



MINIMUM SCHOOL PROGRAM ENROLLMENT GROWTH & WPU VALUE

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY

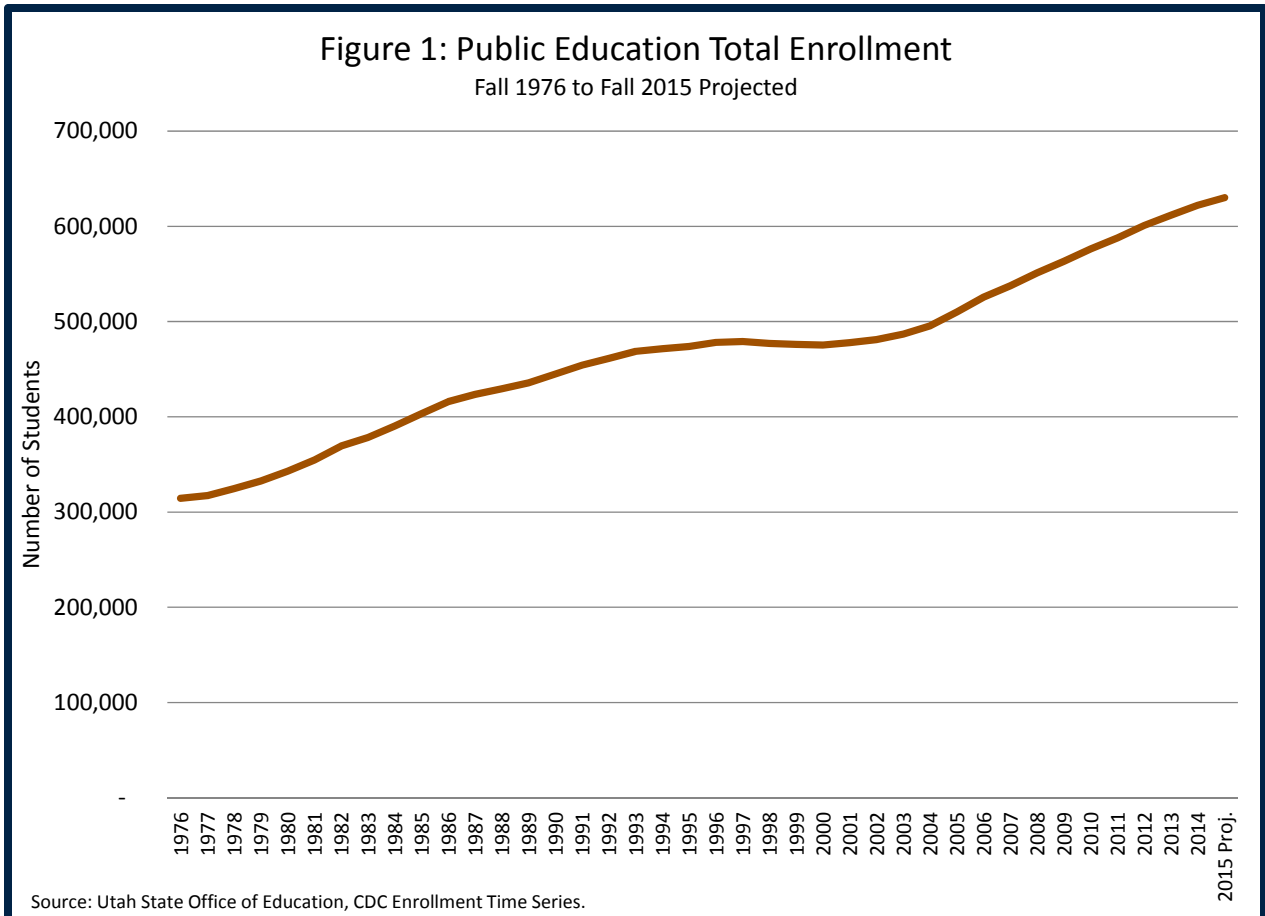
Several variables within the Minimum School Program (MSP) require annual adjustments by the Legislature. This brief contains cost estimates for projected student enrollment growth in fall 2015 (FY 2016) and a one-percent increase in the Weighted Pupil Unit (WPU) Value.

STUDENT ENROLLMENT GROWTH

Growth in student enrollment will result in additional Weighted Pupil Units (WPUs) as provided in certain statutory formulas. 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.

