

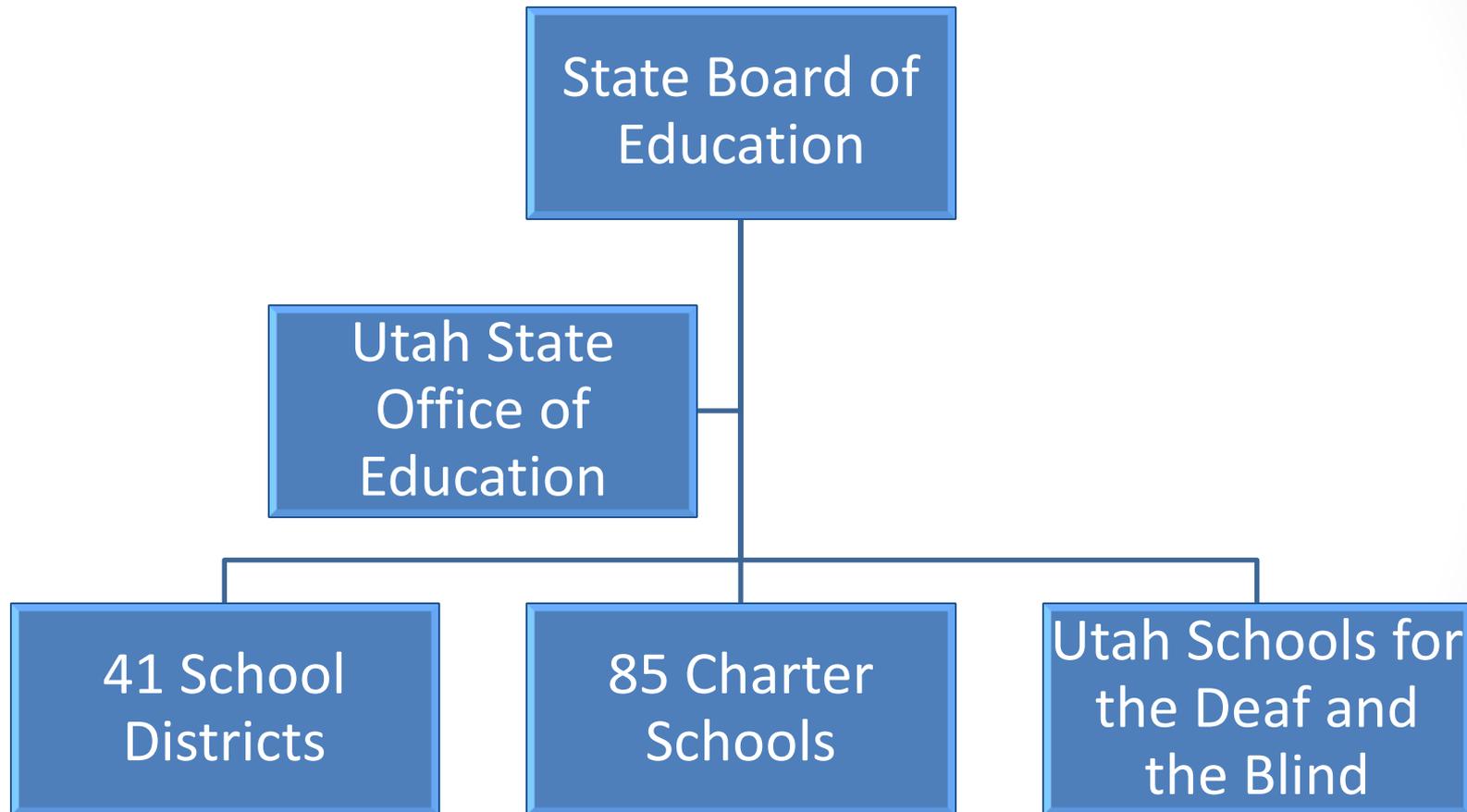
# How Utah Public Schools are Funded

Office of Legislative Research and General Counsel

February 5, 2013



# Utah Public Education System



# Utah Constitution on School Funding

- The Legislature shall provide for the establishment and maintenance of the state's education systems including: (a) a public education system, which shall be open to all children of the state; and (b) a higher education system.... (Utah Constitution, Art. X, Sec. 1)
- ...Public elementary and secondary schools shall be free, except the Legislature may authorize the imposition of fees in the secondary schools. (Utah Constitution, Art. X, Sec. 2)
- There is established a permanent State School Fund which shall consist of revenue from the following sources....The State School Fund shall be safely invested and held by the state in perpetuity. Only the interest and dividends received from investment of the State School Fund may be expended for the support of the public education system.... (Utah Constitution, Art. X, Sec. 5)
- All revenue from...a tax on income shall be used to support the systems of public education and higher education....” (Utah Constitution, Art. XIII, Sec. 5(5))

