

State Public Education Budget & The Minimum School Program

UNDERSTANDING UTAH'S PUBLIC EDUCATION FUNDING SYSTEM



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Legal Authority

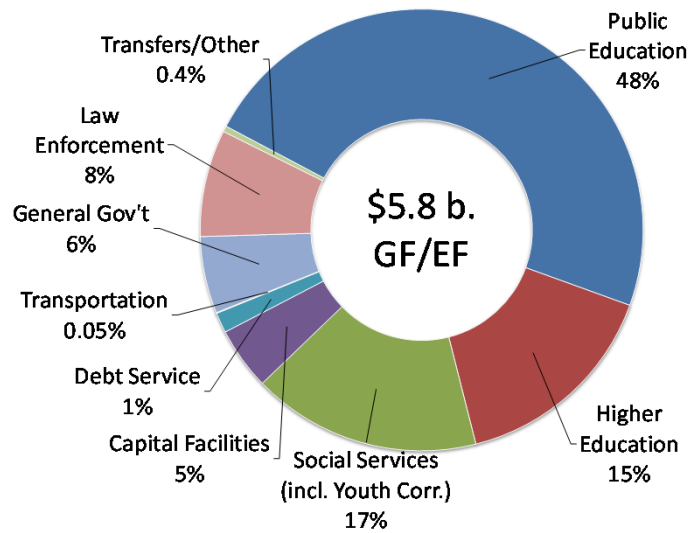
*Utah Constitution
Article X - Education*

- Legislature – Establish & Maintain
- State Board – General Control & Supervision
- Elementary & Secondary Schools Shall be Free
- Income Tax – Restricted to Public & Higher Education
- Establishes the Permanent State School Fund & Uniform School Fund



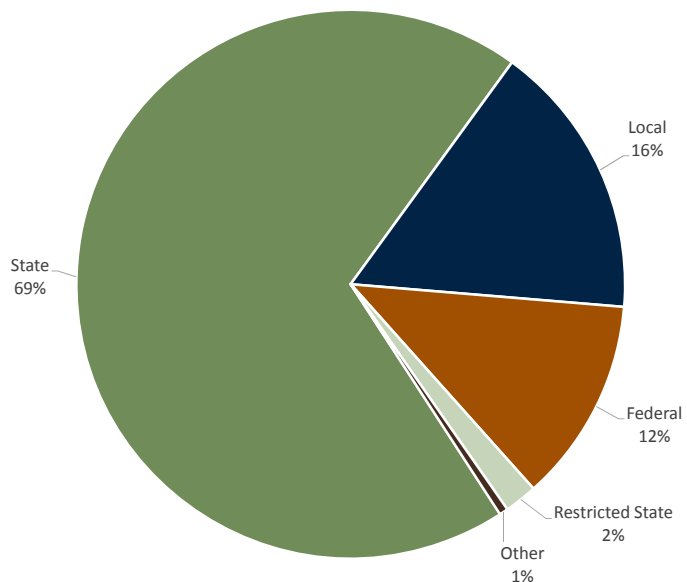
State Budget: Allocation of State Revenues

*FY 2015 – General and
Education Fund by Area of
Expenditure*



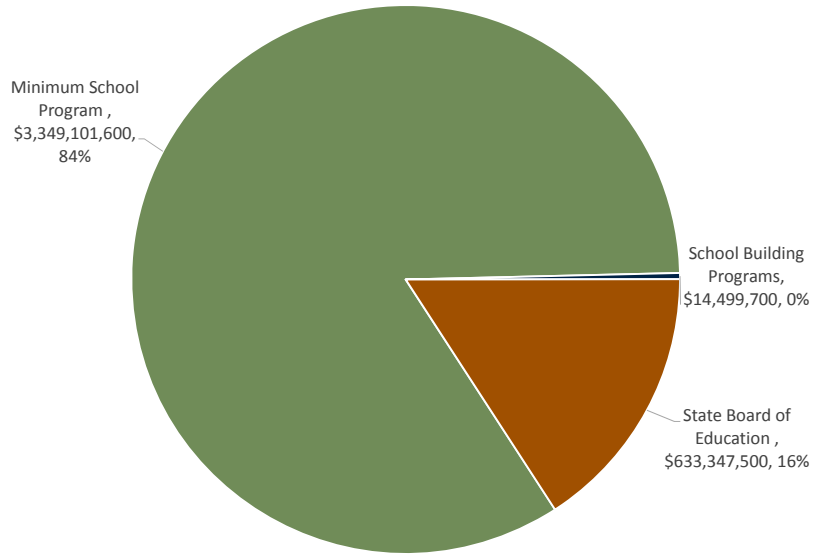
State Budget: Public Education Appropriated Budget Revenue

