



# MINIMUM SCHOOL PROGRAM – THE WPU AND THE BASIC LEVY

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE  
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ISSUE BRIEF

**SUMMARY**

The Basic School Program of the Minimum School Program uses the weighted pupil unit (WPU) to estimate the cost of each sub-program and to distribute program appropriations to local education agencies (LEAs). WPU formulas function in a manner to provide a minimum, or basic, education across the state. WPUs work to equalize revenue across school districts and charter schools in order to provide reasonably equal educational opportunities across the state. Revenue equalization occurs through a combination of the Basic Levy and the allocation of state revenues.

**WEIGHTED PUPIL UNIT**

The WPU is a common factor used in each basic school program. The cost of each program is determined by multiplying the number of program WPUs by the WPU Value. The WPU Value is set each year by the Legislature and the cost of each basic program increases (or decreases) with changes in the value.

**WPU History**

Figure 1 provides a history of WPUs and WPU Value back to FY 1995. In FY 2014 there are 802,729 WPUs, an increase of 20,712 over FY 2013 or 2.6 percent. In FY 2002 there was a 6.8 percent decline in the number of WPUs. This was the result of programmatic changes made by the Legislature.

Appendix A provides a history of the total number of WPUs since the creation of the Minimum School Program in FY 1974. This chart also compares changes in the number of WPUs to changes in fall enrollment. Recent history shows a ratio of approximately 1.3 WPUs for every student in fall enrollment.

**WPU Formulas**

The diagram titled “Minimum School Program – Overview of Weighted Pupil Unit Formulas” provides a summary of each program formula and the components used to calculate WPUs.

**Figure 1: WPU History**  
FY 1995 to FY 2015 Base (House Bill 1)  
WPU Value, Total WPUs and Percent Change

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%	93,097		
2012	2,816	9.3%	671,628		
<b>2012 Total</b>			<b>764,725</b>	<b>19,625</b>	<b>2.6%</b>
2013	2,607	1.2%	96,941	3,844	4.1%
2013	2,842	0.9%	685,076	13,448	2.0%
<b>2013 Total</b>			<b>782,017</b>	<b>17,292</b>	<b>2.3%</b>
2014	2,659	2.0%	99,993	3,052	3.1%
2014	2,899	2.0%	702,736	17,660	2.6%
<b>2014 Total</b>			<b>802,729</b>	<b>20,712</b>	<b>2.6%</b>
2015 Base	2,659	0.0%	99,993	0	0.0%
2015 Base	2,899	0.0%	702,736	0	0.0%
<b>2015 Base</b>			<b>802,729</b>	<b>0</b>	<b>0.0%</b>