# Statutory Findings

- **Equity** - All children are entitled to reasonably equal educational opportunities regardless of place of residence
- **Local Participation** – The establishment of a school system is primarily a state function – school districts should pay a portion
- **Local Determination** - Each locality should be empowered to provide educational facilities and opportunities beyond the minimum program



(Utah Code Section 53A-17a-102)

# Distribution of School Funds – Factors Considered

- **Cost structure of school districts/charter schools vary**
  - Enrollment size (large or small) and change (growing or declining)
  - Rural or urban environment
  - Experience and educational level of teachers/staff
- **Individual student characteristics and requirements**
  - Students with disabilities
  - Disadvantaged students
  - English language learners
  - Career and technical education
- **Many spending decisions are best determined locally.**

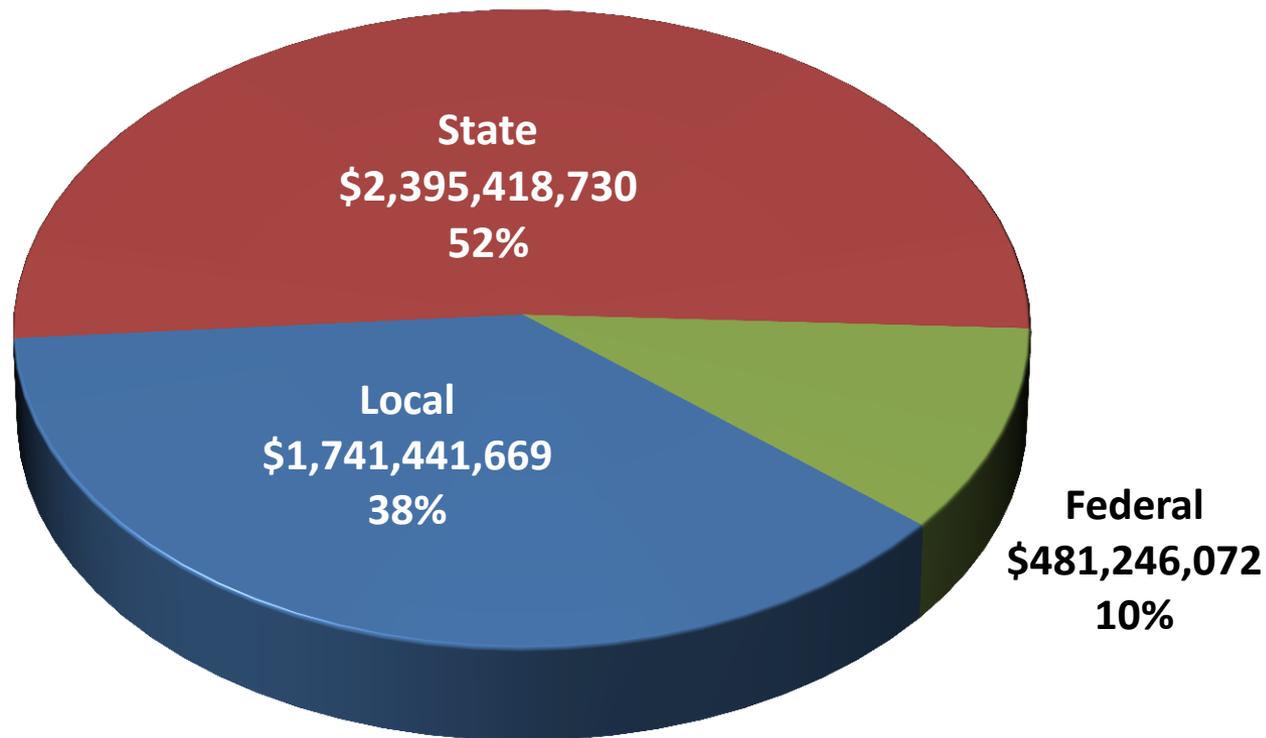
# School District and Charter School Revenues Appropriated or Estimated FY2013

