



# MINIMUM SCHOOL PROGRAM GROWTH & WPU VALUE ESTIMATES

EXECUTIVE APPROPRIATIONS COMMITTEE  
STAFF: BEN LEISHMAN

ISSUE BRIEF

**SUMMARY**

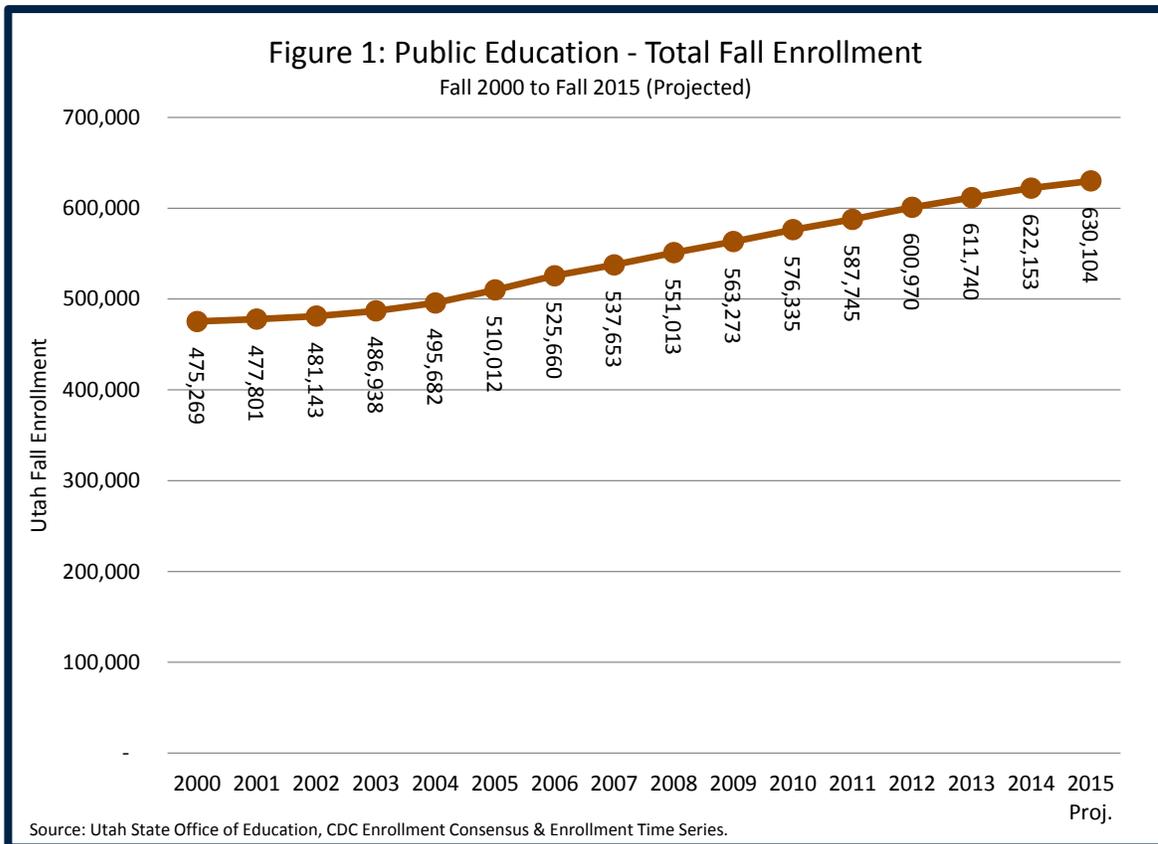
Several variables within the Minimum School Program (MSP) require annual adjustments by the Legislature. This brief contains preliminary cost estimates for projected student enrollment growth in fall 2015 (FY 2016) and a one percent increase in the Weighted Pupil Unit (WPU) Value.