*FY 2015 by Major Source
\$3,996,948,800*



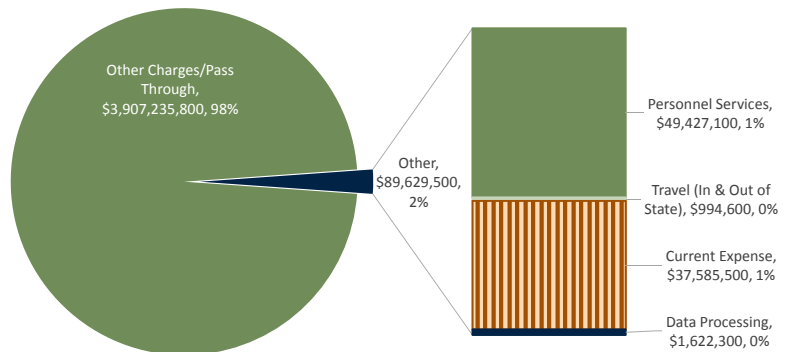
State Budget: Public Education Appropriated Budget Allocations

*FY 2015 to Major
Budgetary Programs
\$3,996,948,800*



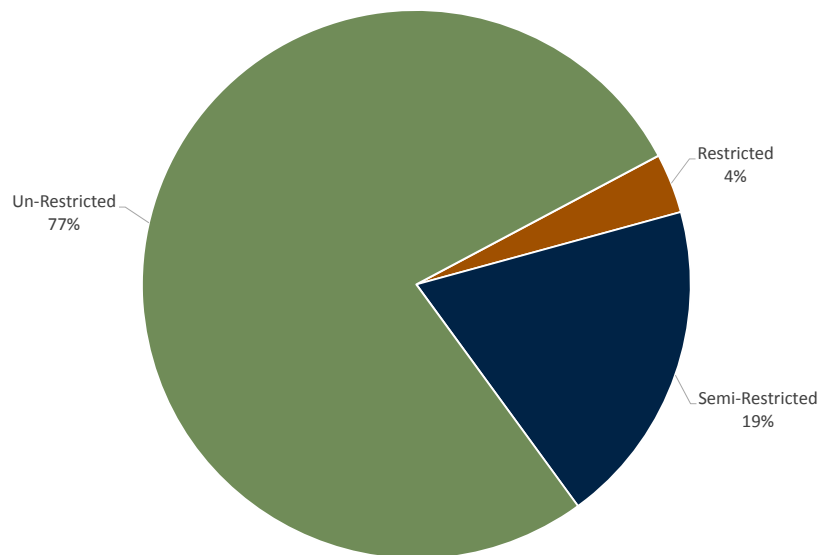
State Budget: Public Education Appropriated Budget Expenditures

*FY 2015 by Major
Category
\$3,996,865,300
(does not include
transfers)*



State Budget: Public Education Appropriations Expenditure Flexibility

*FY 2015 State Funds to Local
Education Agencies
\$3,349,101,600
(MSP Only)*



Total Public Education Budget

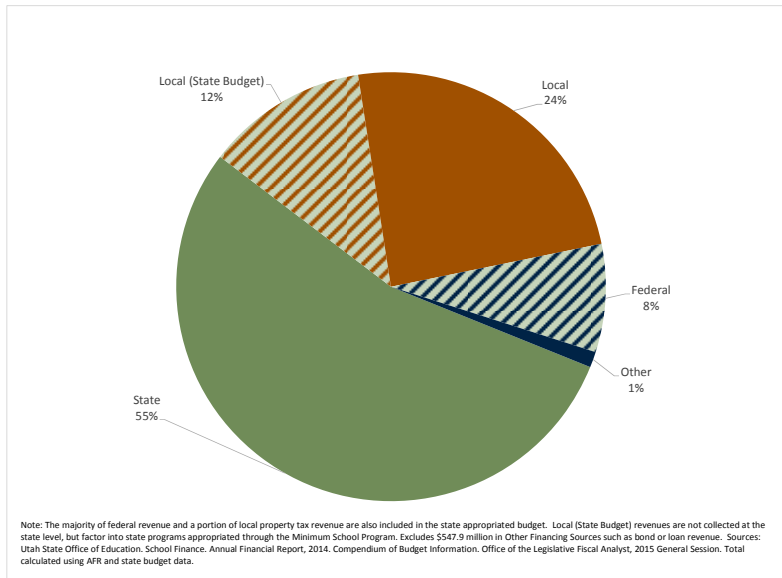
- Includes
 - State Appropriated Budget Allocated to LEAs
 - Additional LEA Revenues & Expenditures
- Revenues & Expenditures Reported Annually
 - 2014 Reports Available
- LEA Data Reports
 - Annual Financial Report
 - Annual Program Report
- Annual Financial Report
 - Reports Total Revenues & Expenditures
 - Based on U.S. Department of Education Chart of Accounts
 - Maintains Comparability Across States
 - Reporting Categories Different Than State Programs
 - Independent Annual Audit
- Annual Program Report
 - Reports Data by Major Program
 - Categories Align Better with State Programs