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. This growth represents a 1.7 percent increase over fall 2013. Figure 1 provides a historical look at student enrollment growth since 1976. Since 1976, Utah has only seen three years where student enrollment decreased (fall 1998, 1999, and 2000).

Total Student Enrollment – Fall 1976 to Fall 2015



Demographic Details

Figure 2 divides the fall 2014 enrollment by grade distribution and major demographic category.

Enrollment Growth Projections

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, and the Utah State Office of Education (USOE).

The new-year enrollment projection is also used to estimate growth WPUs for the Basic School Program. 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.

Projections indicate that student enrollment may increase another 1.3 percent in fall 2015 (FY 2016). This is an increase of 7,951 students, for a total enrollment of 630,104. Figure 3 shows total statewide fall enrollment since 2000 through projected fall 2015.

Figure 2: Public Education: Fall 2014 Student Enrollment
Students by Grade and Major Demographic Category

Grade Distribution		Demographic Category	
Kindergarten	48,899	Male	319,190
Grade 1	51,458	Female	302,963
Grade 2	51,534	Total	622,153
Grade 3	50,459	American Indian	6,941
Grade 4	49,226	Asian	10,358
Grade 5	49,205	African American	8,264
Grade 6	48,601	Hispanic/Latino	101,432
Grade 7	47,558	Pacific Islander	9,317
Grade 8	47,014	Two or More Races	13,700
Grade 9	46,742	White	472,141
Grade 10	45,823	Total	622,153
Grade 11	43,713	District	560,718
Grade 12	41,921	Charter	61,435
Total	622,153	Total	622,153

