

Education 101

Governance and Funding

Bagels and Briefings

01.24.17



Introducing the OLRGC Education Team

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Topics that our presentation will cover:

- **State level education governance (Victoria)**
- **Local level education governance (Nathan)**
- **How education is funded in Utah (Allyson)**

Education Governance

- Legislature
- Public Education
 - State Board of Education
- Higher Education
 - State Board of Regents (Utah System of Higher Education)
 - Utah College of Applied Technology Board of Trustees

Utah Constitution Powers & Duties

Legislature

- Provide for the establishment and maintenance of public education system and higher education system
- Public education system: elementary, secondary, other schools and programs as designated by the Legislature
- Higher education system: public universities, colleges, and other institutions and programs as designated by the Legislature

Utah Constitution Powers & Duties

State Board of Education

- General control and supervision of public education
- Board membership established and elected as provided by statute
- Appoints state superintendent

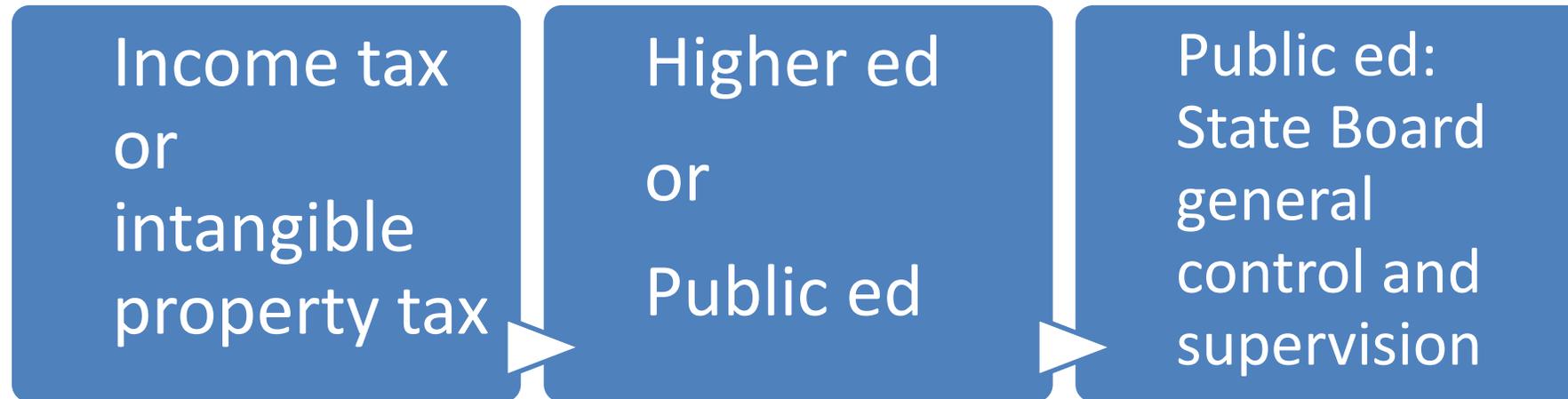
Higher Education

- General control and supervision as provided by statute

Utah Constitution Powers and Duties

Funding

- All revenue from taxes on intangible property or from a tax on income shall be used to support the systems of public and higher education.



Statutes and Rules

- **Statute:** The Legislature passes bills that become statutes. May direct education institutions to adopt rules to work out details not addressed in statute.
- **Rule:** State Board of Education, State Board of Regents, UCAT Board adopt rules subject to Administrative Rulemaking Act and under the guidance of statute to administer programs and regulate schools.
- Both have the effect of law.