Total Public Education Budget: Revenues by Source

*FY 2014 Actual:
\$4,918,181,700*

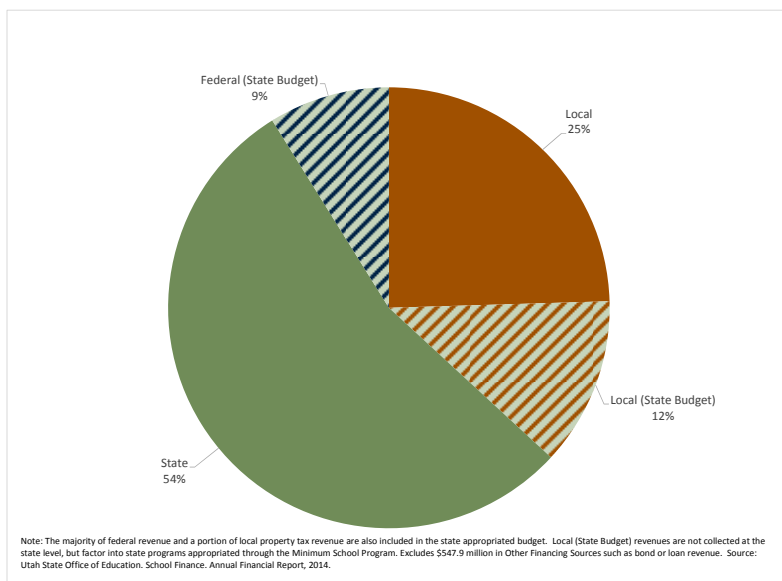
Includes State Agencies



Total Public Education Budget: Revenue by Source

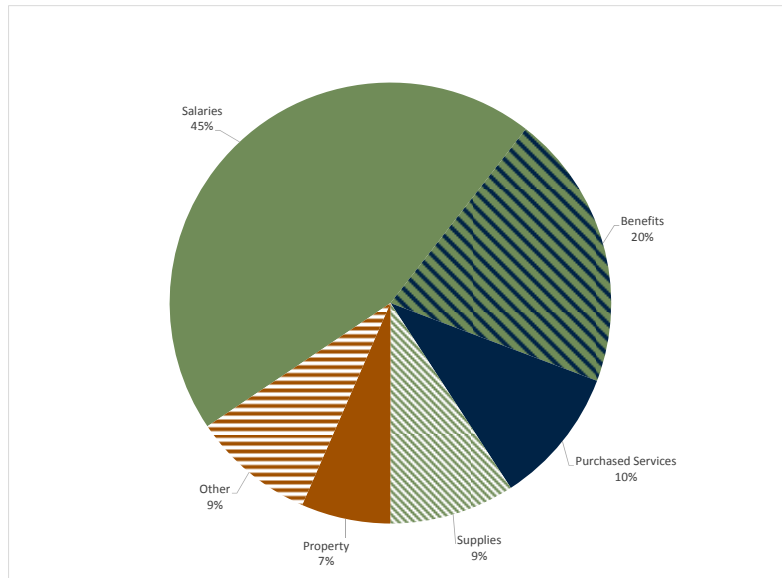
*FY 2014 Actual:
\$4,858,684,000*

*Excludes State Agencies
(LEAs Only)*



Total Public Education Budget: Expenditures by Object

*FY 2014 Actual:
\$5,181,697,500*



Minimum School Program: Statutory Objectives

*Utah Code
Title 53A – State System of Public Education
Chapter 17a – Minimum School Program Act*

- Equity
 - All children are entitled to reasonably equal educational opportunities regardless of residence or economic situation of their school district
- State & Local Participation
 - Establishment is primarily a state function and school districts should be required to pay a portion of the cost of a minimum program
- Local Control & Determination
 - School districts empowered to provide educational facilities and opportunities beyond the minimum program
 - Latitude of action is permitted and encouraged



Minimum School Program: Origins

"The Utah school formula has had an excellent local and nationwide reputation. The State has long been in a leadership role in providing equality of educational opportunity, but that leadership is threatened unless revisions and improvements are made."

*Utah School Finance Study
1972*

- Current Program Created in Early 1970s
 - Utah's Response to a Growing Equity Movement
 - Current Foundational Elements Recommended in the "Utah School Finance Study"
- Program First Funded in 1974
- Reviewed in 1990
 - "A Study of the Utah Public School Finance System"
 - Found that "Utah's school finance system provides a high degree of equity"



Minimum School Program

- Equalizes State & Some Local Property Tax Revenues
- Divided into Three Parts:
 - Basic School Program
 - Related to Basic School Program
 - Voted & Board Local Levy Programs
- Programs Distribute State Funding to LEAs
- Programs Designed to Meet Several Functional Principles:
 - Maintain System Equity
 - Consider Different LEA Cost Structures
 - Address Individual Student Characteristics/Requirements
 - Meet Statewide Educational Goals
 - Support Local Control