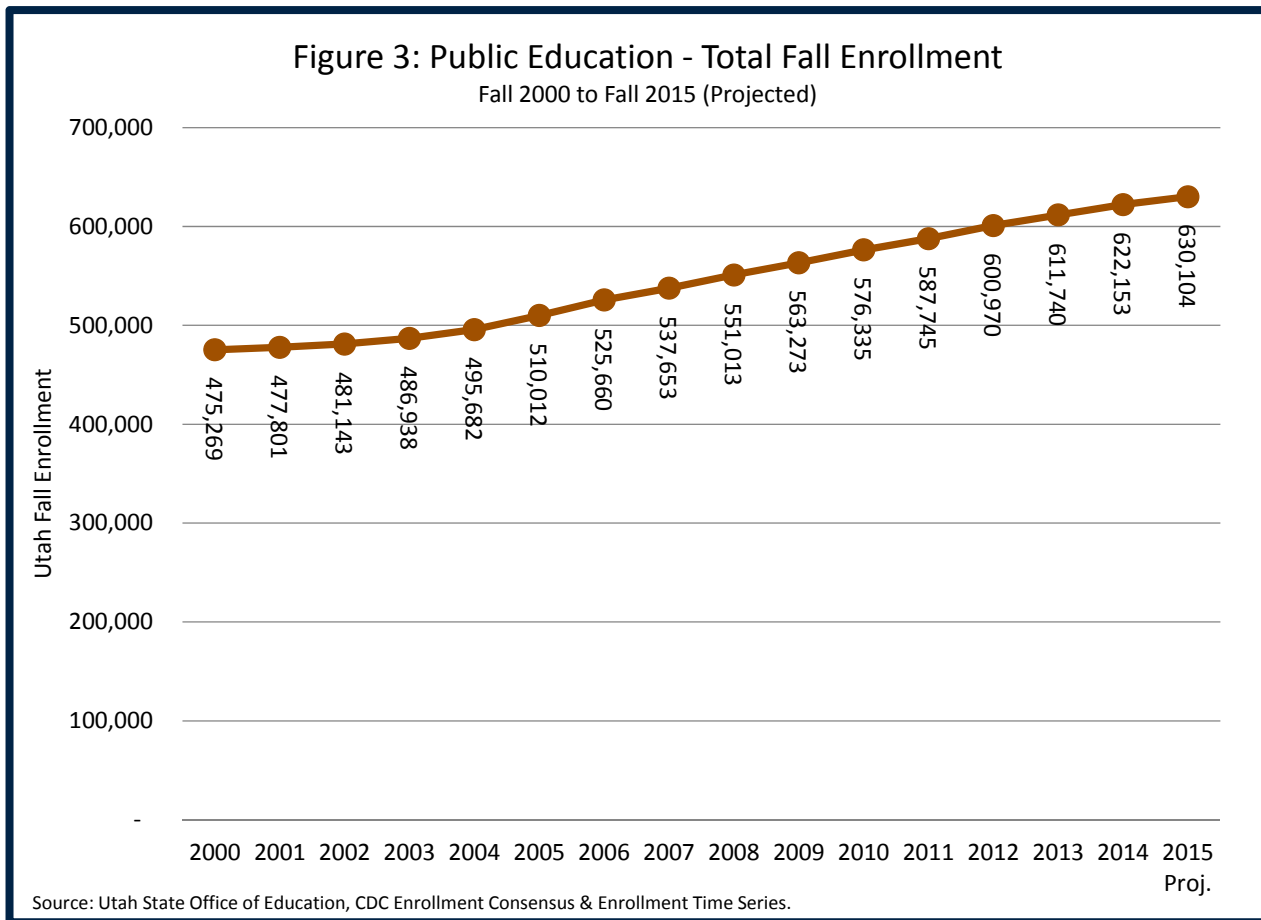
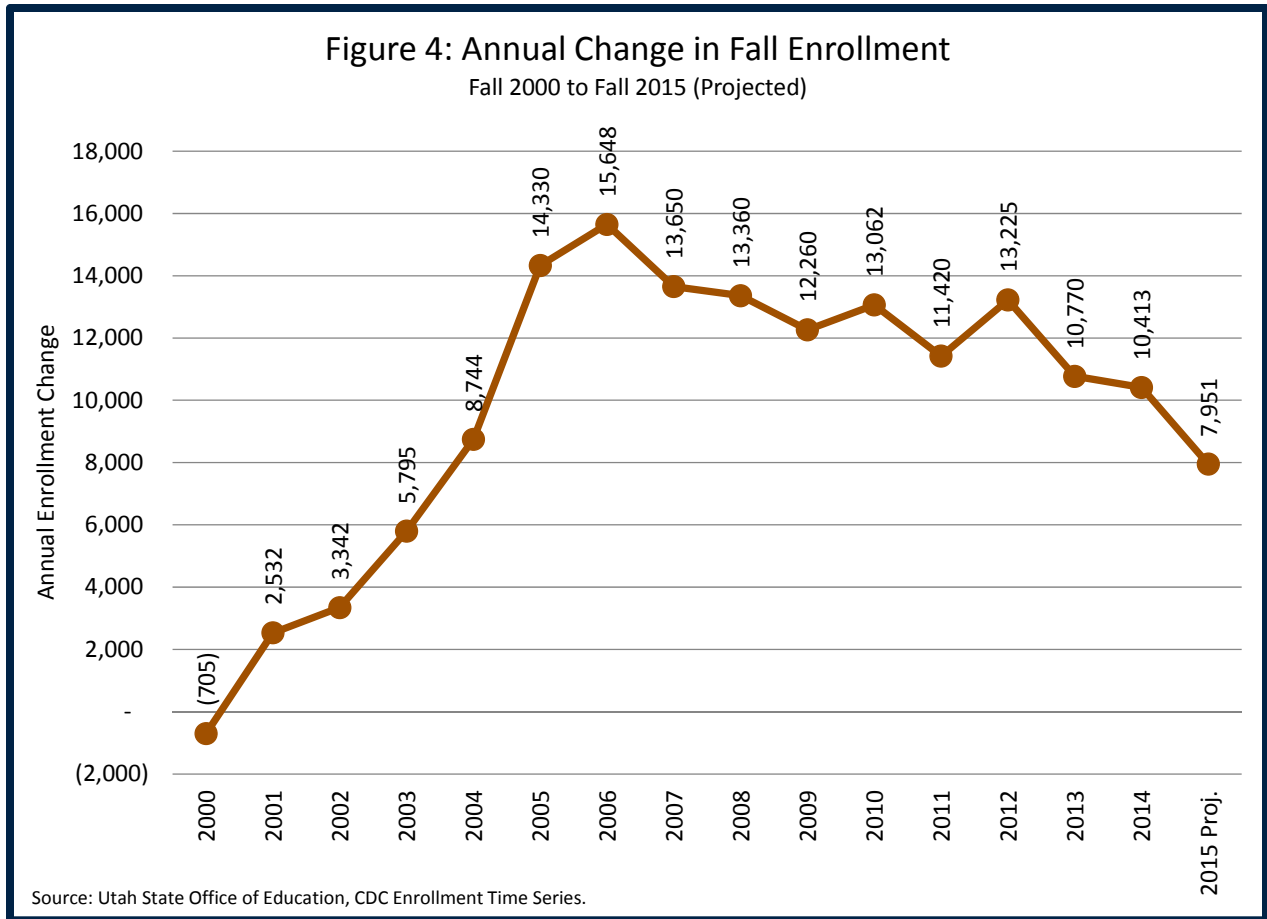