**STUDENT ENROLLMENT GROWTH**

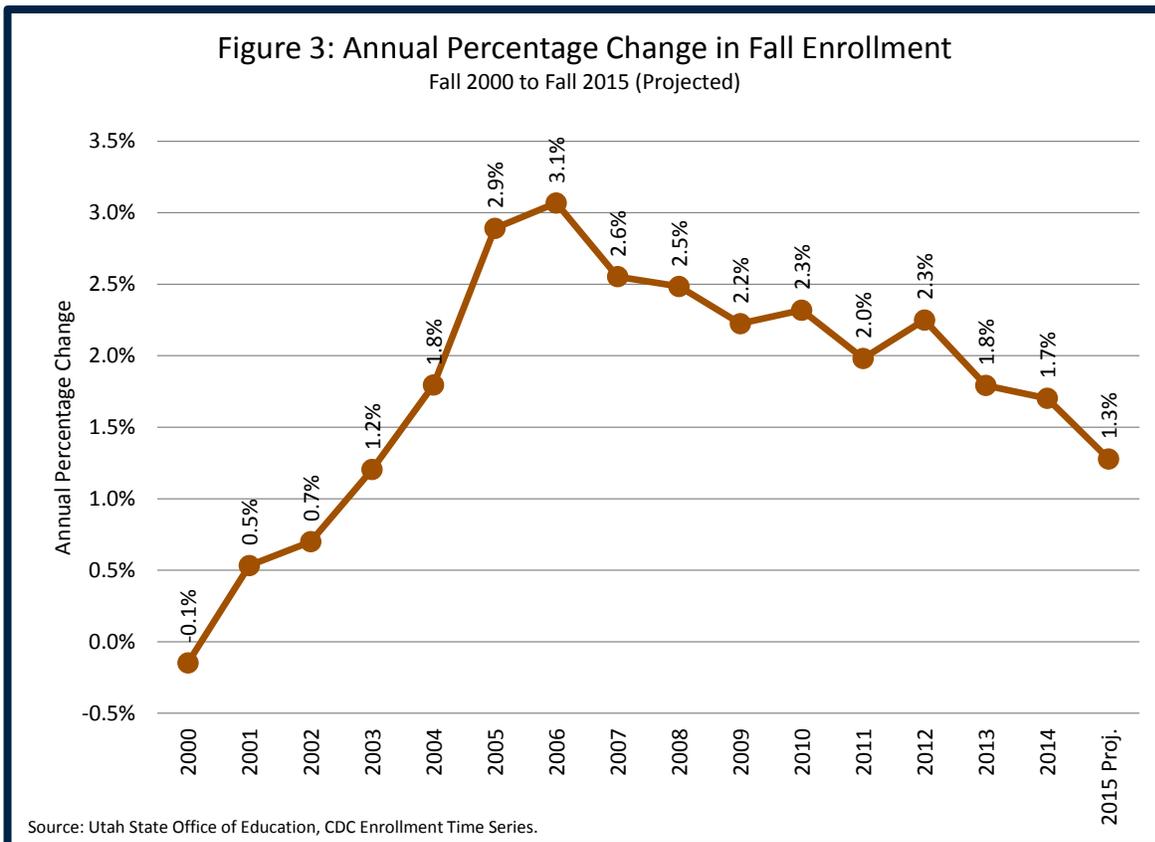
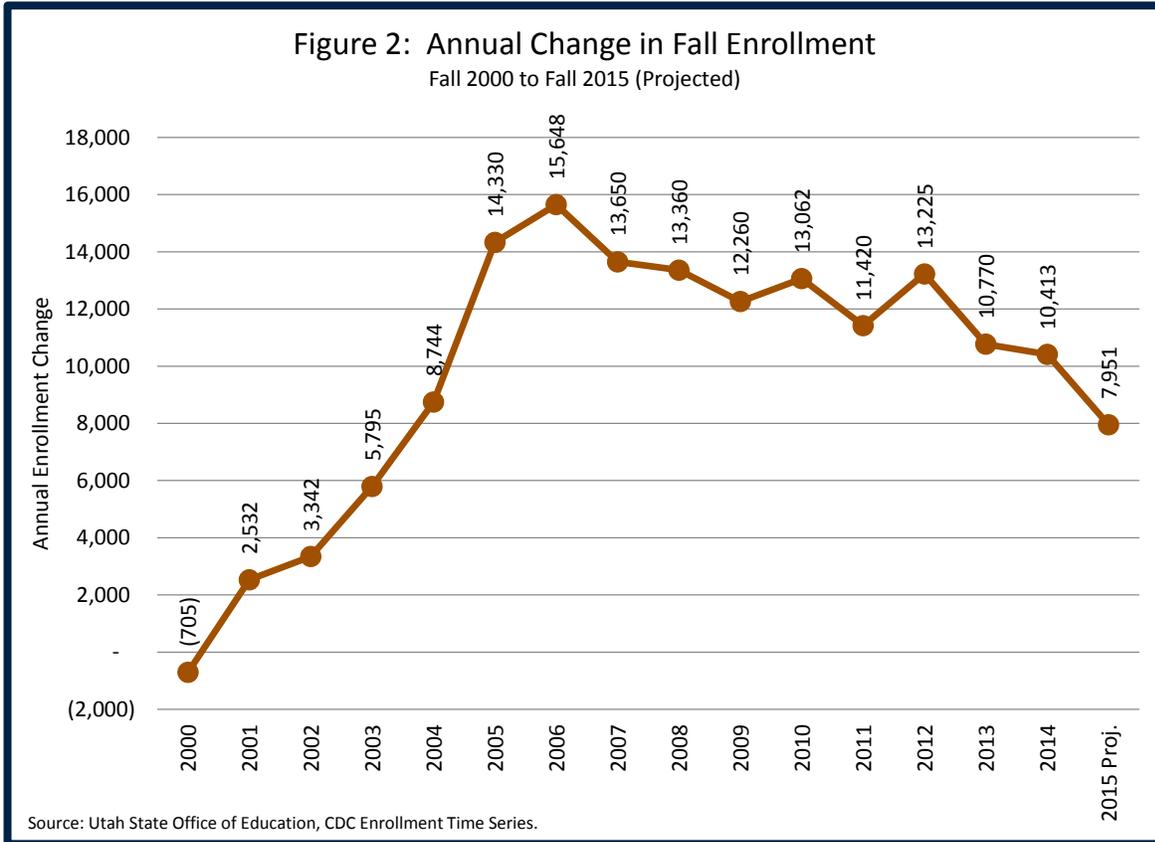
Each fall, public schools conduct a student enrollment count on the first school day of October. This past October, Utah’s public schools enrolled 622,153 students, an increase of 10,413 students. Last year at this time, we projected a total enrollment of 622,813, a difference of 660 students. Figure 1 provides a history of fall enrollment since 2000. Year-over-year enrollment has increased for the past 15 years.