Source	Total	State	Local
Basic Program	\$2,199,711,100	\$1,910,689,200	\$289,021,900
Related to Basic Program	\$456,123,100	\$456,123,100	
Voted & Board Local Levies plus State Guarantee	\$636,960,389	\$94,598,700	\$542,361,689
Capital Local & Debt Service Levies plus State School Building Aid	\$528,281,368	\$14,499,700	\$513,781,668
Other – Federal grants, other state funds, fees, donations, interest income	Estimates not available for FY 2013		



Source: Office of the Legislative Fiscal Analyst, Utah State Office of Education

# Total School District and Charter School Revenues by Governmental Source – FY 2012



# Basic Program Allocation

- School districts impose a uniform property tax known as the minimum basic rate or the basic levy.
- Each school district and charter school is guaranteed an amount of money determined by the number of Weighted Pupil Units (WPU) and the value of the WPU
  - Basic levy revenues below the guaranteed amount are supplemented by the state (income tax revenues)
  - Basic levy revenues in excess of the guaranteed amount go to the state
- Number of WPU based on:
  - number of students in kindergarten and grades 1 - 12
  - number of students in special education programs
  - experience and educational level of professional staff
  - career and technical education (CTE) programs
  - school district size and rural schools
- Legislature sets value of WPU each year - \$2,842 for FY2013, except \$2,607 for CTE and special education add-on programs
- The use of Basic Program money is unrestricted, except the portion designated for special education or CTE

# Basic Program – Example

## District A

Value of WPU \$2,842  
 WPU 1,000  
 Basic Program Cost \$2,842,000

Net Taxable Value \$500,000,000  
 Basic Rate .001651  
 Basic Levy Yield \$825,500