Figure 4 details the annual year-over-year change in fall enrollment since 2000. The current growth pattern peaked in 2006 with a net increase of 15,648 new students. Although fall enrollment in Utah is still growing, the chart shows that growth is slowing.



Enrollment Growth Cost Estimate

Figure 5 details the FY 2016 enrollment growth cost estimate. This estimate makes adjustments to certain programs in the Minimum School Program to account for increased costs associated with having more students in the public education system.

Funding additional WPUs in the Basic School Program represents the largest cost. In FY 2016, an estimated increase of \$24.3 million will provide the FY 2015 WPU Value for each of the 8,380 new WPUs projected in fall 2015. WPUs in most programs are valued at \$2,972. WPUs in the Special Education Add-on and Career & Technology Education Add-on programs are valued at \$2,726. FY 2012 was the first year the Legislature established two WPU values.

Statute requires school districts to levy the Basic Property Tax in order to participate in the Basic School Program. The revenue generated from this property tax is applied to the WPU costs in a school district. Estimates indicate that the property tax revenue from the Basic Levy is projected to generate an additional \$8.5 million. This increase reduces the state’s cost for the Basic School Program. The total net estimated cost for statutory related enrollment growth costs is \$15.8 million.

Figure 5 also provides growth amounts for certain programs that have statutory formulas that require annual adjustment or have been increased by the Legislature on a discretionary basis. This includes programs in the Related to Basic School Program (below-the-line) and the Voted & Board Local Levy

Programs. The total estimated cost to adjust these programs is \$9.8 million ongoing and \$3.4 million one-time.

Figure 5: 2015 General Session Enrollment Growth Cost Estimate
 FY 2015 Supplemental & FY 2016 Estimated Costs Based on Fall 2015 Enrollment Projections

Program	FY 2015 Supplemental	FY 2016	
		Statute	Historical
Basic School Program			
<i>Additional WPUs</i>		8,380	10,322
Estimated Additional WPU Cost		\$24,284,600	\$30,056,300
Local Revenue Increase - Basic Rate		(8,462,600)	(8,462,600)
Subtotal - Basic School Program	\$0	\$15,822,000	\$21,593,700
Related to Basic School Program			
<i>Growth Factor</i>		1.3%	1.3%
<i>Statutory</i>			
Pupil Transportation		\$935,700	\$935,700
Concurrent Enrollment		120,500	120,500
Charter School Local Replacement		4,459,600	4,459,600
Charter School Administrative Costs		83,200	83,200
Educator Salary Adjustment ⁽¹⁾	\$3,430,000	3,430,000	3,430,000
<i>Discretionary</i>			
Enhancement for At-Risk Students		\$316,900	\$316,900
Youth-in-Custody		258,800	258,800
Adult Education		127,100	127,100
Enhancement for Accelerated Students		57,500	57,500
Subtotal - Related to Basic School Program	\$3,430,000	\$9,789,300	\$9,789,300
Voted & Board Local Levy Programs			
<i>State Guarantee Rate (FY 2015 \$27.92)</i>		\$30.11	\$30.11
WPU & Rate Change Costs		\$23,023,600	\$23,023,600
Subtotal - Voted & Board Local Levy Programs		\$23,023,600	\$23,023,600
Total Enrollment Growth Cost Estimate	\$3,430,000	\$48,634,900	\$54,406,600

Notes:

(1) ESA program growth contains two parts:

- A one-time appropriation in FY 2015 to cover costs associated with new qualifying teachers hired in fall 2014 for the current school year.
- A similar ongoing amount for FY 2016 to continue to provide adjustments to these teachers in FY 2016.

Statutory vs. Historical Cost Estimates

Statute requires that the same base student accounting method be used in determining WPUs for students attending school district schools and charter schools in FY 2016. The “Statute” column in Figure 5 shows the WPUs calculated using this method. The “Historical” column shows WPUs calculated using the method from prior years.

