Legal Authority:

**Utah Constitution**
- Article X – Education
- Article XIII – Revenue & Taxation

**Utah Code**
- Title 53E – PED State Administration
- Title 53F – PED Funding (53F-2: Minimum School Program)
- Title 53G – PED Local Administration

- **Utah Constitution**
  - Legislature: Establish & Maintain a Public Education System
  - State Board of Education: General Control & Supervision of the System
  - Elementary & Secondary Schools Shall Be Free
    - Legislature May Authorize Fees in Secondary Schools
  - Income Tax Restricted to Support the Public & Higher Education Systems as Established by the Legislature

- **Utah Code | 53F-2-103 Public Education System Purpose**
  - Equity
    - Children Entitled to Reasonably Equal Educational Opportunities Regardless of Residence or Economic Situation of District
  - State & Local Participation
    - Provision of System is Primarily a State Function
    - Districts Required to Pay a Portion of a Minimum Program
  - Local Control & Determination
    - Local Board Empowered to Provide Opportunities Beyond the Minimum Program
    - Latitude of Action Permitted and Encouraged
Minimum School Program
2020 GS | Implementing the Constitutional & Statutory Mandates

- Created in the Early 1970s
- Allocates State Support
- Distribution Applies State Funding to “Equalize” Local Property Tax Collections
- Divided into Three Parts:
  - Basic School Program
  - Related to Basic School Program
  - Voted & Board Local Levy Programs

Categorical Programs Meet Several Functional Principles:
- Maintain System Equity
- Consider Different LEA Cost Structures
- Address Individual Student Characteristics/Requirements
- Meet Statewide Educational Goals
- Support Local Control

50+ Categorical Programs Distribute State Funding to LEAs

Minimum School Program
FY 2021 Base | Comparison to Total Public Education Budget

- Largest Program in the State Budget
  - 55% of State Funds Appropriated by Legislature
  - MSP = 95% of Education Budget

<table>
<thead>
<tr>
<th>Minimum School Program</th>
<th>FY 2021 Base Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic School Program</td>
<td>$2,589,010,800</td>
</tr>
<tr>
<td>Related to Basic School Program</td>
<td>$791,284,500</td>
</tr>
<tr>
<td>Voted &amp; Board Local Levy Programs</td>
<td>$221,435,700</td>
</tr>
<tr>
<td>Total</td>
<td>$3,601,731,000</td>
</tr>
</tbody>
</table>

Total = $3.8 Billion

State Funds by Program

- MSP - Basic School Program (WPUs) 68%
- MSP - Related to Basic Programs, 21%
- MSP - Voted & Board Local Levy Programs 6%
- State Board of Education 4%
- School Building Programs, 1%

Office of the Legislative Fiscal Analyst
Basic School Program
2020 GS | Utah’s Foundation Formula Program

Basic School Program
“Above-the-Line” | WPU Based Programs

- Utah’s Foundation Funding Formula
- Provides for the Delivery of a Basic Education
- Program Funding Levels Determined by Weighted Pupil Units (WPUs) & WPU Value
- WPU Value Set Annually by Legislature
- Primary State Equalization Program
  - Basic Levy – Property Tax
  - Local Contribution to a “Basic Program”
Basic School Program
FY 2021 Base | Total & State Fund Budget

<table>
<thead>
<tr>
<th>Categorical Programs</th>
<th>WPU's</th>
<th>State Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>27,308</td>
<td>$79,604,100</td>
<td>$96,451,900</td>
</tr>
<tr>
<td>Grades 1-12</td>
<td>606,016</td>
<td>$1,766,563,300</td>
<td>$2,140,448,500</td>
</tr>
<tr>
<td>Foreign Exchange</td>
<td>328</td>
<td>$956,100</td>
<td>$1,158,500</td>
</tr>
<tr>
<td>Necessarily Existent Small Schools</td>
<td>9,730</td>
<td>$28,363,300</td>
<td>$34,366,300</td>
</tr>
<tr>
<td>Professional Staff</td>
<td>56,572</td>
<td>$164,909,900</td>
<td>$199,812,300</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>1,515</td>
<td>$4,416,300</td>
<td>$5,351,000</td>
</tr>
</tbody>
</table>