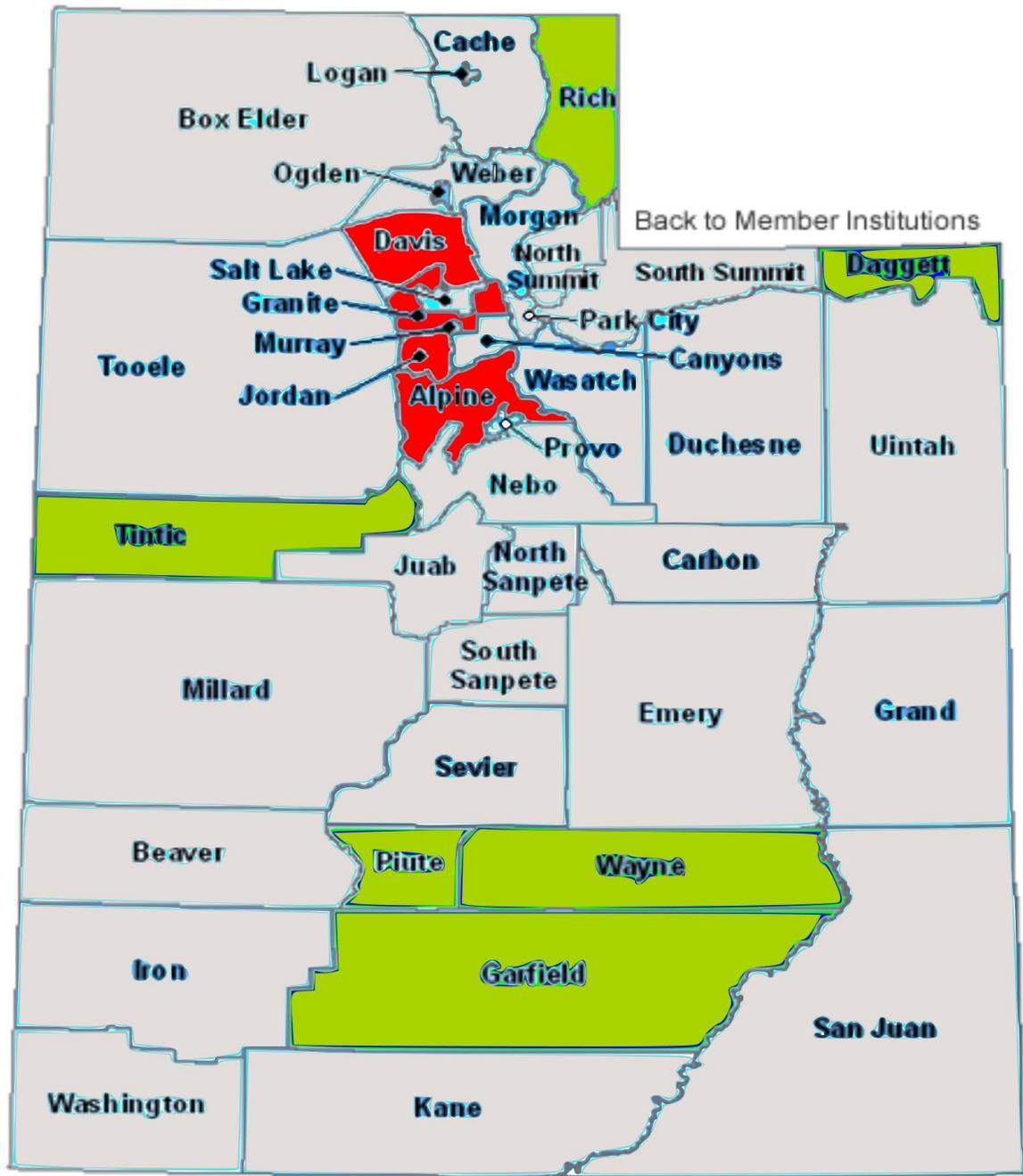
Constitutional Questions

- What are the Legislature’s duties to “establish and maintain”?
- What are the State Board’s duties under “general control and supervision”?
- Where do the Legislature’s powers end and the State Board’s begin?
- To what extent can the Legislature designate a program or other school as part of the public or higher education system?
 - Local control?