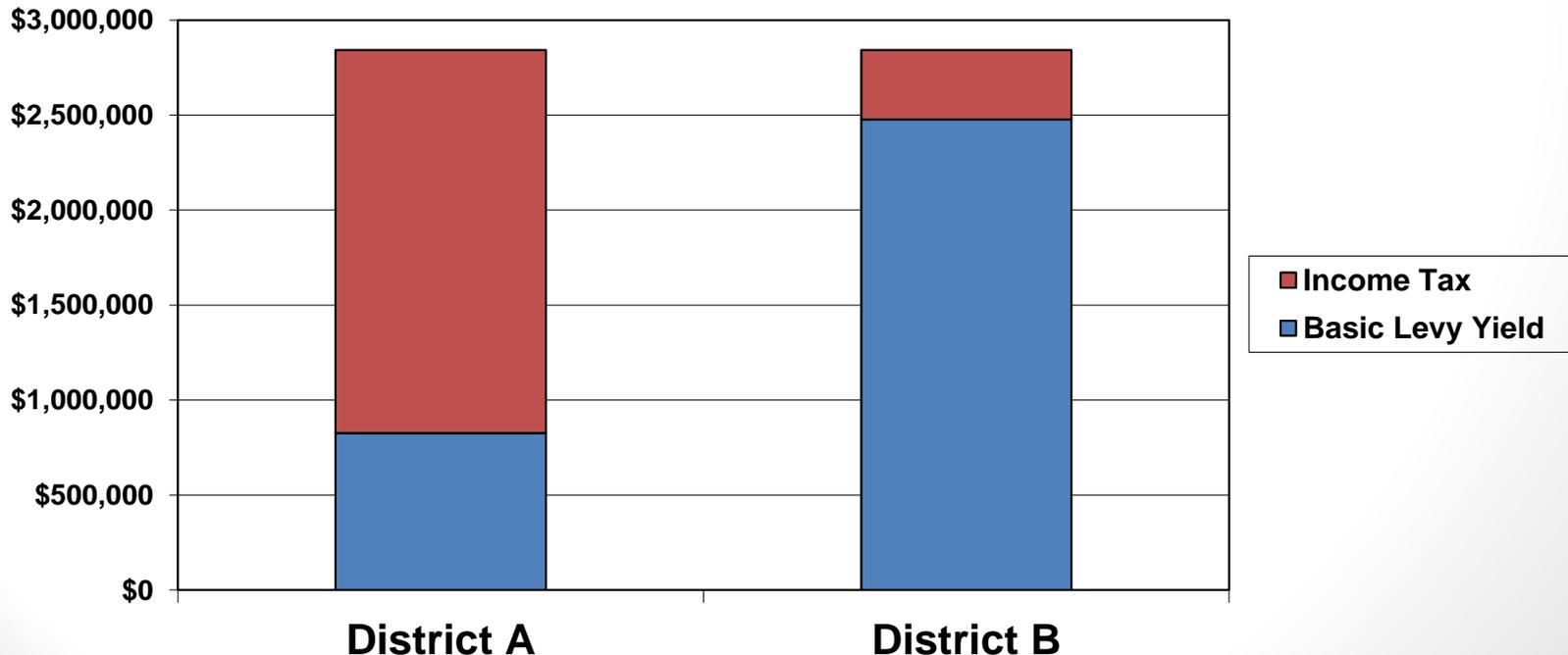
Income Tax \$2,016,500

## District B

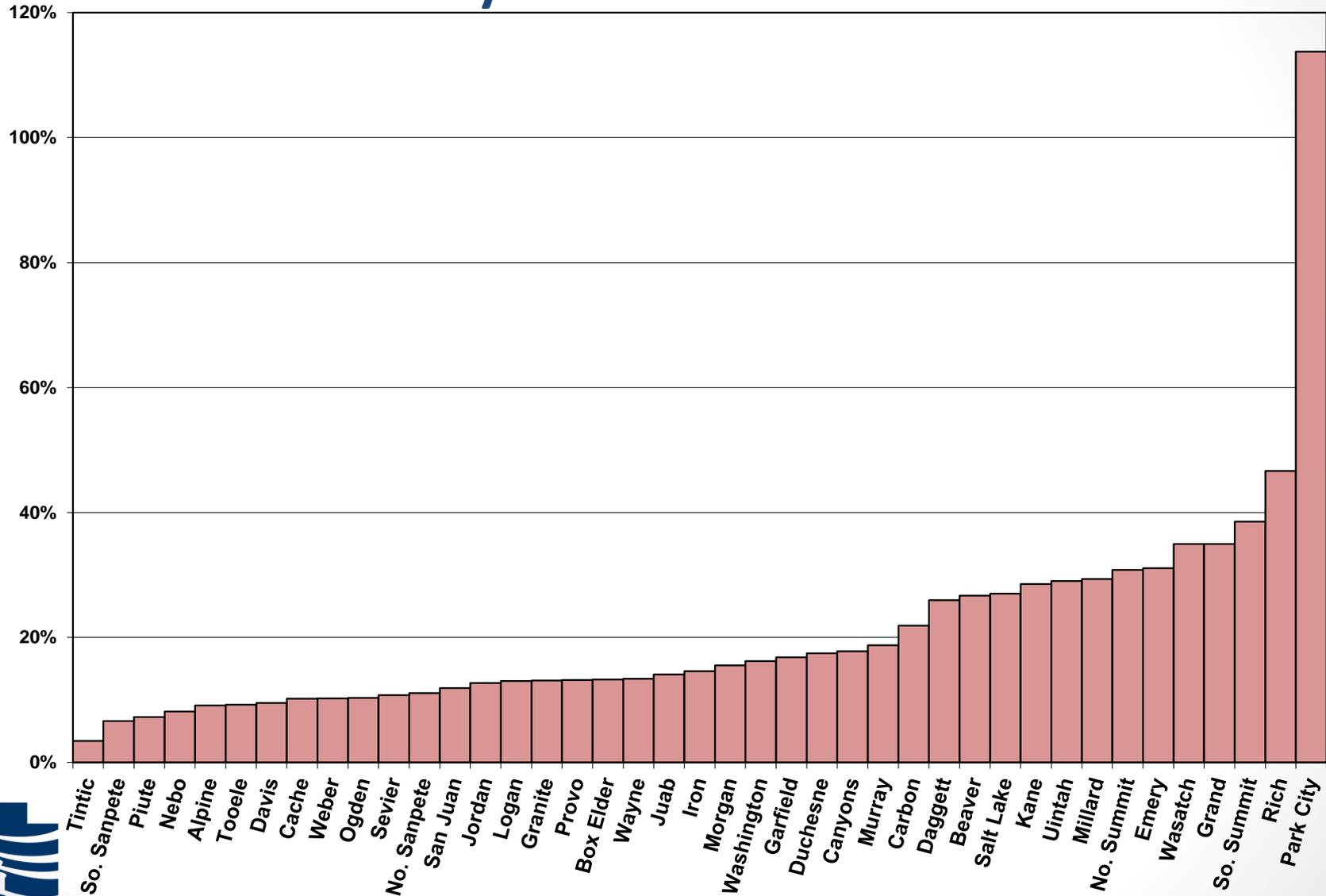
Value of WPU \$2,842  
 WPU 1,000  
 Basic Program Cost \$2,842,000

Net Taxable Value \$1,500,000,000  
 Basic Rate .001651  
 Basic Levy Yield \$2,476,500