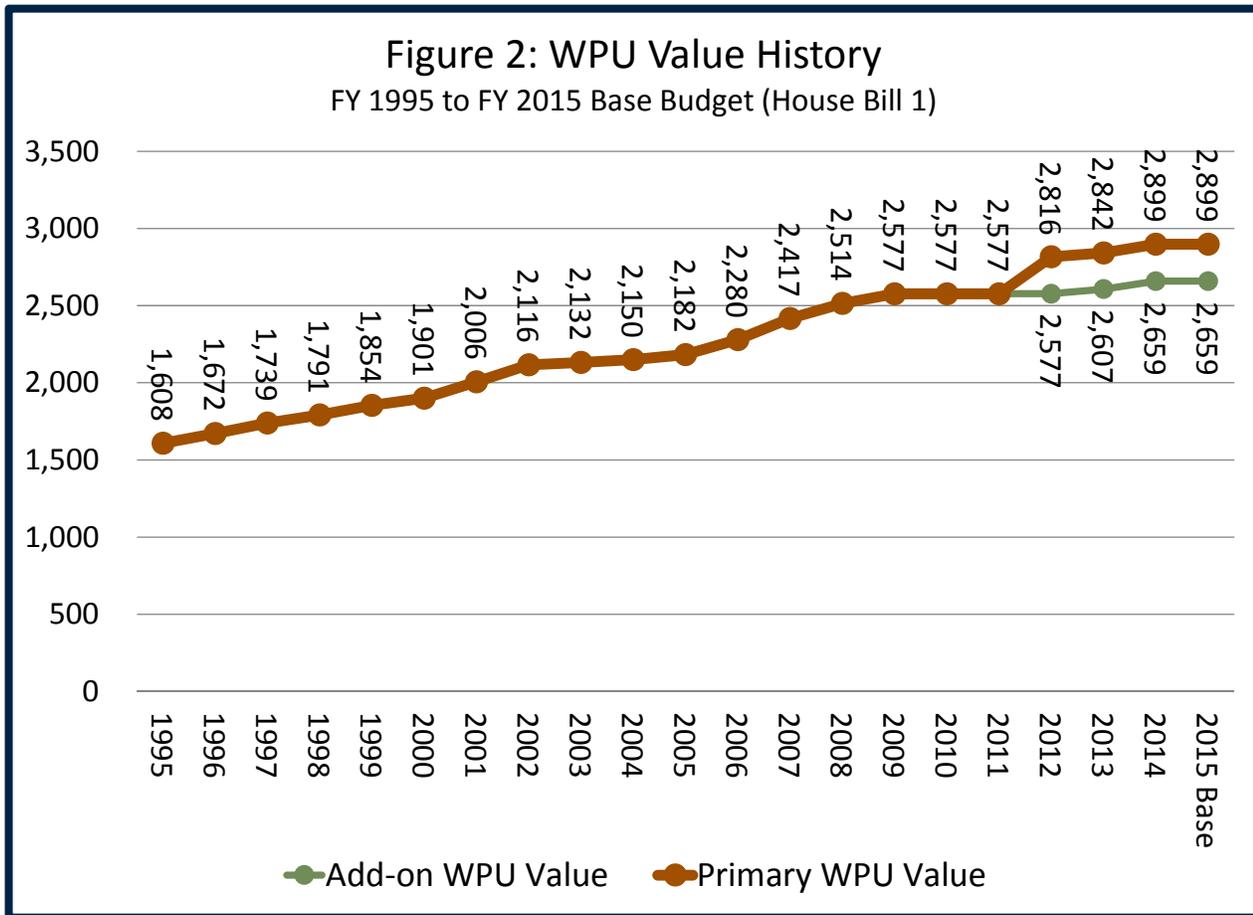
**Notes:**  
In FY 2012, the Legislature established two WPU Values. The WPU Value for most programs increased from \$2,577 to \$2,816. However, the WPU Value for the Special Education - Add-on and Career & Technology Education - Add-on programs remained at \$2,577.

Source: Appropriations Reports, Legislative Fiscal Analyst, 1995-2013

**WPU Value**

The WPU Value remains at the prior-year appropriated amount until adjusted by the Legislature. Since the WPU was created in 1974, the year-over-year value has never decreased. However, in some years, namely FY 2009 to FY 2011 the WPU Value did not increase. The 9.3 percent increase in FY 2012 was the result of funding reallocations within the Minimum School Program. Figure 2 charts the WPU Value changes since FY 1995.

The WPU Value for most programs was set at \$2,899 in FY 2014; however, the WPU Value for the Special Education – Add-on and Career & Technical Education – Add-on programs is \$2,659.



**Two WPU Values**

FY 2012 was the first year since the creation of the WPU in 1974 that the Legislature set two WPU Values. The ‘Primary WPU Value’ is applied to the WPUs in all but two programs. The ‘Add-on WPU Value’ is applied to WPUs in the Special Education and Career & Technical Education Add-on programs. Since the creation of two values, the Legislature has increased each value by the same percentage each year.

During the 2011 General Session, the Legislature eliminated several categorical programs in the Related to Basic School Program and moved the associated funding to the WPU Value. LEAs raised concerns that increasing the funding for all WPU programs would place restrictions on certain funding sources that were previously unrestricted. To mitigate this potential impact, the Legislature decided not to increase the value for the Add-on programs.

The funding associated with the value increase for these programs was appropriated instead to the Flexible Allocation – WPU Distribution program. In FY 2014, a total of \$23.1 million was appropriated to

the program. The appropriation to the Flexible Allocation program has not been adjusted for student enrollment growth changes or changes in the WPU Value since originally appropriated.