Local Governance

Demographics Overview

- Utah has an Average Daily Membership (ADM) of 628,882 students
- 41 school districts (880 schools, K-12)
 - The four largest school districts in Utah are Alpine (74,927), Davis (69,589), Granite (66,766) and Jordan (52,394)
 - There are six school districts with less than 1,000 ADM
- Roughly 100 charter schools serving approximately 65,000 students



Student distribution by region type, 2012-2013

State	City schools	Suburban schools	Town schools	Rural schools
Utah	16.40%	62.30%	11.20%	10.10%
Arizona	49.40%	30.80%	10.50%	9.30%
Colorado	37.60%	39.60%	9.10%	13.70%
Nevada	48.80%	37%	7.50%	6.70%
U.S. averages	30%	39.80%	11.50%	18.70%

Source: U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey, SY 2012-13 Provisional Version 1a"

Local Education Agencies

- Public education in Utah is broken into administrative units: School Districts and Charter Schools
- The local education agencies can:
 - Set curriculum
 - Hire employees
 - Manage their budgets
- Subject to specified reporting requirements
 - Annual financial audit
 - Monthly budget report
 - Statewide testing

School Districts

- Each local school district is governed by a locally elected school board that is independent of the State Board of Education, but which is tasked with operating the schools within its district in compliance with the laws and rules created by the Legislature and the State Board of Education.
- The State Board of Education administers statewide programs and local school districts set curriculum, hiring, set school boundaries, and maintain facilities.
- Local school districts have the power to purchase property and raise money through local property tax and bonds.

Charter Schools

- Charter schools are tuition-free, public schools that are open to any state resident.
- Charter schools have a governing board and are treated like an individual school district.
- Except where specifically exempted, charter schools are subject to all of the same laws and rules including:
 - student assessment
 - accountability
- General exemptions
 - 53A-1a-511 (human resources)

Public Education Funding

Basics of Education Funding

- Statutory requirements
- Revenue sources and fiscal year 2017 appropriation
- Minimum School Program
 - Basic Program
 - Related to Basic Program
 - Voted and Board Local Levy Guarantee Programs
- Other Programs

Statutory Requirement – 53A-17a-102

- “All children of the state are ***entitled to reasonably equal educational opportunities*** regardless of their place of residence in the state and of the economic situation of their respective school districts”
- “Establishment of an educational system is primarily a state function, ***school districts should be required to participate*** on a partnership basis in the payment of a reasonable portion of the cost of a minimum program”
- “Each locality should be ***empowered to provide educational facilities and opportunities beyond the minimum program*** and accordingly provide a method whereby that latitude of action is permitted and encouraged”

