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

Federal 8%
State 55%
Local 37%

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**
<table>
<thead>
<tr>
<th>Tax Levy</th>
<th>Use of Funds</th>
<th>% of Districts Imposing Levy Receiving Guarantee Monies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voted Leeway</td>
<td>Operations &amp; maintenance</td>
<td>53%</td>
</tr>
<tr>
<td>Board Leeway</td>
<td>Class size reduction</td>
<td>56%</td>
</tr>
<tr>
<td>Reading Levy</td>
<td>K-3 Reading</td>
<td>69%</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>Capital outlay, debt service</td>
<td>35%</td>
</tr>
</tbody>
</table>
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 Leeway

- One-time Programs
## Number of WPUs Assigned to Sample Districts

<table>
<thead>
<tr>
<th>Basic Program Subprograms</th>
<th>Large Urban District</th>
<th>Small Rural District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>3,000</td>
<td>20</td>
</tr>
<tr>
<td>Grades 1 - 12</td>
<td>60,000</td>
<td>500</td>
</tr>
<tr>
<td>Professional Staff</td>
<td>5,900</td>
<td>75</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>16</td>
<td>53</td>
</tr>
<tr>
<td>Small Schools</td>
<td>0</td>
<td>306</td>
</tr>
<tr>
<td>Special Education</td>
<td>10,250</td>
<td>70</td>
</tr>
<tr>
<td>Career &amp; Tech. Ed.</td>
<td>3,100</td>
<td>90</td>
</tr>
<tr>
<td>Class Size Reduction</td>
<td>4,100</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total WPUs</strong></td>
<td><strong>86,366</strong></td>
<td><strong>1,149</strong></td>
</tr>
</tbody>
</table>
Sample Districts - Basic Program Cost and State and Local Contribution

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<tr>
<td>Total WPUs</td>
<td>86,366</td>
<td>1,149</td>
</tr>
<tr>
<td>Value of WPU</td>
<td>X $2,577</td>
<td>X $2,577</td>
</tr>
<tr>
<td>Basic Program Cost</td>
<td>$222,565,182</td>
<td>$2,960,973</td>
</tr>
<tr>
<td>Basic Rate Revenue</td>
<td>- $32,500,000</td>
<td>- $270,000</td>
</tr>
<tr>
<td>State Funds</td>
<td>$190,065,182</td>
<td>$1,690,973</td>
</tr>
</tbody>
</table>

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