Income Tax \$365,500



# Percent of Basic Program Cost Funded by a School District's Basic Levy Revenue – FY 2013



Data Source: Utah State Office of Education



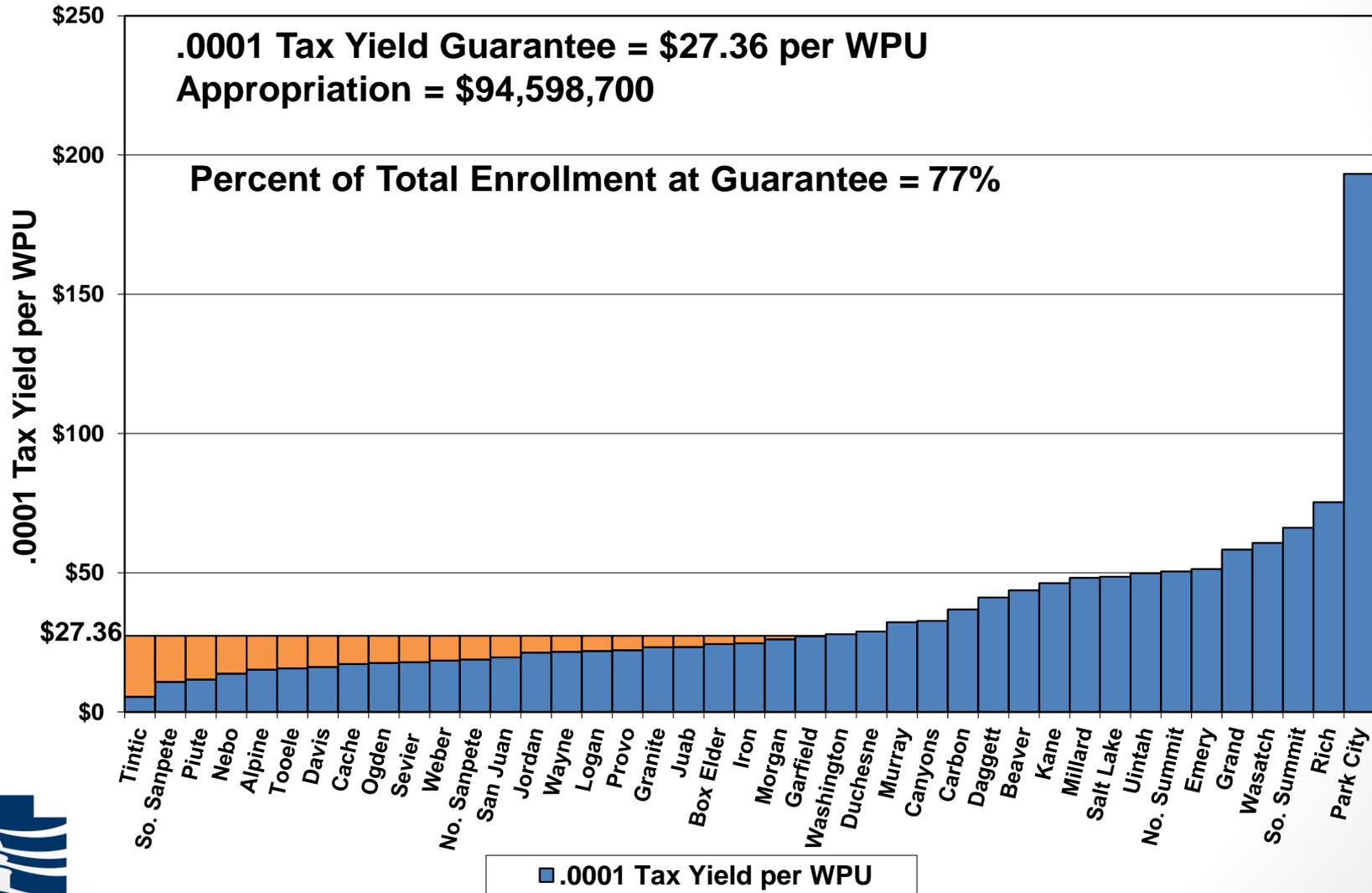
# Related to Basic Program

- 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 Local Levies

- Discretionary property tax levies imposed by a local school board
  - Voted local levy – must be approved by voters
  - Board local levy – approved by local school board
- If imposed, each tax rate of .0001 is guaranteed to generate \$27.36 per WPU in FY2013 up to a tax rate of .0020
- Revenues are unrestricted