Restricted Programs

<table>
<thead>
<tr>
<th>WPU's</th>
<th>State Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>SpEd - Add-On</td>
<td>86,450</td>
<td>$252,005,500</td>
</tr>
<tr>
<td>SpEd - Self-Contained</td>
<td>13,229</td>
<td>$38,563,100</td>
</tr>
<tr>
<td>SpEd - Preschool</td>
<td>11,311</td>
<td>$32,972,100</td>
</tr>
<tr>
<td>SpEd - Extended Year</td>
<td>457</td>
<td>$1,332,200</td>
</tr>
<tr>
<td>SpEd - Impact Aid</td>
<td>2,060</td>
<td>$6,005,000</td>
</tr>
<tr>
<td>SpEd - Intensive Services</td>
<td>795</td>
<td>$2,317,400</td>
</tr>
<tr>
<td>SpEd - Extended Year SpEd Educators</td>
<td>909</td>
<td>$2,649,800</td>
</tr>
<tr>
<td>Career &amp; Technical Education Add-on</td>
<td>29,368</td>
<td>$84,827,800</td>
</tr>
<tr>
<td>Class Size Reduction</td>
<td>42,375</td>
<td>$123,525,000</td>
</tr>
</tbody>
</table>

Total | 888,155 | $2,589,010,900 | $3,136,963,400 |

The WPU & WPU Value

2020 GS | Basic School Program Components
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.

(53F-2-102)

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
  - Special Education Student = 1.53
  - Different Weightings for Charter School Students
- Primary & Add-on Student Counts
- Additional WPUs Allocated to Meet Other Needs

FY 2021 Base
- WPUs = 888,155 (Students = 675,305)
  - Ratio = 1.3 WPUs/Student

ADM Based on Days Enrolled
- 990 Hours/180 Days (Grades 2-12)
- 810 Hours/180 Days (1st Grade)
- 450 Hours/180 Days (Kindergarten)

<table>
<thead>
<tr>
<th>Student Membership Days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enrollment</strong></td>
</tr>
<tr>
<td>Student 1 10th Grade - Full Time 8 of 8 Class Periods</td>
</tr>
<tr>
<td>Student 2 8th Grade - Less than Full Time 6 of 8 Class Periods</td>
</tr>
<tr>
<td>Student 3 11th Grade - Part Time 4 of 8 Class Periods</td>
</tr>
<tr>
<td>Student 4 5th Grade Full Time</td>
</tr>
<tr>
<td>Student 5 6th Grade Part Time</td>
</tr>
</tbody>
</table>

Total Membership for LEA 675 Days

Source: School Finance, Utah State Board of Education.
Counting Students: ADM to WPUs

An LEA may not count a student as an eligible student if the student has unexcused absences during all of the prior ten consecutive school days. (USBE Rule R277-419-5)

### Converting ADM to WPUs

<table>
<thead>
<tr>
<th>Student</th>
<th>Enrolled</th>
<th>Consecutive Days of Unexcused Absence</th>
<th>Final Membership Days</th>
<th>WPUs (Membership /180)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student 1</td>
<td>180 Days</td>
<td>11</td>
<td>179</td>
<td>0.994</td>
</tr>
<tr>
<td>Student 2</td>
<td>135 Days</td>
<td>0</td>
<td>135</td>
<td>0.75</td>
</tr>
<tr>
<td>Student 3</td>
<td>90 Days</td>
<td>10</td>
<td>90</td>
<td>0.5</td>
</tr>
<tr>
<td>Student 4</td>
<td>180 Days</td>
<td>40</td>
<td>150</td>
<td>0.833</td>
</tr>
<tr>
<td>Student 5</td>
<td>90 Days</td>
<td>5</td>
<td>90</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>675 Days</strong></td>
<td><strong>644</strong></td>
<td><strong>3.977 WPUs</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: School Finance, Utah State Board of Education.

### Membership Based on Enrollment Status, Not Actual Days Attended

- **10 Day Rule**

- **# of Days / Total Days (180)**
  - Student 1: $179/180 = 0.994$ WPU

Statutory Formula Stabilizers: Predictability for Locals

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**
  - Declining Enrollment Hold-Harmless
  - Current Year K-12 WPUs Based on Prior Year Actual ADM (53F-2-302)
  - Growth Factor – October to October
  - Flat or Declining LEAs Held at Prior-Year Count

- **Authority to Adjust Allocations**
  - State Board Authority to Adjust for Estimating Errors (53F-2-205)

- **Education Fund Deficit**
  - State & Local Board Flexibility to Adjust to Revenue Reductions (53F-2-203)

- **Special Education**
  - Additional Variables to Stabilize Funding
The WPU Value

Except as provided ... If the number of weighted pupil units is underestimated, the state board shall reduce the value of the weighted pupil unit in that program so that the total amount paid for the program does not exceed the amount appropriated for the program.