State Revenue Source – Income Tax

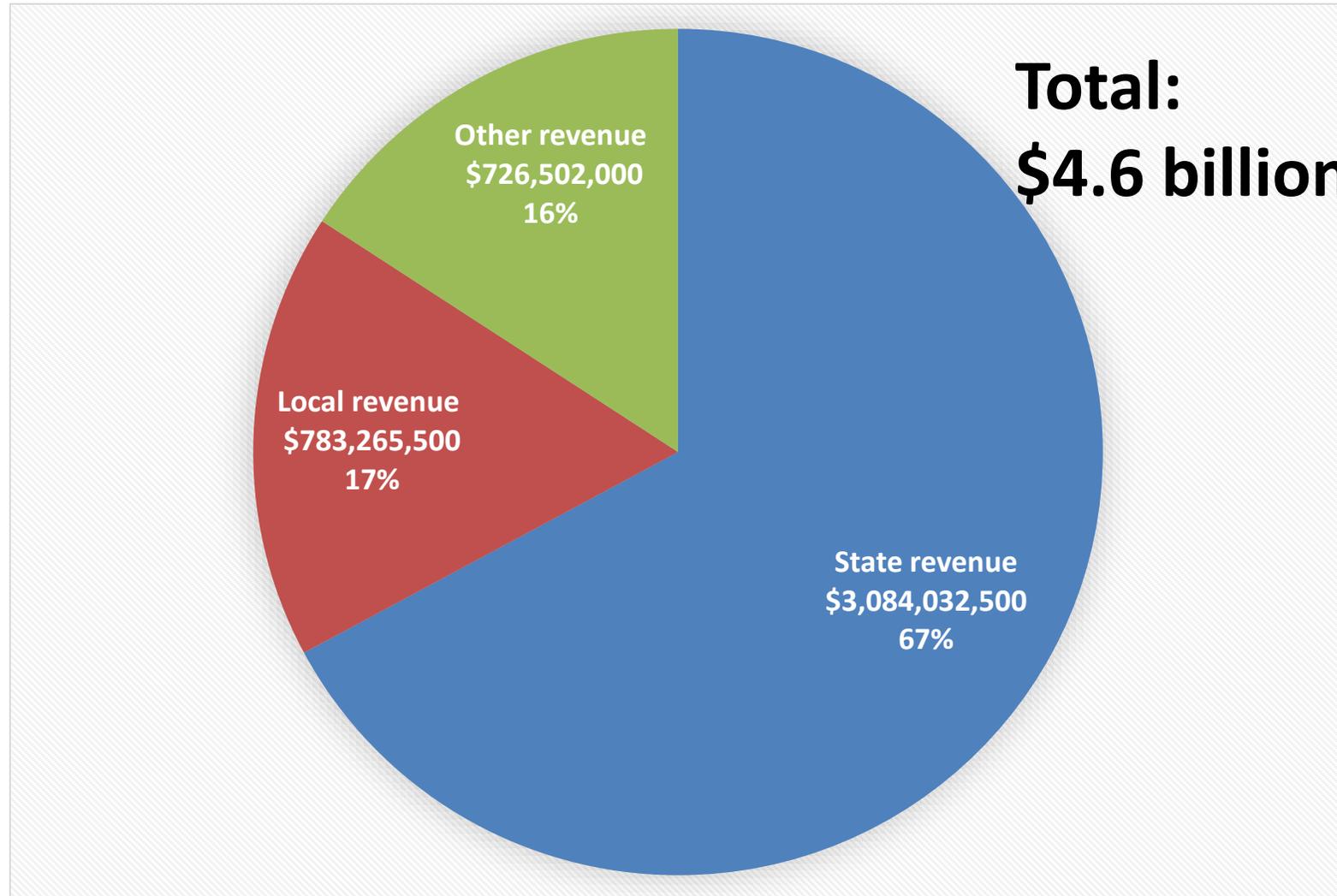
59-10-104. Tax basis -- Tax rate -- Exemption.

- (1) For taxable years beginning on or after January 1, 2008, a tax is imposed on the state taxable income of a resident individual as provided in this section.
- (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the product of:
 - (a) the resident individual's state taxable income for that taxable year; and
 - (b) 5%.
- (3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Local Revenue Sources – Property Tax

Levy	Description	Maximum Allowed Rate
Levies assessed by each district, statewide		
Basic Levy (U.C.A. 53A-17a-135)	Local-state shared portion of each school district's Maintenance and Operations Expenditures	Uniform Statewide – estimated at .001695 for the 2016-2017 school year
Local discretionary levies		
Voted Local Levy (U.C.A. 53A-17a-133)	Levy approved by the majority of the electors of a school district to be used for maintenance and operations	Up to .0020
Board Local Levy (U.C.A. 53A-17a-164)	Levy approved by a local school board to fund operations and maintenance	Up to either .0025 or .0018 depending on the district historic tax rates
Capital Local Levy (U.C.A. 53A-16-107)	Levy to fund capital projects and, in some cases, maintenance of school facilities	Up to .0024
Debt Service Levy (U.C.A. 11-14-310)	Levy to fund general obligation bond principal and debt payment	None