Basic School Program - “Above-the-Line”

- Utah’s Foundation Funding Formula
- Provides for the Delivery of a Basic Education
- Program Funding Levels Determined by Weighted Pupil Units (WPU) & WPU Value
- WPU Value Set Annually by Legislature
- Primary Funding Equalization Program

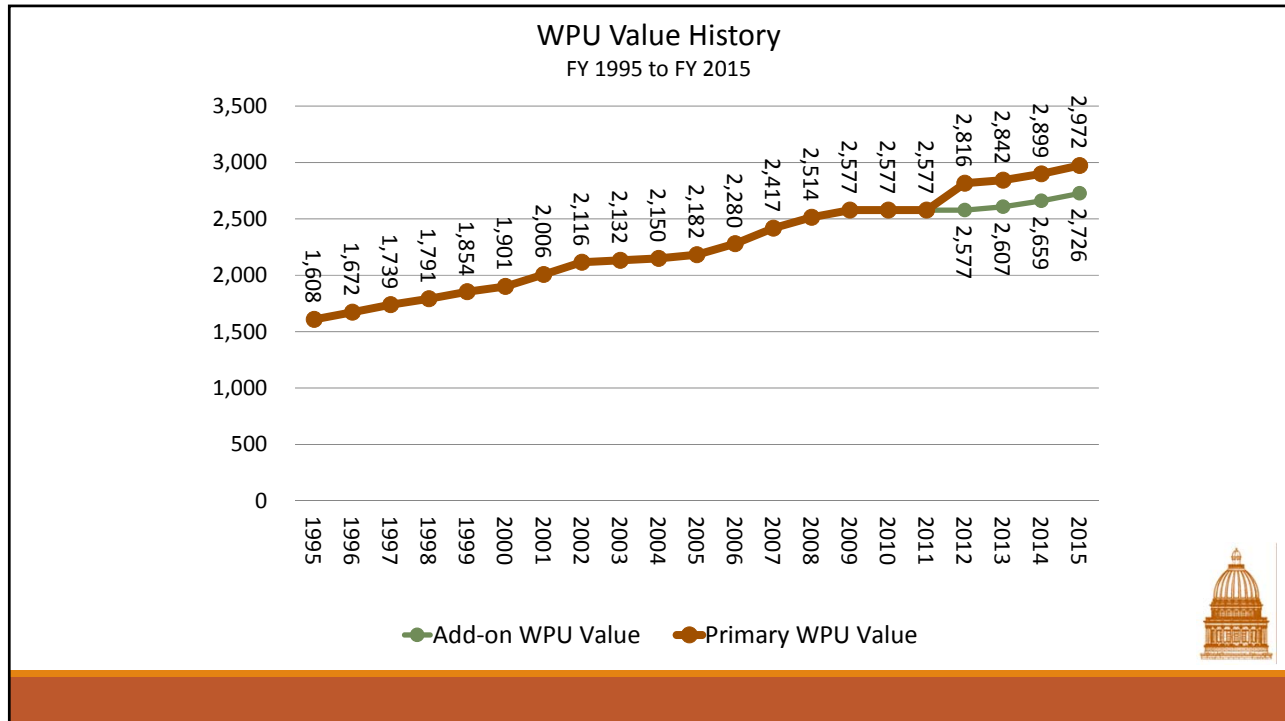


The Weighted Pupil Unit (WPU)

The common factor used to determine the “cost” of basic education programs on a uniform basis and to distribute state revenues to local education agencies.

- Statute Defines WPUs for Each Program
 - Basic Formula: 1 WPU = 1 Student in Average Daily Membership (ADM)
 - WPU Weightings Vary
 - Kindergarten Student = .55
 - Regular Education = 1.0
 - Add-on for Special Education and Career & Technical Education Students
 - Different Weightings for Charter School Students
 - Additional WPUs Allocated to Meet Other Needs
 - Overview of MSP Formulas
- FY 2015
 - WPUs = 817,276
 - Value = \$2,972 or \$2,726 for the (Add-on Programs)