Prior to FY 2016, the base WPU count for charter schools were determined using a different methodology than WPUs in a school district school. Statute, 53A-17a-106, requires that WPUs be based on a methodology called “Prior-Year + Growth.” WPUs for charter schools were based on the higher of Prior-

Year + Growth or the school’s October 1 fall enrollment count. The fall enrollment count is generally higher than Prior-Year + Growth.

In response to an audit finding by the State Auditor on the different methods, the Legislature allowed the State Board of Education to continue using 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 \$5.0 million. Figures 6a and 6b show the WPU changes for each program based on the two methodologies.

Figure 6a: 2015 General Session Estimated WPU Changes
 FY 2016 - Statutory WPU Calculation
 Charters on Prior-Year + Growth

<i>Basic School Program</i>	<i>FY 2015 WPUs</i>	<i>Growth WPUs</i>	<i>FY 2016 Total WPUs</i>
Kindergarten	29,215	(989)	28,226
Grades 1-12	555,130	5,949	561,079
Necessarily Existent Small Schools	9,357	0	9,357
Professional Staff	53,041	606	53,647
Administrative Costs	1,505	0	1,505
Special Education - Add-on	72,991	2,143	75,134
Special Education - Self-Contained	14,285	(360)	13,925
Special Education - Pre-School	9,753	125	9,878
Special Education - Extended Year Program	429	0	429
Special Education - State Programs	2,907	27	2,934
Career & Technical Education - Add-on	29,705	380	30,085
Class Size Reduction	38,958	499	39,457
Total	817,276	8,380	825,656

Figure 6b: 2015 General Session Estimated WPU Changes
 FY 2016 - Historic WPU Calculation
 Charters on Higher of Prior-Year + Growth or Fall Enrollment

<i>Basic School Program</i>	<i>FY 2015 WPUs</i>	<i>Growth WPUs</i>	<i>FY 2016 Total WPUs</i>
Kindergarten	29,215	(896)	28,319
Grades 1-12	555,130	7,694	562,824
Necessarily Existent Small Schools	9,357	0	9,357
Professional Staff	53,041	710	53,751
Administrative Costs	1,505	0	1,505
Special Education - Add-on	72,991	2,143	75,134
Special Education - Self-Contained	14,285	(360)	13,925
Special Education - Pre-School	9,753	125	9,878
Special Education - Extended Year Program	429	0	429
Special Education - State Programs	2,907	27	2,934
Career & Technical Education - Add-on	29,705	380	30,085
Class Size Reduction	38,958	499	39,457
Total	817,276	10,322	827,598

Voted & Board Local Levy Impacts

The FY 2016 enrollment growth cost estimates includes the implementation of a statutorily mandated increase in the state guarantee rate for the Voted & Board Local Levy Programs. The guarantee rate increases from \$27.92 to \$30.11 for each qualifying WPU per qualifying tax increment. Statute, 53A-17a-133, provides for this increase. The rate will continue to increase in each year by 0.0005 times the value of the prior year WPU.

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 over 100 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 Special Education – Add-on and Career & Technical Education – Add-on programs is \$2,726. FY 2012 was the first year since the creation of the WPU in 1974 that the Legislature set two WPU Values.

Additional information on the history of the WPU can be found in the issue brief titled “Minimum School Program – The WPU and The Basic Levy.”

One Percent WPU Value Increase

Estimates indicate that it will cost approximately \$25.7 million for each 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.

Figure 6 details the various programs included in the cost estimate. The Basic School Program estimate includes a one percent increase to both WPU Values.

The totals in Figure 6 are based on the estimated FY 2016 ongoing appropriations in each program with adjustments for student enrollment growth. Other adjustments made during the 2015 General Session may increase or decrease this estimate.

Figure 7: One-Percent WPU Value Increase Estimate	
Minimum School Program - FY 2016	
Program	FY 2015
<i>Basic School Program</i>	
One-Percent WPU Value - All Programs	\$24,279,700
<i>Subtotal - Basic School Program</i>	\$24,279,700
<i>Related to Basic School Program</i>	
Pupil Transportation	\$729,100
Concurrent Enrollment	93,900
Enhancement for At-Risk Students	246,900
Youth-in-Custody	201,700
Adult Education	99,100
Enhancement for Accelerated Students	44,800
<i>Subtotal - Related to Basic School Program</i>	\$1,415,500
Total Enrollment Growth Cost Estimate	\$25,695,200