Fiscal Year 2017 Appropriated Public Education Funding

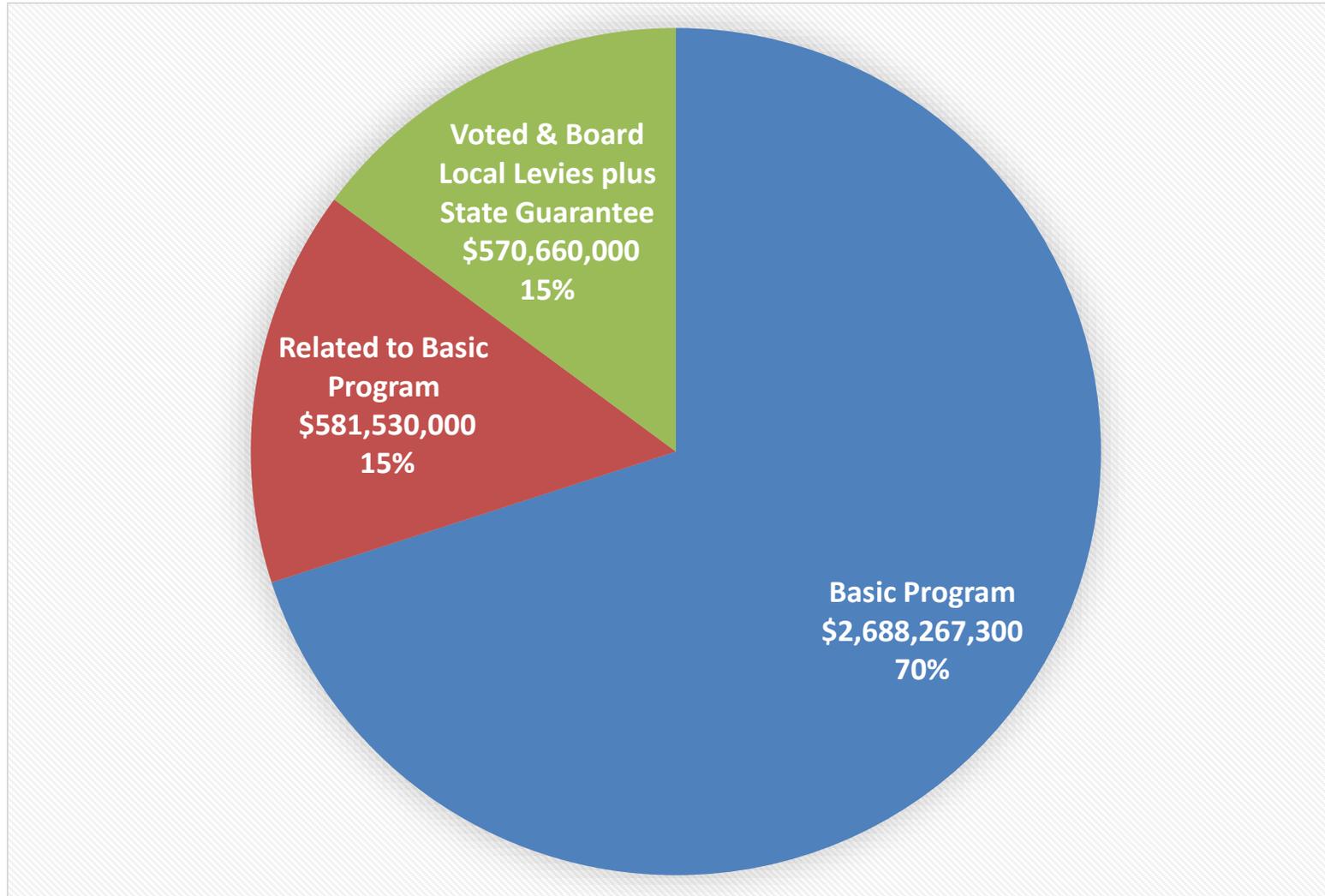


Source: Office of the Legislative Fiscal Analyst, [2016 Compendium of Budget Information](#)