Funding Equalization

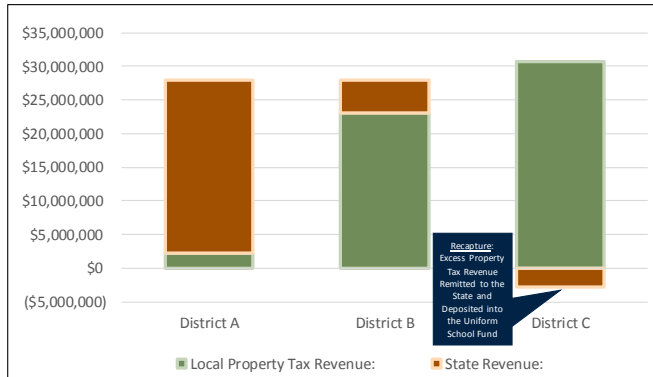
The Basic Levy

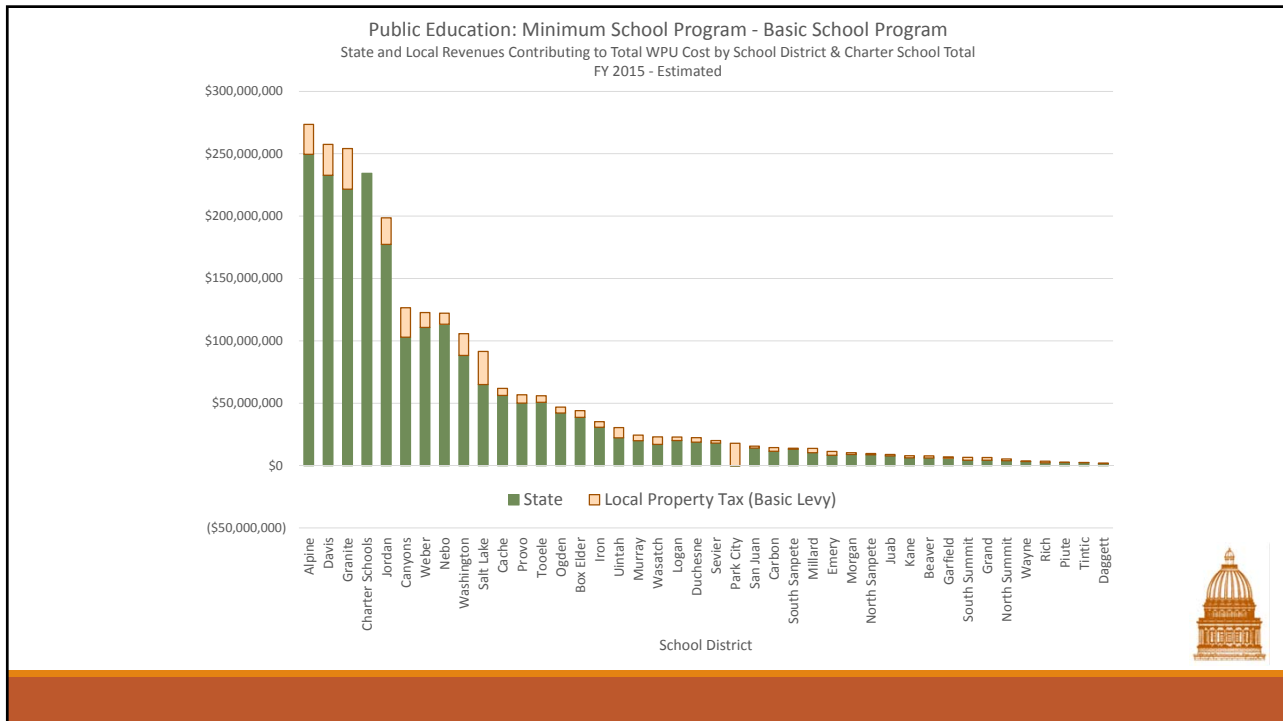
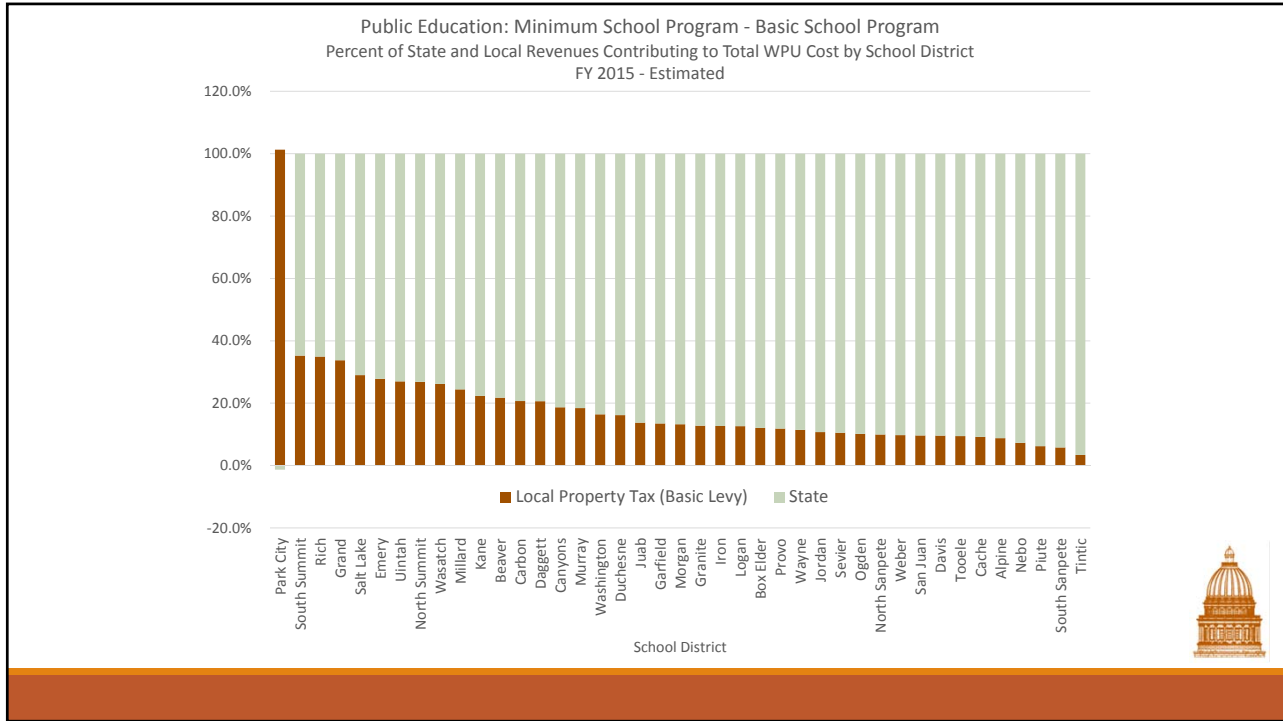
“In order to qualify for receipt of the state contribution to the basic program and as its contribution toward the cost of the basic program, each school district shall impose a minimum basic tax rate”

