



MINIMUM SCHOOL PROGRAM: ADMINISTRATIVE COSTS

EXECUTIVE APPROPRIATIONS COMMITTEE
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ISSUE BRIEF

SUMMARY

Two programs in the Minimum School Program provide state financial support for local education agency (LEA) administrative functions. Each program functions slightly differently in the way program costs are determined each year and how appropriated funding is allocated to participating LEAs. In both cases, the amount of funding received by an LEA is based on student enrollments. The following sections of this brief provide the background, participation requirements, and funding details for each program.

Questions

This brief provides information on the following budget policy questions:

1. What is the difference in per-student funding between the two administrative cost programs?
2. How would funding allocations change for school districts if they received funding on the same per-student basis as charter schools?

Figure 1 details the FY 2015 appropriation for each program, including how the funding is allocated to participating LEAs and the amount received per student. The last two columns of Figure 1 show the funding changes for school districts if they received funding in the same manner as charter schools. The final section of this brief includes several additional scenarios outlining the impacts of various programmatic changes on LEA allocations.

Basic School Program – Administrative Costs

State support for LEA administrative costs date back to the creation of the Minimum School Program in the early 1970s. The idea at the time was to “defray some of the common costs of administering school districts regardless of size . . . [and to] level out some of the administrative costs for small districts.”¹ The program provides additional Weighted Pupil Units (WPUs) to school districts that enroll less than 5,000 students.

Statute, [53A-17a-108](#), specifies the number of WPUs a school district may generate. The number of WPUs decreases as total school district enrollment nears the 5,000 student maximum. For example, school districts with less than 500 students receives 95 WPUs, while a district with 2,001 to 5,000 students receives 60 WPUs.

Prior to FY 2010, all school districts participated in the Administrative Cost Program. The Legislature altered the governing statute during the 2009 General Session to limit the distribution of program funding to school districts with fewer than 5,000 students. Total funding did not change from FY 2009 to FY 2010. This indicates that the funding to the larger school districts was reallocated to the smaller school districts.

House Bill 2 (2009 GS) changed the enrollment thresholds and WPU weightings for the program. For example, the lowest level provided 53 WPUs for school district that enrolled fewer than 2,000 students and the highest level provided 16 WPUs for school districts that enrolled more than 20,000 students.

The current appropriated amount is \$4,472,900 in FY 2015.

¹ Utah School Finance Study. A Report to the Education Committee of the Utah Legislative Council. December 1972.

RELATED TO BASIC SCHOOL PROGRAM – CHARTER SCHOOL ADMINISTRATION

Prior to FY 2008, charter schools participated as a collective in the WPU Administrative Cost program. Charter schools were treated in the formula as a single LEA. The formula used in the WPU program assumes that as student enrollment increases, an LEA is better equipped to handle administrative costs without state support. Even though the number of charter school students were increasing, the number of independent LEAs were also increasing and economy of scale savings were not occurring.

To fix this issue, the Legislature removed charter schools from the WPU program and created a separate program for charter schools. Instead of a WPU program, charter schools were provided a flat amount per student. Originally this amount was set at \$75 per student but later increased to the current \$100 per student.

The current appropriated amount is \$6,657,800 in FY 2015. Based on fall enrollment numbers, this amount is \$514,300 more than required to fund the \$100 per student.

SCENARIOS

School districts participating in the WPU Administrative Cost program receive per-student amounts ranging from \$38 in Park City to \$1,622 in Daggett. However, since the WPU program is partially funded by property taxes, the amount of state Education Fund revenue going to each school district will vary. For example, the State contributes nothing for the \$38 per student Park City is eligible for under the program since all of the WPUs in Park City are funded through property tax revenues. On the other hand, property taxes only contribute approximately 3.4 percent towards the cost of Tintic School District's \$1,090 per student amount.

Certain policy changes could impact the amount and distribution of funding under each program. The following scenarios provide preliminary estimates on the changes presented. This is not an exhaustive list of potential changes.

Scenario 1 – All LEAs Receive \$100 per Student

If school districts received funding on the same basis as charter schools, the WPU Administrative Cost program would cost approximately \$392,300 less than the current appropriation of \$4,472,900. The last two columns of Figure 1 detail how this change would impact each participating school district. Those districts currently receiving under \$100 per student would receive more and those over the \$100 per student would receive less.

The program would also need to be removed from the Basic School Program since the link to WPUs would be lost.

Scenario 2 – Reduce the Enrollment Threshold

If the maximum enrollment threshold was reduced to a maximum of 3,000 students in both programs, approximately six LEAs would no longer receive funding. These LEAs include Carbon, Park City, San Juan, Sevier, and South Sanpete school districts as well as the American Preparatory Academy charter school. Program costs would be reduced by \$891,500 in the school district program and \$349,900 in the charter school program.

In the case of the school district program, the governing statute would need to be changed to reflect different WPU amounts for school size thresholds.

Figure 1: Minimum School Program: School District & Charter School Administrative Cost Programs
FY 2015 Appropriations & Per Student Amounts

Local Education Agencies	Weighted Pupil Units	Funding Amount	Fall Enrollment	Amount Per Student	All at \$100/Student	Funding Difference
Beaver	70	\$208,000	1,516	\$137	\$151,600	(\$56,400)
Carbon	60	178,300	3,384	53	338,400	160,100
Daggett	95	282,300	174	1,622	17,400	(264,900)
Emery	60	178,300	2,281	78	228,100	49,800
Garfield	80	237,800	926	257	92,600	(145,200)
Grand	70	208,000	1,456	143	145,600	(62,400)
Juab	60	178,320	2,322	77	232,200	53,880
Kane	70	208,000	1,193	174	119,300	(88,700)
Millard	60	178,300	2,852	63	285,200	106,900
Morgan	60	178,300	2,766	64	276,600	98,300
North Sanpete	60	178,300	2,385	75	238,500	60,200
North Summit	70	208,000	1,004	207	100,400	(107,600)
Park City	60	178,300	4,739	38	473,900	295,600
Piute	95	282,300	302	935	30,200	(252,100)
Rich	95	282,300	478	591	47,800	(234,500)
San Juan	60	178,300	3,022	59	302,200	123,900
Sevier	60	178,300	4,609	39	460,900	282,600
South Sanpete	60	178,300	3,140	57	314,000	135,700
South Summit	70	208,000	1,510	138	151,000	(57,000)
Tintic	95	282,300	259	1,090	25,900	(256,400)
Wayne	95	282,300	482	586	48,200	(234,100)
Charter Schools*	0	6,657,800	61,435	100	6,143,500	(514,300)
Totals	1,505	\$11,130,120	102,235		\$10,223,500	(\$906,620)

Note:

* Charter schools receive \$100 per student regardless of school size. The total appropriation for the program exceeded the number of enrolled students in FY 2015. The negative amount in the "Funding Difference" column reflects the amount of funding allocated. The difference associated with moving school districts to \$100 per student is \$362,600.

Source: Utah State Office of Education, School Finance, Minimum School Program - Legislative Estimates FY 2015.

Prepared by: Office of the Legislative Fiscal Analyst (1/15BL).