or decreased.
- Increase the USFR-Interest & Dividends appropriation for the School LAND Trust program by \$2.6 million to \$22,600,000.