(S3F-2-205)

- The Amount Paid for Each WPU
  - Determined Annually by the Legislature
  - Applies to all WPUs
    - FY 2012 to FY 2016 – Two Values
    - Funding for All “Basic” Programs
    - Increase/Decrease
    - Never Decreased by Legislature
  - Statutory Mechanism for USBE to Decrease Value Based on Actual vs. Estimated WPUs/Property Tax

- FY 2021 Base
  - WPU Value = $3,532 (FY 2020)

WPU Value History
FY 1995 to FY 2020

Add-on WPU Value
Primary WPU Value
The WPU & Property Tax

2020 GS | How Equalization Works

Basic School Program: Funding Equalization

Recapture

Tax proceeds that exceed the cost of the basic program “shall be paid into the Uniform School Fund as provided by law.” (53F-2-301)
State Basic Rate: 
“Basic Levy”

In order to qualify for receipt of the state contribution toward the basic program and as its contribution toward its costs of the basic program, each school district shall impose a minimum basic tax rate per dollar of taxable value. . . (53F-2-301.5)

- Revenue Target Set by Legislature
  - Generates Est. $548.0 M in FY 2021 Base
  - $17.3 M more than FY 2020
  - Target Increases Based on WPU Value Rate

- Uniform Statewide Property Tax Rate
  - Rate in FY 2020 – 0.001661
  - Initial Estimated Rate FY 2021 – 0.0016
  - Traditional Basic Rate – 0.001576
  - Statute Holds Rate at 0.0016 Through FY22
  - Actual rate set by the Tax Commission to meet revenue target
  - Rate Increases Based on WPU Value Rate

- Historically the Basic Rate “Floated” with Taxable Value Changes
The Basic Levy:
FY 2021 Base
Target: $547,952,600

Four Parts of Tax Rate:
• Basic Levy (Traditional)
• Increment (2015) – $75.0 M
• Equity Pupil (2018) – Difference Between Rate of 0.0016 Minus “Minimum Basic Tax Rate”
• WPU Value (2018) – Maintain State/Local Funding Ratio at 15% when WPU Value is Increased

WPU Value Rate, $37,450,000, 7%

Minimum Basic Tax Rate

The Basic Levy:
FY 2021 Estimated Revenue

Statute Provides for Certain Increases in Basic Levy Property Tax Revenue
• Basic Levy - $17.3 M from “Net New Growth in Properties” historically used to offset the state cost of enrollment growth.
• Equity Pupil - $21.1 M (Est.) Difference between the traditional “Basic Tax Rate” and the rate floor of 0.0016.
• WPU Value - $5.2 M (Est.) for each 1% increase in WPU Value set by the Legislature

Minimum School Program: The Basic Levy

<table>
<thead>
<tr>
<th>Components</th>
<th>FY 2020 Base Revenue</th>
<th>FY 2021 Net New Growth</th>
<th>FY 2021 Formula Increase</th>
<th>FY 2021 Discretionary</th>
<th>FY 2021 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Levy</td>
<td>$348,036,700</td>
<td>$17,330,700</td>
<td>$0</td>
<td>$0</td>
<td>$365,367,400</td>
</tr>
<tr>
<td>Basic Levy Increment Rate(1)</td>
<td>$75,000,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$75,000,000</td>
</tr>
<tr>
<td>Equity Pupil Tax Rate</td>
<td>$48,997,900</td>
<td>$0</td>
<td>$21,137,300</td>
<td>$0</td>
<td>$70,135,200</td>
</tr>
<tr>
<td>WPU Value Rate (Each 1% WPU Value Incr.)(1)</td>
<td>$37,450,000</td>
<td>$0</td>
<td>$5,150,000</td>
<td>$0</td>
<td>$37,450,000</td>
</tr>
</tbody>
</table>