If the Legislature decided to only have one WPU Value in FY 2015, several factors should be considered:

- Increasing the WPU value for the add-on programs to \$2,899 would cost approximately \$24.0 million. This cost will increase with anticipated enrollment growth and WPU Value changes in FY 2015.
- Using the current funding in the Flexible Allocation program to raise the Add-on WPU Value will change the allocation of funding among LEAs. Currently, the \$23.1 million in the Flexible Allocation program is distributed to LEAs based on their total number of WPUs. All WPUs receive the same level of funding. Moving this funding into the Add-on WPU Value will distribute the funding based on the participation levels of each LEA in those programs.
- The Legislature could lower the Primary WPU Value in order to increase the Add-on WPU Value. This would allow the current funding in the Flexible Allocation to remain. Assuming the current base budget appropriation, a WPU Value of approximately \$2,869 (decrease of \$30) would fund all WPUs at the same value. This would also redistribute funding among LEAs based on their participation level in various programs.

**BASIC LEVY**

Through the functions of the Basic School Program, the state and local school districts share in the cost of WPU programs. School districts must impose the Basic Levy in order to participate in the Minimum School Program and the proceeds of this property tax to help in funding the district’s WPUs.

***Basic Levy***

Figure 3 details the total property tax revenue generated in the school districts by imposing the Basic Tax Rate on property located in within the district’s boundaries. The Basic Rate is set by the Legislature each year. Each school district levies the same tax rate. However, the amount of funding generated by each district varies based on the value of property in each area.

***Basic Levy Revenue – FY 2015***

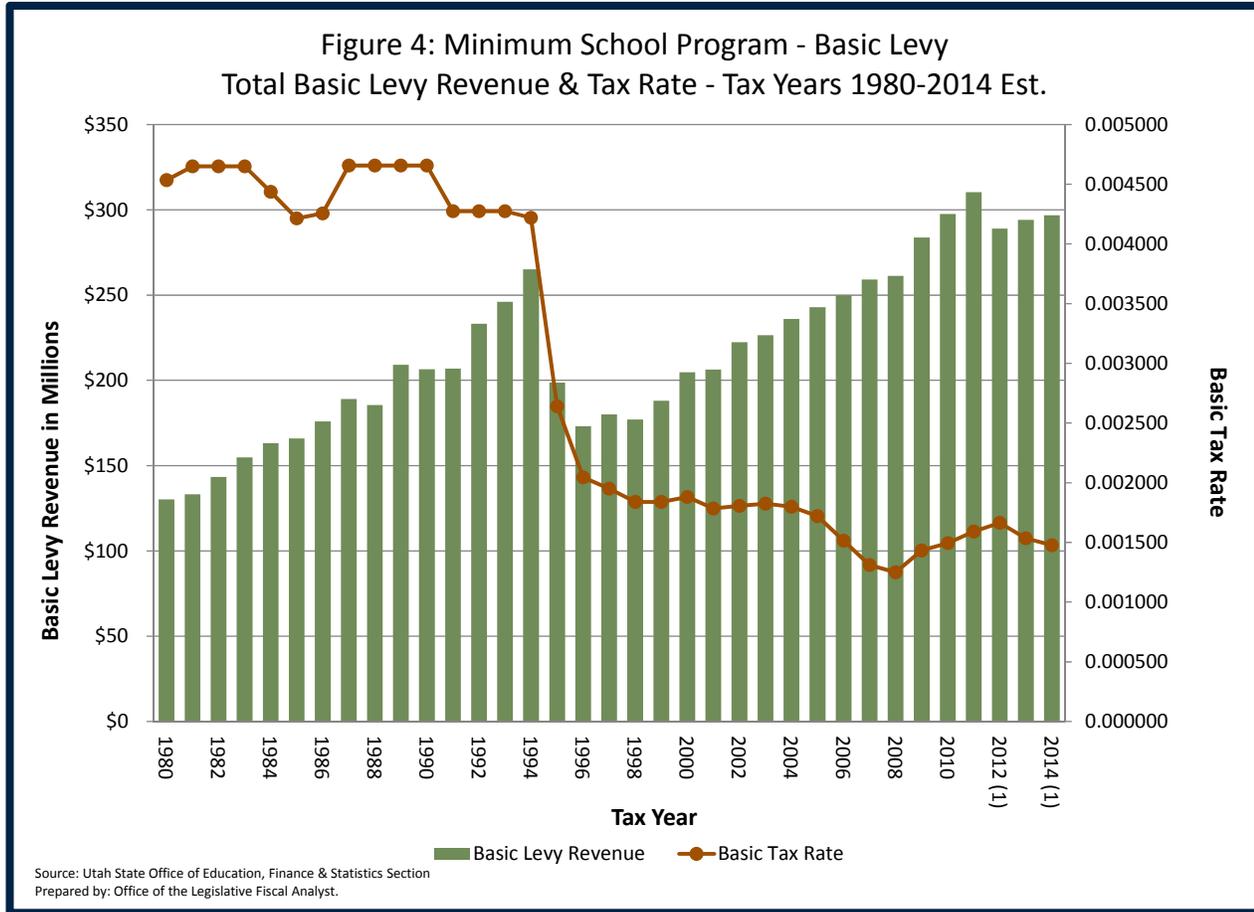
Basic Levy revenue is estimated at \$296.7 for FY 2015 (Tax Year 2014), an increase of \$2.6 million. Statute, 53A-17a-103, allows the basic rate to generate the same level of funding collected in the prior year plus an increase for net new growth in property. To generate the amount of authorized revenue in FY 2015, the Basic Tax Rate decreases from 0.001535 to an estimated 0.001477.