Following each fall enrollment count, the Common Data Committee (CDC) establishes a consensus projection for student enrollment for the next school year. The CDC includes representatives from the Legislative Fiscal Analyst (LFA), Governor’s Office of Management and Budget (GOMB), and the Utah State Office of Education (USOE).

In fall 2015, the CDC projects that 630,104 students will enroll in Utah’s public schools. This is an increase of 7,951 students over the current enrollment, or approximately 1.3 percent.



Figures 2 and 3 provide a historical look at the year-over-year change in student enrollment since 2000. Although fall enrollment in Utah is still growing, the chart shows how the annual rate of change is slowing.



### Enrollment Growth Cost Estimate

Growth in student enrollment will result in additional Weighted Pupil Units (WPU) as provided in certain statutory formulas. Two CDC participants, the USOE and the LFA, develop independent WPU conversion estimates. Then, the CDC uses these estimates to develop a consensus estimate of the total number of WPUs by program for the next school year.

These additional WPUs increase the cost of the Basic School Program and the Voted & Board Local Levy Programs. In addition to the WPU related costs, the Legislature has historically adjusted certain programs in the Related to Basic School Program (below-the-line) for estimated student enrollment growth impacts.

Figure 4 provides detail on estimated enrollment growth costs for the 2015 General Session. The following bullets explain each:

Program	Statute		Historical
	FY 2015	FY 2016	FY 2016
Basic School Program (WPUs)		\$25,000,000	\$30,000,000
Related to Basic School Program (Below-the-Line)	\$3,200,000	10,000,000	10,000,000
Voted & Board Local Levy Programs		23,000,000	23,000,000
<b>Subtotal</b>	<b>\$3,200,000</b>	<b>\$58,000,000</b>	<b>\$63,000,000</b>
Basic Property Tax Levy Revenue Increase (Offset)		(8,400,000)	(8,400,000)
<b>Total Estimate</b>	<b>\$3,200,000</b>	<b>\$49,600,000</b>	<b>\$54,600,000</b>

- *Basic School Program* – Additional WPUs increase the cost of the Basic School Program. Estimates indicate that an additional 8,380 WPUs will be needed at a cost of approximately \$25 million ongoing.
  - *Historical* – Prior to FY 2016, WPUs for charter schools were determined on a different basis than WPUs in a school district. Statute, 53A-17a-106, requires that WPUs be based on prior-year Average Daily Membership (ADM) plus a growth factor, commonly called “Prior-Year + Growth.” WPUs for charter schools were based on the higher of Prior-Year + Growth or October 1 Fall Enrollment. In response to an audit finding by the State Auditor on the different methods, the Legislature allowed the State Board of Education to continue to use the “higher of” methodology to determine charter school WPUs through FY 2015. This authority was provided in Senate Bill 272, “Charter School Funding Amendments” (2013 General Session).  
Using the “higher of” methodology would require an additional 1,942 WPUs and cost an additional \$5 million ongoing.
- *Related to Basic School Program (Below-the-Line)* – Certain categorical programs in the Related to Basic School Program are adjusted each year for enrollment growth based on statutory reference or historic precedent. These programs include the following: Pupil Transportation, Concurrent Enrollment, Charter School Local Replacement, Charter School Administrative Costs, Educator Salary Adjustments, Enhancement for At-Risk Students, Youth-in-Custody, Adult Education, and Enhancement for Accelerated Students. The cost of making enrollment growth adjustments to these programs is approximately \$10 million ongoing and a one-time supplemental of \$3.2 million for the Educator Salary Adjustment program.

- *Voted & Board Local Levy Programs* – Additional WPUs also increases the cost of the Voted & Board Local Levy Programs. The State guarantees that if a school district implements these property tax levies that it will receive a minimum amount of revenue per WPU for each tax increment. The Legislature establishes a guarantee rate in statute. In FY 2016, statute requires that this guarantee rate increase from \$27.92 to \$30.11 per WPU/Tax Increment. The cost estimate for the additional WPUs and the change in the guarantee rate is estimated at \$23 million ongoing.
- *Basic Property Tax Revenue Offset* – Statute requires that school districts levy the Basic Property Tax in order to participate in the Minimum School Program. The revenue generated from this property tax is applied to the WPU costs of a school district. The CDC estimates that the Basic Levy will generate approximately \$8.4 million more in FY 2016 than estimated in FY 2015. This increase in revenue lowers the cost to the State in order to fund the additional WPUs.

### **WPU VALUE CHANGES**

In the Basic School Program, each WPU receives funding based on a WPU Value established by the Legislature. The cost of each program increases (or decreases) with changes in the value. An increase in the WPU Value will provide additional operating revenues to LEAs to cover increased costs. Increased costs will vary in each of the 41 school districts and 95 charter schools. The Legislature does not mandate that increases in the WPU Value be used to fund specific cost increases such as increases in employee compensation, student services, or educational programs, but allows local governing board to make these decisions.

The Legislature establishes a WPU Value for each fiscal year. Total funding for each Basic School Program is determined by multiplying the number of WPUs in the program by the appropriate WPU Value. The WPU Value remains at the prior-year appropriated amount until adjusted by the Legislature.

The WPU Value for most programs was set at \$2,972 in FY 2015. The WPU Value for the two “Add-on” WPU programs, namely Special Education and Career & Technical Education is lower at \$2,726.

### ***One Percent WPU Value Increase***

Estimates indicate that it will cost approximately \$25 million for every one percent increase in the WPU Value. This amount includes both WPU programs in the Basic School Program and certain programs in the Related to Basic School Program historically adjusted with the WPU Value.

The totals are based on the estimated FY 2015 ongoing appropriations in each program with adjustments for student enrollment growth in FY 2016. Other adjustments made during the 2015 General Session may increase or decrease this estimate.