53A-17a-135

Minimum School Program: Basic School Program Equalization
Basic Levy Revenue Equalization Example Using the Weighted Pupil Unit (WPU)

Cost	District A	District B	District C
WPU Value:	\$2,792	\$2,792	\$2,792
Number of WPUs:	10,000	10,000	10,000
Basic School Program (WPU) Cost:	\$27,920,000	\$27,920,000	\$27,920,000
Revenues			
Taxable Value of Property in District:	\$1,500,000,000	\$15,000,000,000	\$20,000,000,000
Basic Rate (Set by State):	0.001535	0.001535	0.001535
Local Property Tax Revenue:	\$2,302,500	\$23,025,000	\$30,700,000
State Revenue:	\$25,617,500	\$4,895,000	(\$2,780,000)





WPU Formula Stabilizers

Statute includes several mechanisms that stabilize state funding distribution to LEAs, create a predictable funding system, and allow flexibility to mitigate funding changes.

- Prior Year + Growth
 - Current Year K-12 WPU's Based on Prior Year Actual ADM (53A-17a-106)
 - Growth Factor – October to October
 - Declining Enrollment Hold-Harmless
- Authority to Adjust Allocations
 - State Board Authority to Adjust for Estimating Errors (53A-17a-105.5)
- Education Fund Deficit
 - State & Local Board Flexibility to Adjust to Revenue Reductions (53A-17a-146)
- Special Education
 - Additional Variables to Stabilize Funding



Basic School Program Funding Amounts

FY 2015 Appropriated and FY 2016 Base Budget Detail

Part A: Basic School Program (Weighted Pupil Unit Programs)					
Primary WPU Value:		\$2,972	\$2,972		
Add-on WPU Value:		\$2,726	\$2,726		
Basic Tax Rate:		0.001419	0.001416		
Revenue Sources		Amount		Amount	
A. State Revenue					
1. Education Fund		\$2,076,971,300		\$2,076,971,300	
a. Education Fund, One-time		(22,000,000)		0	
2. Uniform School Fund		30,000,000		30,000,000	
a. Uniform School Fund, One-time		22,000,000		0	
B. Local Property Tax Revenue - Basic Levy		296,709,700		296,709,700	
C. Transfers to Education Fund, One-time ⁽¹⁾		(54,504,000)		0	
D. Beginning Nonlapsing Balances		54,504,000		0	
E. Closing Nonlapsing Balances		0		0	
Total Revenue:		\$2,403,681,000		\$2,403,681,000	
Expenditures by Program		WPU's	Amount	WPU's	Amount
A. Regular Basic School Program					
1. Kindergarten	29,215	\$86,827,000	29,215	\$86,827,000	
2. Grades 1-12	555,130	1,649,846,400	555,130	1,649,846,400	
3. Necessarily Existent Small Schools	9,357	27,809,000	9,357	27,809,000	
4. Professional Staff	53,041	157,637,800	53,041	157,637,800	
5. Administrative Costs	1,505	4,472,900	1,505	4,472,900	
Subtotal:		648,248	\$1,926,593,100	648,248	\$1,926,593,100
B. Restricted Basic School Program					
1. Special Education - Regular - Add-on WPUs	72,991	\$198,973,400	72,991	\$198,973,400	
2. Special Education - Regular - Self-Contained	14,285	42,455,000	14,285	42,455,000	
3. Special Education - Pre-School	9,753	28,985,900	9,753	28,985,900	
4. Special Education - Extended Year Program	429	1,275,000	429	1,275,000	
5. Special Education - State Programs	2,907	8,639,600	2,907	8,639,600	
Subtotal:		100,365	\$280,328,900	100,365	\$280,328,900
6. Career & Technical Education - District Add-on	29,705	\$80,975,800	29,705	\$80,975,800	
7. Class Size Reduction	38,958	\$115,783,200	38,958	\$115,783,200	
Subtotal:		169,028	\$477,087,900	169,028	\$477,087,900
Total Expenditures:		817,276	\$2,403,681,000	817,276	\$2,403,681,000