Minimum School Program

- Largest budget program appropriated by the Legislature
- \$3.84 billion appropriated budget for 2017
- Includes:
 - The Basic School Program
 - The Related to Basic Program
 - Voted & Board Local Levy Guarantee Programs
- Does not include:
 - School building program
 - Utah Schools for the Deaf and the Blind
 - Other State Board of Education Functions, like Initiative Programs

Minimum School Program Fiscal Year 2017 Appropriated



Source: Office of the Legislative Fiscal Analyst 2016 Compendium of Budget Information

The Basic School Program

- Utah's Foundation Program
- Guarantees each district or charter school a level of funding based on:
 - number of students attending the district or charter school
 - characteristics of the students and the district or charter school
 - value of the Weighted Pupil Unit (WPU) determined by the Legislature
- WPU Value
 - \$3,184 in FY 2017
 - $\text{WPUs} \times \text{WPU Value} = \text{Program Cost}$

Basic Program Example

Hypothetical School District

2016-2017 value of the
WPU: \$3,184

Total Assessed Value:
\$4,000,000,000

Basic Rate: **.001675**

WPUs: **10,000**

Guaranteed Basic Program Revenue for District

Value of the WPU X Number of WPUs	$\$3,184 \times 10,000 = \$31,840,000$
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Locally Funded Amount

Basic Rate X Total Assessed Value	$.001675 \times \$4,000,000,000 = \$6,700,000$
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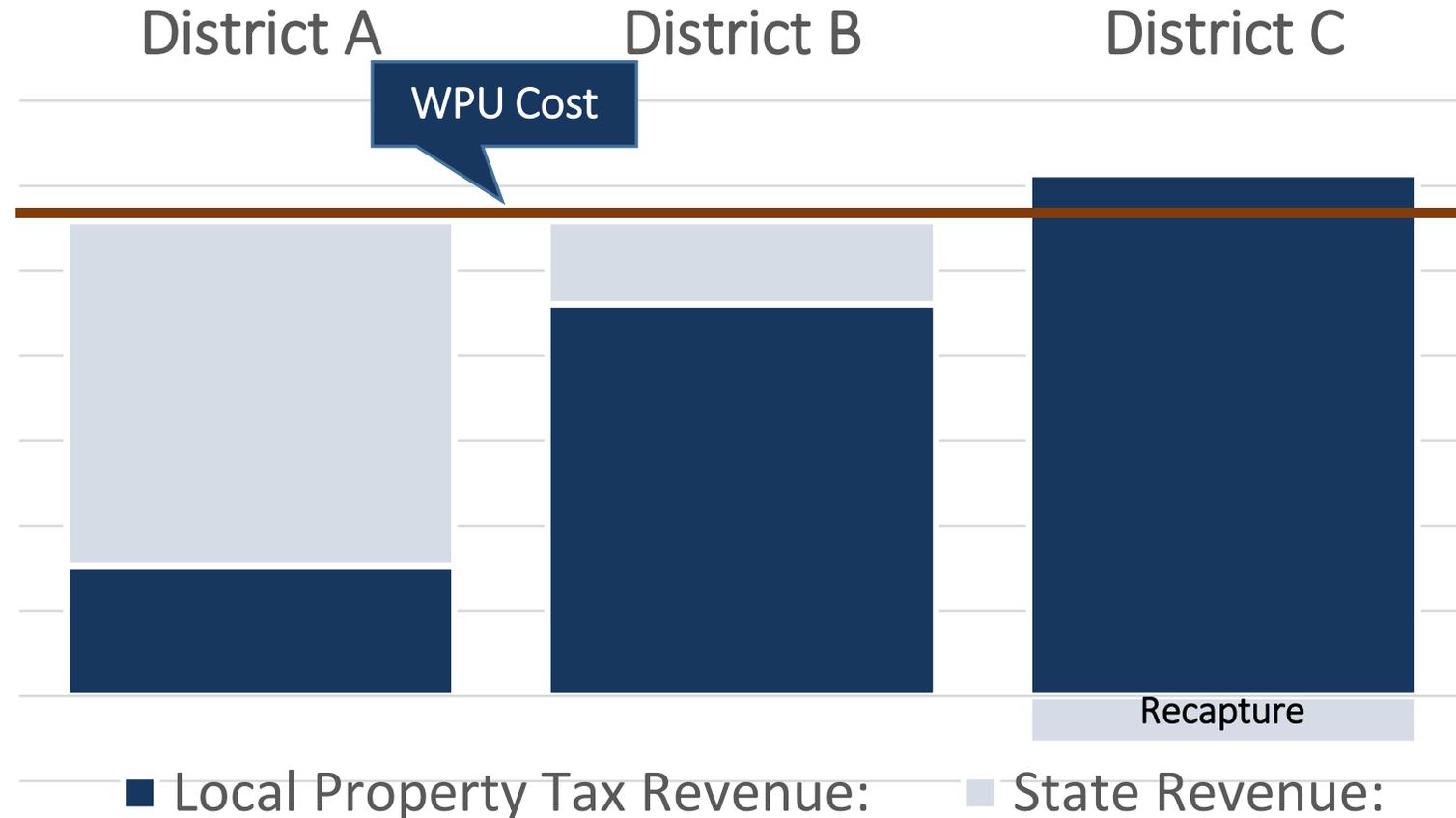
State Income Tax Funded Amount