**Figure 3: Basic Levy -  
Minimum School Program**  
Total Basic Levy Revenue & Basic Tax Rate  
Tax Years 2000 to 2014 Estimated

<b>Tax Year (TY13 = FY14)</b>	<b>Basic Levy Revenue (Actual)</b>	<b>Basic Tax Rate</b>
2000	204,833,990	0.001881
2001	206,375,916	0.001785
2002	222,423,539	0.001807
2003	226,447,025	0.001825
2004	236,027,265	0.001800
2005	242,913,297	0.001720
2006	249,985,190	0.001515
2007	259,115,489	0.001311
2008	261,345,275	0.001250
2009	283,799,229	0.001433
2010	297,509,243	0.001495
2011	310,279,300	0.001591
2012 <sup>(1)</sup>	289,021,900	0.001665
2013 <sup>(1)</sup>	294,092,000	0.001535
2014 <sup>(1)</sup>	296,709,700	0.001477

**Note:**  
1. Revenue shown represents the estimate for budget appropriations not actual collections.  
Source: Utah State Office of Education, Finance & Statistics Section  
Prepared by: Office of the Legislative Fiscal Analyst (01/14BL)

Since FY 1990, the Basic Rate has decreased from 0.004656 to an estimated rate of 0.001477 in FY 2015. However, over the same time frame, revenues generated by this rate have increased from \$206.5 million to an estimated \$296.7 million. Figure 4 shows revenue collected since FY 1980 as well as the Basic Tax Rate. In FY 1995 and FY 1996, 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 11 shows this rate change.



**RECAPTURE & EQUALIZATION**

State funds make up the difference between the total cost of a district’s Basic School Program and the revenue it generates through the Basic Levy. If a district generates more revenue than the cost of its basic program, the remaining amount is remitted to the Uniform School Fund for use by the entire system. This process is called recapture.

***Recapture***

The state has recaptured funds from Park City School District (PCSD) since FY 2009. In FY 2014, estimated indicate that the revenue generated by PCSD exceeds its WPU costs by approximately \$1.9 million. The exact total will not be known until the end of the fiscal year. Actual revenue will be credited as a revenue source to the Uniform School Fund and contributes to appropriations made by the Legislature from that fund. As a matter of practice, the Legislature only appropriates Uniform School Funds to the Basic School Program to ensure that recapture revenue benefits the entire system.