Related to Basic School Program – “Below-the-Line”

- Compliment or Enhance the Basic School Program
- Target Funding to Particular Educational Need, Student or Teacher Sub-group, Legislative Priority
- Funding Levels Not Determined by WPU's but Legislative Appropriation
- Funding Often Restricted to Certain Use
- Qualification & Distribution Formulas Determined in Statute or State Board of Education Rule



Distribution Formulas

Related to Basic School Program: Categorical Programs by Formula Type	
Base +	Simple Per-Student/WPU
Enhancement for At-Risk Students	Flexible Allocation
Adult Education	Charter School Local Replacement
School LAND Trust Program	Charter School Administrative Costs
K-3 Reading Improvement	
Library Books & Electronic Resources	
Qualification	Grants
To & From School Pupil Transportation	Teacher Salary Supplement
Guarantee Transportation Levy	Matching Fund for School Nurses
Youth-in-Custody	Critical Languages & Dual Immersion
Enhancement for Accelerated Students	Year-Round Math & Science (USTAR Centers)
Concurrent Enrollment	Beverly Taylor Sorenson Arts Learning
Educator Salary Adjustments	Title I - Pareducators
Teacher Supplies & Materials	Early Intervention (Hybrid with Base +)



Related to Basic School Program Funding Amounts

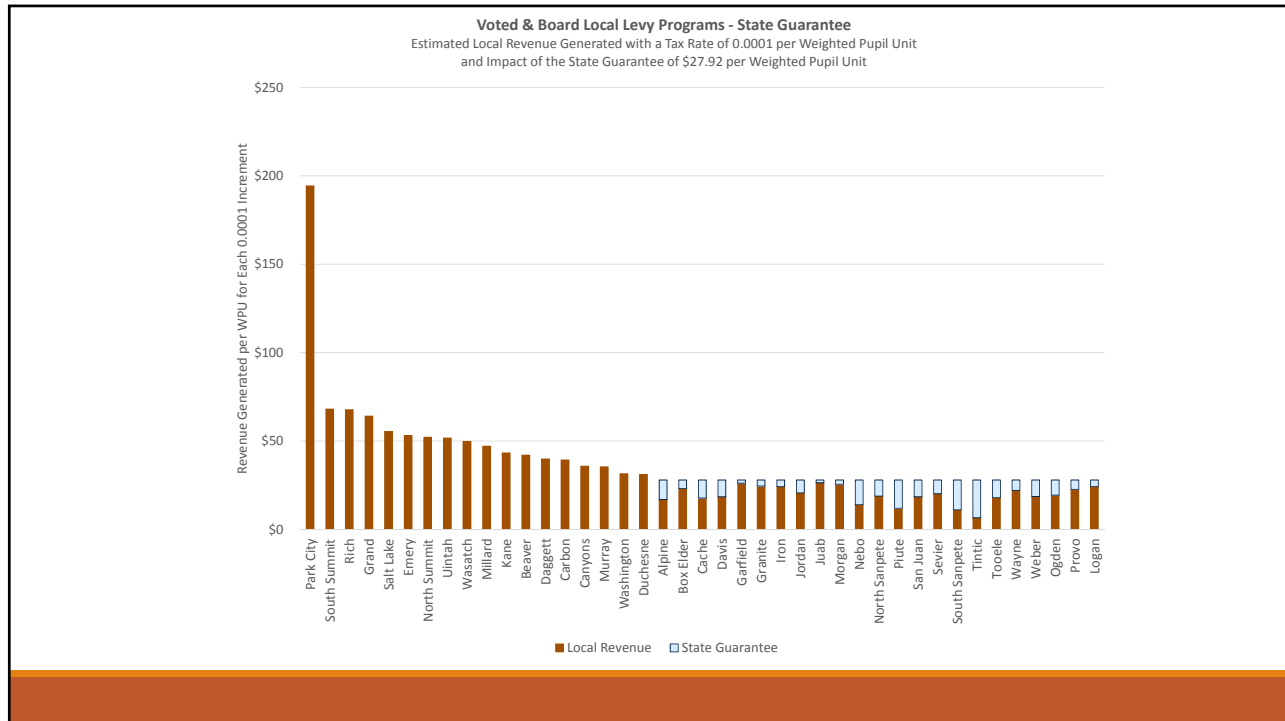
*FY 2015 Appropriated and
FY 2016 Base Budget
Detail*