Guaranteed Revenue for Basic Program – Revenue Received from Basic Rate	$\$31,840,000 - 6,700,000 = \mathbf{\$25,140,000}$
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How the Basic School Program Works

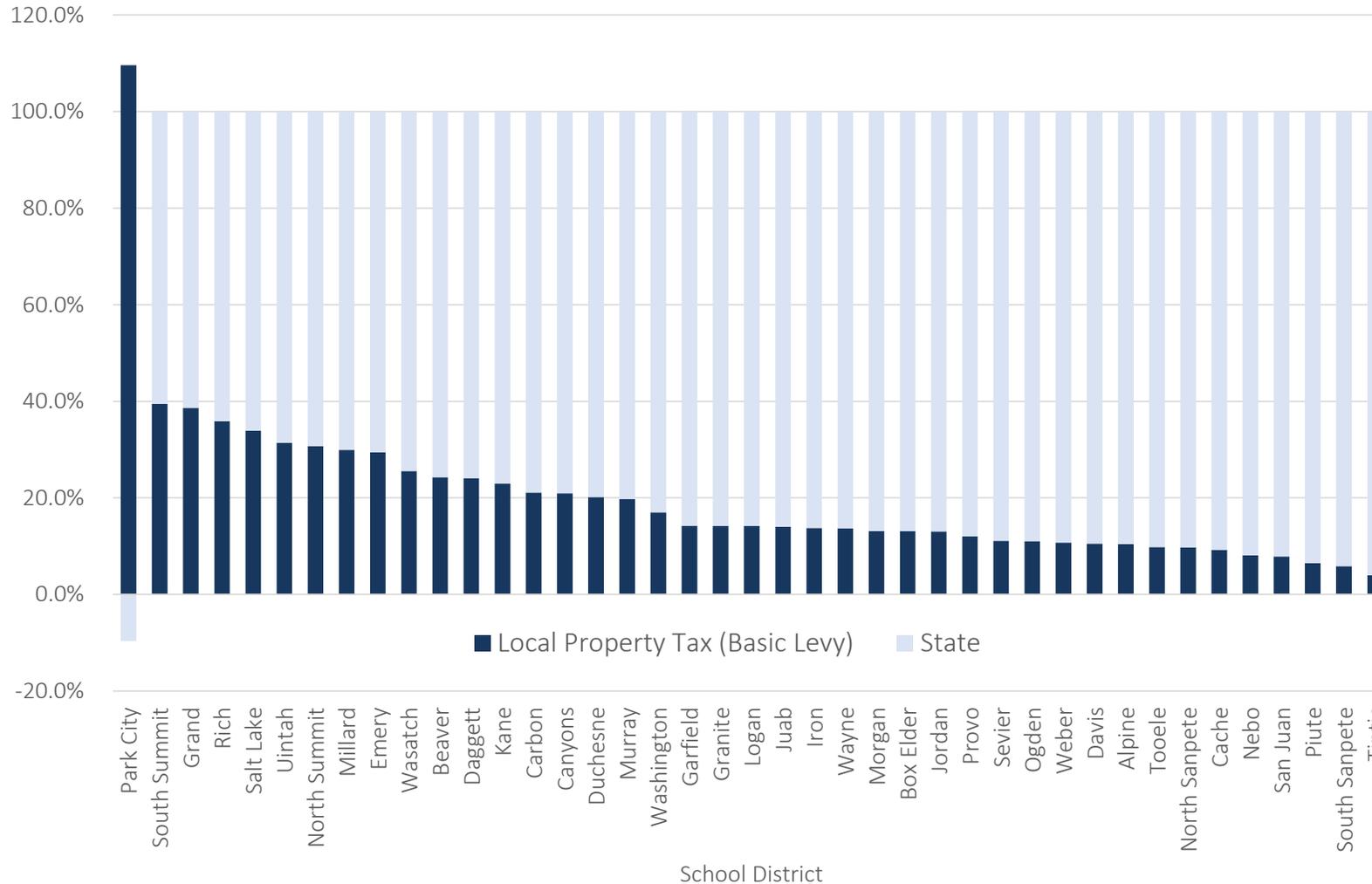
Example: 3
Hypothetical
School Districts