Total: $559,484,600

Notes:
(1) The WPU Value Rate adjusts with the percent increase in the WPU value as determined by the legislature. The adjustment is based on the ratio of state/local funding in the prior year (FY 2020 is 84/16 split). For FY 2021, the property tax increase would be approximately $5.2 million for each 1 percent increase. The “FY 2021 Discretionary” amount is not included in the “FY 2021 Total” as the legislature has yet to determine the WPU Value Increase for FY 2021 to calculate the final tax impact amount.
(2) Statute allows the Basic Rate to collect property tax revenue on the net new growth of properties in the state. “Net New Growth” is an amount calculated by the Tax Commission each year. Historically, this revenue has accrued to the Basic School Program and offset the state cost for enrollment growth each year. The net new growth amount for the Basic Levy Increment Rate has accrued to the Basic School Program since the creation of that rate in FY 2016.
Minimum School Program - Basic Levy
Total Basic Levy Revenue & Tax Rate - Tax Years 1980-2019 Est.
Tax Year 2019 = Fiscal Year 2020

Source: State Office of Education, Finance & Statistics Section

Basic School Program
State & Local Funding Mix | 1993, 2015, & 2020

Basic School Program - Revenues by Source FY 1993
- Local Funds, $223,880,700, 20%
- State Funds, $902,382,700, 80%

Basic School Program - Revenues by Source FY 2015
- Local Funds, $298,709,700, 12%
- State Funds, $2,142,971,300, 88%

Basic School Program - Revenues by Source FY 2020
- Local Funds, $509,484,600, 36%
- State Funds, $2,594,078,400, 64%
Basic School Program

2020 GS | Budget Issues & Recommendations

Budget Issues & Recommendations: Basic School Program
FY 2020 Supplemental
FY 2021 Budget
Items for Consideration by the Legislature

- Statute Directs the Legislative Fiscal Analyst to Recommend a Balanced Budget
- We Recommend the Legislature Consider the Following:
  - Enrollment Growth – $50.6 M Ongoing + $4.7 M One-time
    o Funded in House Bill 1, Public Education Base Budget Amendments
    o Changes to the Base Allocation
  - WPU Value – $153.0 Million Ongoing
    o 4.5 Percent Increase | $34.0 M/Percent
    o $23.4 M Ongoing Basic Rate – WPU Value Amount
  - Necessarily Existent Small Schools – Isolating Conditions
    o $530,000 Ongoing
  - Detail in “Issues” tab in COBI
Student Enrollment Growth
2020 GS | Issues & Recommendations

Student Enrollment
2020 GS | Actual & Change

Fall 2019 Actual = 666,402
1,215 Higher than Projected

Fall 2020 Projected = 675,305
Increase of 7,902 Students
Change of 1.18%

October Census (1st School Day)
Used to Project Next Fall
Common Data Committee

Public Education - Total Fall Enrollment
Fall 2005 to Fall 2020 (Projected)

Source: CDC Enrollment Consensus & Enrollment Time Series.
Enrollment Change
2020 GS | Percent Change

Enrollment Continues to Grow but Growth Rate is Slowing
Fall 2019 was 1.21% Higher than Fall 2018
Fall 2019 Projection is 1.18% Higher than Fall 2019
Common Data Committee

Comparisons
2020 GS | Projected to Actual

Common Data Committee
Student Projection (Green) to Actual Fall Enrollment (Orange)
Projected Very Close to Actuals
Reversed Price is Right Rule
- Close without Going Under
2015, 2016, 2019 Actual Higher than Projected
- Under Projection Results in Unanticipated Costs
- Over Projection Results in Unused Balance
- Migration
- Gardner Policy Institute

Public Education - Total Fall Enrollment
Actual Compared to Projected - Fall 2011 to Fall 2020 Projected

Source: CDC Enrollment Consensus & Enrollment Time Series.
Comparisons
2020 GS | School Age Population
School Age Population Used to “Check” Enrollment Projection
Gardner Policy Institute Creates Baseline Population Estimates
Public School Enrollment is 95-96% of School Age Population

Cost Estimate
2020 GS | Enrollment Growth
$50.6 m Ongoing
$4.7 m One-time (FY 2020)
Adjusts Categorical Program Funding Levels Based on Statutory Formulas & Rate Changes
2019 GS – Changed Growth Formula for At-Risk to Higher of the Following:
• General Student Enrollment
• Average of Student Growth in 3 Highest Growing At-Risk Categories
• 5.61% vs 1.18% General