# Voted and Board Levy Guarantee, FY 2013



Data Source: Utah State Office of Education



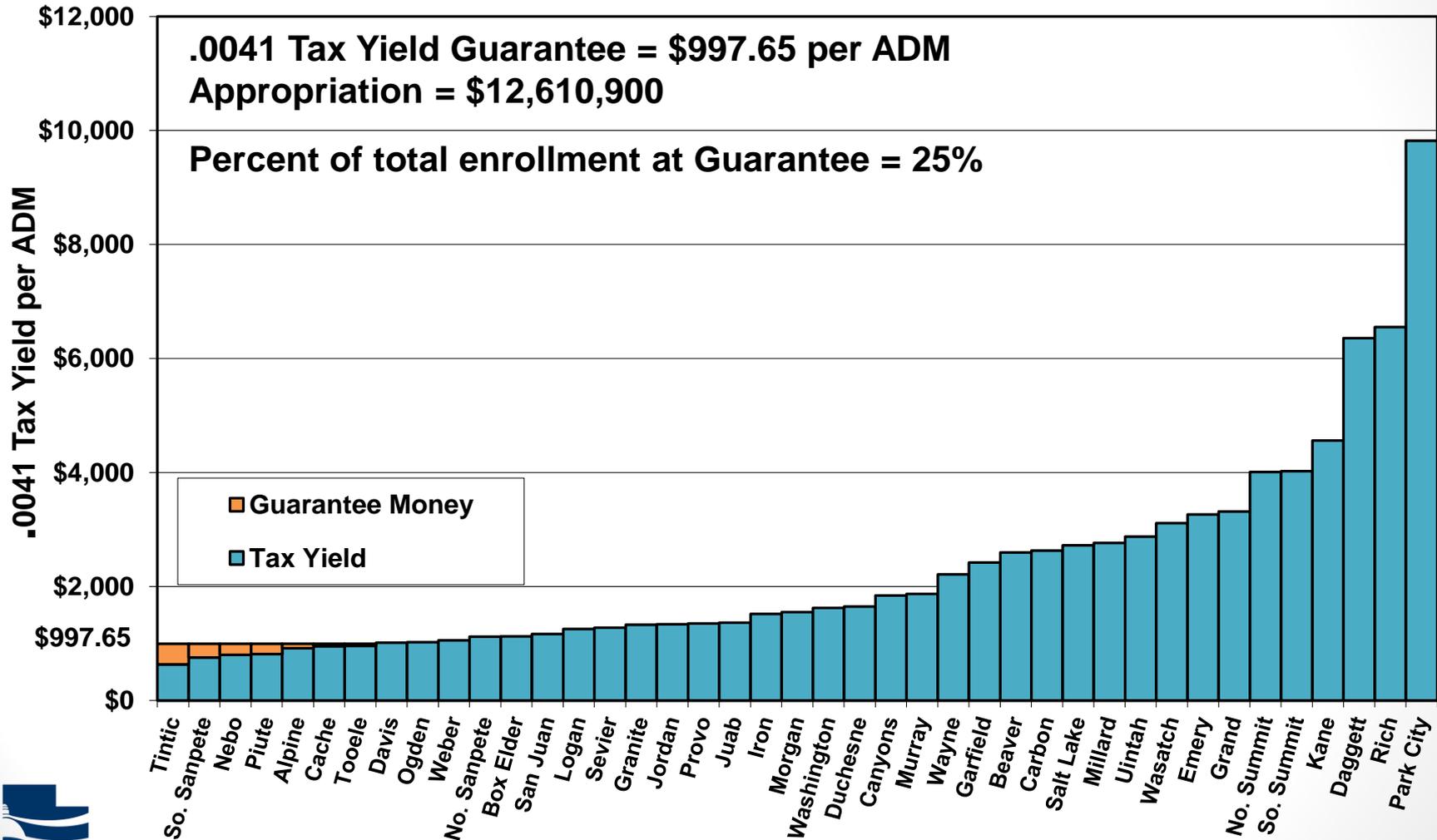
# School Building Program

- A local school board may impose a capital local levy up to .0030
- A local school board imposes a debt service levy to pay for bonded indebtedness approved by voters
- State aid provided based on tax yield per student and growth in enrollment
- For school districts in a county of the first class, .0006 of the capital local levy is distributed among the districts based on enrollment and growth in enrollment (scheduled to be repealed December 31, 2016)