- Same Number of WPUs
- Same WPU Value
- Same Basic Rate
- Different Taxable Value



Basic School Program – Funding Equalization

Public Education: Minimum School Program - Basic School Program
 Percent of State and Local Revenues Contributing to Total WPU Cost by School District
 FY 2016 - Estimated



Related to Basic Program

- Revenues from state income tax (no local contributions)
- Money set aside for specific programs, e.g.
 - Transportation
 - Youth-in-custody
 - Adult education
 - At-risk students
 - Enhancement for accelerated students
- School districts and charter schools qualify for program funds based on program criteria and must spend funds on allowed program uses.

Voted and Board Guarantee Programs

Voted Local Levy

Subsection 53A-17a-133(4)(a)

“In addition to the revenue a school district collects from the imposition of a levy pursuant to [Section 53A-17a-133], the state shall contribute an amount sufficient to guarantee \$35.55 per weighted pupil unit for each .0001 of the first .0016 per dollar of taxable value.”

Board Local Levy

Subsection 53A-17a-164(3)(a)

“In addition to the revenue a school district collects from the imposition of a levy pursuant to this section, the state shall contribute an amount sufficient to guarantee that each .0001 of the first .0004 per dollar of taxable value generates an amount equal to the state guarantee per weighted pupil unit described in Subsection 53A-17a-133(4).”

Subsection 53A-17a-133(4)(b):

“The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar of taxable value under Subsection (4)(a) shall apply to the portion of the board local levy authorized in Section 53A-17a-164, so that the guarantee shall apply up to a total of .002 per dollar of taxable value if a school district levies a tax rate under both programs.”

Voted and Board Local Levy Guarantee

- Voted guarantees the guaranteed amount for 16 increments of .0001 versus 4 increments for the Board Local Levy Guarantee
- For fiscal year 2017:
 - \$617/WPU maximum for the Voted Local Levy guarantee
 - \$154.25/WPU maximum for the Board Local Levy guarantee

School building programs

- Most capital costs are funding through local levies
- State has two programs to use state funding to supplement these local levies:
 - Capital Outlay Foundation Program
 - Capital Outlay Enrollment Growth Program

Legislative Fiscal Analyst Compendium of Budget Information

- <http://le.utah.gov/lfa/cobi/2016/cobi.html?cobiID=8&tab=overviewTab>

Please feel free to contact any member of the
education team with questions

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