***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.

Funding the WPU includes the use of state revenue from the Education Fund to equalize a portion of local school district property tax revenues. Each school district must impose a basic property tax levy in order to participate in the Basic School Program (part of the Minimum School Program). The Basic Tax Rate is the same for each school district. Since the value of property in each school district varies, the revenue generated by each school district is different. 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 its 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.

*Supplemental Documents Online*

The table and charts titled “Minimum School Program: Basic School Program – Estimated total WPU Costs by School District Including Contributing Revenue Sources” shows the interplay of state and local property tax revenues in the system. The diagram titled “Minimum School Program: Basic School Program – Example of Property Tax Equalization Using Weighted Pupil Units” provides a simplified version of how equalization occurs within the system.

**APPENDIX A**

**Weighted Pupil Unit & Fall Enrollment History**  
 Comparison of the Number of Weighted Pupil Units and Total Fall Enrollment  
 with WPU to Fall Enrollment Ratio  
 Fiscal Years 1973 to 2014

Fiscal Year	Total WPUs	Percent Change	Fall Enrollment	Percent Change	Ratio WPU to Enrollment
1973	**DU**		306,264		
1974	352,710		306,299	0.0%	1.15
1975	356,430	1.1%	307,924	0.5%	1.16
1976	358,865	0.7%	309,708	0.6%	1.16
1977	368,593	2.7%	314,471	1.5%	1.17
1978	376,267	2.1%	317,308	0.9%	1.19
1979	379,647	0.9%	324,468	2.3%	1.17
1980	387,041	1.9%	332,575	2.5%	1.16
1981	400,357	3.4%	342,885	3.1%	1.17
1982	422,381	5.5%	354,540	3.4%	1.19
1983	439,216	4.0%	369,338	4.2%	1.19
1984	459,306	4.6%	378,208	2.4%	1.21
1985	484,350	5.5%	390,141	3.2%	1.24
1986	504,398	4.1%	405,305	3.9%	1.24
1987	519,047	2.9%	415,994	2.6%	1.25
1988	528,317	1.8%	423,386	1.8%	1.25
1989	533,448	1.0%	429,551	1.5%	1.24
1990	539,895	1.2%	435,762	1.4%	1.24
1991	551,308	2.1%	444,732	2.1%	1.24
1992	604,264	9.6%	454,218	2.1%	1.33
1993	605,626	0.2%	461,259	1.6%	1.31
1994	622,372	2.8%	468,675	1.6%	1.33
1995	635,379	2.1%	471,402	0.6%	1.35
1996	642,121	1.1%	473,666	0.5%	1.36
1997	648,532	1.0%	478,028	0.9%	1.36
1998	666,891	2.8%	479,151	0.2%	1.39
1999	668,465	0.2%	477,061	-0.4%	1.40
2000	669,408	0.1%	475,974	-0.2%	1.41
2001	671,513	0.3%	475,269	-0.1%	1.41
2002	625,549	-6.8%	477,801	0.5%	1.31
2003	627,795	0.4%	481,143	0.7%	1.30
2004	631,771	0.6%	486,938	1.2%	1.30
2005	642,701	1.7%	495,682	1.8%	1.30
2006	652,990	1.6%	510,012	2.9%	1.28
2007	675,758	3.5%	524,003	2.7%	1.29
2008	697,207	3.2%	537,653	2.6%	1.30
2009	714,055	2.4%	551,013	2.5%	1.30
2010	731,519	2.4%	563,273	2.2%	1.30
2011	745,100	1.9%	576,335	2.3%	1.29
2012	764,725	2.6%	587,745	2.0%	1.30
2013	782,017	2.3%	600,970	2.3%	1.30
2014	802,729	2.6%	612,551	1.9%	1.31

**Notes:**

1. Prior to 1974 the school finance system used Distribution Units (1DU = approx. 27 students). The WPU was created through Legislation in the 1973 General Session.
2. Fall enrollment is aligned to fiscal year (fall 2013 = FY 2014).

Sources: Utah State Office of Education, School Finance. Office of the Legislative Fiscal Analyst, Appropriations Reports.

Prepared by: Office of the Legislative Fiscal Analyst (01/14BL).