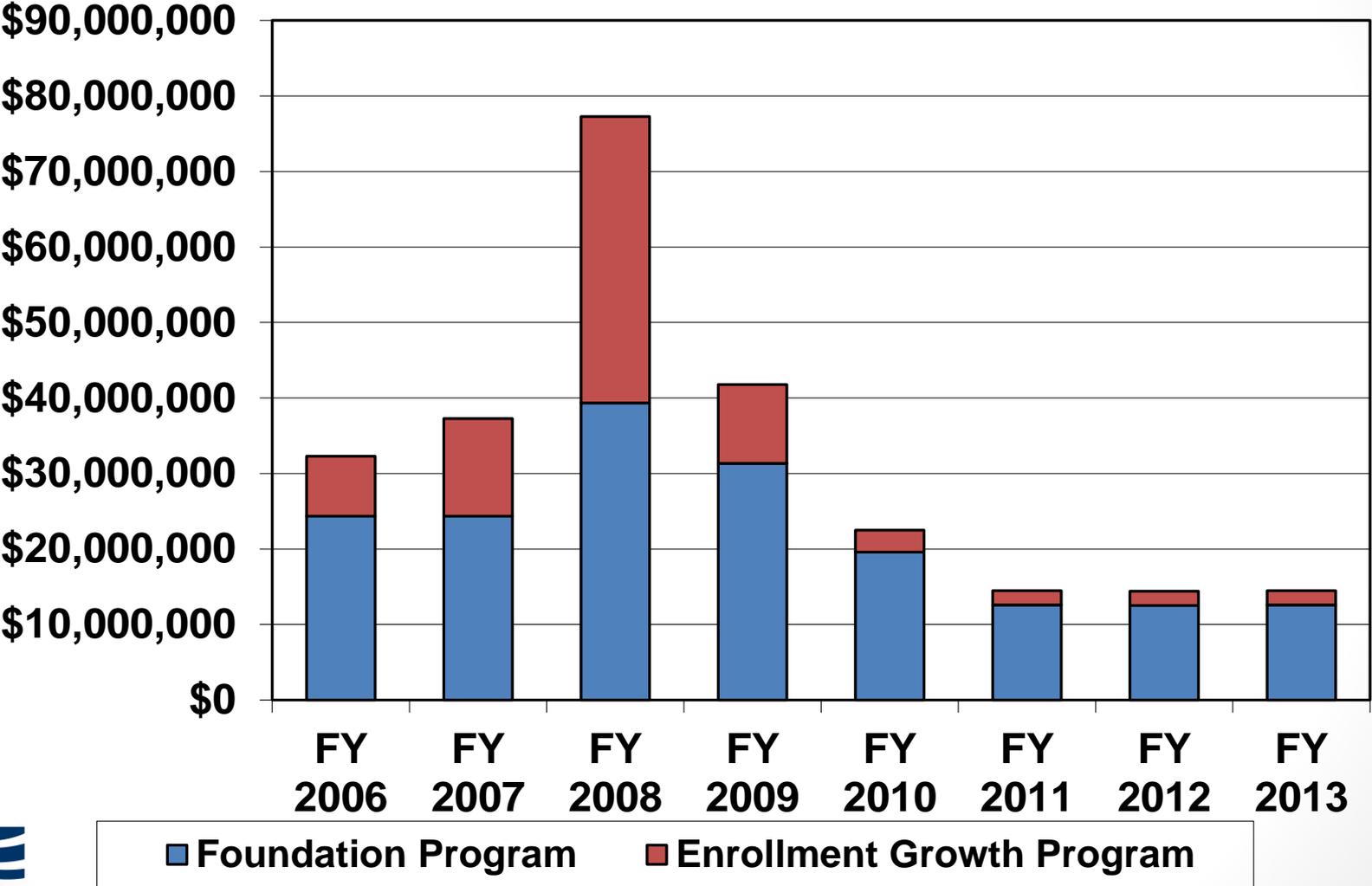
# Capital and Debt Service Levy Guarantee

## FY 2013



Data Source: Utah State Office of Education

# State Funding for School Buildings



Data Source: Utah State Office of Education

# Charter School Funding

Charter schools are funded the same as school districts except:

- \$100 per pupil for charter school administrative costs
- No pupil transportation funds
- Grade weights
- Local Replacement Funding to replace school district property tax revenue, \$1,710.37 per charter school student in FY 2013



# Please feel free to contact the Education Team with any questions:

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