Part B: Related to Basic School Program					
Revenue Sources		Amount		Amount	
A. State Revenue					
1. Education Fund		\$467,888,100		\$467,888,100	
a. Education Fund, One-time		8,100,000		0	
2. USF Restricted - Interest & Dividends Account		37,580,700		37,580,700	
B. Transfers to Education Fund, One-time ⁽¹⁾		(4,398,600)		0	
B. Beginning Nonlapsing Balances		10,648,500		0	
D. Closing Nonlapsing Balances		(6,249,900)		0	
Total Revenue:		\$513,568,800		\$505,468,800	
Expenditures by Program		Changes	Funding	Changes	Amount
A. Related to Basic Programs					
1. To and From School Pupil Transportation	0	71,978,000	0	0	71,978,000
2. Guarantee Transportation Levy	0	500,000	0	0	500,000
3. Flexible Allocation - WPU Distribution	0	23,106,600	0	0	23,106,600
Subtotal:	\$0	\$95,584,600		\$0	\$95,584,600
B. Special Populations					
1. Enhancement for At-Risk Students	\$0	24,376,400	0	0	24,376,400
2. Youth-in-Custody	0	19,909,000	0	0	19,909,000
3. Adult Education	0	9,780,000	0	0	9,780,000
4. Enhancement for Accelerated Students ⁽²⁾	0	4,424,700	(100,000)	0	4,324,700
5. Concurrent Enrollment	0	9,270,600	0	0	9,270,600
6. Title I Schools in Improvement - Paraeducators	0	300,000	0	0	300,000
Subtotal:	\$0	\$68,060,700	(\$100,000)		\$67,960,700
C. Other Programs					
1. School LAND Trust Program	0	37,580,700	0	0	37,580,700
2. Charter School Local Replacement	0	98,286,600	0	0	98,286,600
3. Charter School Administrative Costs	0	6,657,800	0	0	6,657,800
4. K-3 Reading Improvement Program	0	15,000,000	0	0	15,000,000
5. Educator Salary Adjustments	0	159,951,000	0	0	159,951,000
6. Teacher Salary Supplement Restricted Account	0	5,000,000	0	0	5,000,000
7. Library Books & Electronic Resources	0	550,000	0	0	550,000
8. Matching Fund for School Nurses	0	882,000	0	0	882,000
9. Critical Languages & Dual Immersion	0	2,315,400	0	0	2,315,400
10. Year-Round Math & Science (USTAR Centers)	0	6,200,000	0	0	6,200,000
11. Early Intervention	0	7,500,000	0	0	7,500,000
12. Beverly Taylor Sorenson Arts Learning Program	0	2,000,000	0	0	2,000,000
Subtotal:	\$0	\$341,923,500		\$0	\$341,923,500
D. One-time Funding Items					
1. Teacher Supplies & Materials	0	5,000,000	(5,000,000)	0	0
2. Beverly Taylor Sorenson Arts Learning Program	0	3,000,000	(3,000,000)	0	0
Subtotal:	\$0	\$8,000,000	(\$8,000,000)		\$0
Total Expenditures:	\$0	\$513,568,800	(\$8,100,000)		\$505,468,800

Voted & Board Local Levy Programs

- State Supported Property Tax Guarantee Programs
 - Guarantees a Minimum Revenue Amount per WPU
 - FY 2015 - \$27.92 per WPU for each 0.0001 Tax Increment
 - Guarantee Up to 0.002 (0.0016 Voted & 0.0004 Board)
- Property Tax Must Generate Less than Guarantee Rate
- Original Program to Expand Educational Opportunities Above the Minimum Program
- State Guarantee Increases Each Year by Statute





Voted & Board Local Levy Programs Funding Amounts

*FY 2015 Appropriated and
FY 2016 Base Budget
Detail*

Part C: Voted & Board Local Levy Programs				
Revenue Sources		Amount	Changes	Amount
A. State Revenue				
1. Education Fund		\$76,495,800		\$76,495,800
2. Education Fund, One-time ⁽³⁾		0		0
B. Local Property Tax Revenue				
1. Voted Local Levy		258,867,000		258,867,000
2. Board Local Levy		81,489,000		81,489,000
3. Board Local Levy - Reading Improvement Program		15,000,000		15,000,000
C. Beginning Nonlapsing Balances				
		0		0
D. Closing Nonlapsing Balances				
		0		0
Total Revenue:		\$431,851,800		\$431,851,800
Expenditures by Program				
		Amount	Changes	Amount
Guarantee Rate (per 0.0001 Tax Rate per WPU):				
		\$27.92		\$27.92
A. Voted and Board Local Levy Programs				
1. Voted Local Levy Program	\$0	\$319,610,000	\$0	\$319,610,000
2. Board Local Levy Program	0	97,241,800	0	97,241,800
3. Board Local Levy - Reading Improvement Program	0	15,000,000	0	15,000,000
Total Expenditures:		\$0	\$0	\$431,851,800