2020 General Session Enrollment Growth Cost Estimate
FY 2020 Supplemental & FY 2021

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic School Program</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional WPIs - Total of 9,459</td>
<td>$33,400,400</td>
<td></td>
</tr>
<tr>
<td>Local Revenue Increase - Basic Rate</td>
<td>(17,330,700)</td>
<td></td>
</tr>
<tr>
<td>Subtotal - Basic School Program</td>
<td>$16,069,700</td>
<td></td>
</tr>
<tr>
<td>Related to Basic School Program &amp; Other Programs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>To &amp; From School Pupil Transportation</td>
<td>$1,165,800</td>
<td></td>
</tr>
<tr>
<td>Enhancement for At-Risk Students</td>
<td>$2,515,300</td>
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</tr>
<tr>
<td>Youth-in-Custody</td>
<td>298,600</td>
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<tr>
<td>Adult Education</td>
<td>167,800</td>
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<tr>
<td>Enhancement for Accelerated Students</td>
<td>64,900</td>
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<tr>
<td>Concurrent Enrollment</td>
<td>139,100</td>
<td></td>
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<tr>
<td>Centennial Scholarships</td>
<td>3,200</td>
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<tr>
<td>Educator Salary Adjustments</td>
<td>$4,680,900</td>
<td>4,680,900</td>
</tr>
<tr>
<td>Charter School Adjustments</td>
<td>$38,715,300</td>
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</tr>
<tr>
<td>Charter School Local Replacement</td>
<td>(3,497,500)</td>
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</tr>
<tr>
<td>Charter School Administrative Costs</td>
<td>(97,700)</td>
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</tr>
<tr>
<td>Initiative Programs in USBE Budgets</td>
<td></td>
<td></td>
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<tr>
<td>Carson Smith Scholarships</td>
<td>350,000</td>
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</tr>
<tr>
<td>Statewide Online Education Program</td>
<td>9,800</td>
<td></td>
</tr>
<tr>
<td>Subtotal - Related to Basic &amp; Other</td>
<td>$4,680,900</td>
<td>$34,515,500</td>
</tr>
<tr>
<td>Total Enrollment Growth Cost Estimate</td>
<td>$4,680,900</td>
<td>$50,585,200</td>
</tr>
</tbody>
</table>

Notes:
(1) ESA program growth contains two parts:
a. A one-time appropriation in FY 2020 to cover costs associated with new qualifying teachers hired in fall 2019.
b. A similar ongoing amount to continue providing these adjustments in FY 2021.
2019 General Session Estimated WPU Changes
FY 2021 - Statutory WPU Calculation
All Local Education Agencies on Prior-Year + Growth

<table>
<thead>
<tr>
<th>Basic School Program</th>
<th>FY 2020 WPU</th>
<th>Growth WPU</th>
<th>FY 2021 Total WPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>27,277</td>
<td>31</td>
<td>27,308</td>
</tr>
<tr>
<td>Grades 1-12</td>
<td>599,952</td>
<td>6,064</td>
<td>606,016</td>
</tr>
<tr>
<td>Foreign Exchange Students</td>
<td>328</td>
<td>0</td>
<td>328</td>
</tr>
<tr>
<td>Necessarily Existent Small Schools</td>
<td>9,730</td>
<td>0</td>
<td>9,730</td>
</tr>
<tr>
<td>Professional Staff</td>
<td>55,919</td>
<td>653</td>
<td>56,572</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>1,490</td>
<td>25</td>
<td>1,515</td>
</tr>
<tr>
<td>Special Education - Add-on</td>
<td>84,217</td>
<td>2,233</td>
<td>86,450</td>
</tr>
<tr>
<td>Special Education - Self-Contained</td>
<td>13,787</td>
<td>(558)</td>
<td>13,229</td>
</tr>
<tr>
<td>Special Education - Pre-School</td>
<td>11,179</td>
<td>132</td>
<td>11,311</td>
</tr>
<tr>
<td>Special Education - Extended Year Program</td>
<td>452</td>
<td>5</td>
<td>457</td>
</tr>
<tr>
<td>Special Education - Impact Aid</td>
<td>2,036</td>
<td>24</td>
<td>2,060</td>
</tr>
<tr>
<td>Special Education - Intensive Services</td>
<td>786</td>
<td>9</td>
<td>795</td>
</tr>
<tr>
<td>Special Education - Extended Year for Special Educators</td>
<td>909</td>
<td>0</td>
<td>909</td>
</tr>
<tr>
<td>Career &amp; Technical Education - Add-on</td>
<td>28,761</td>
<td>339</td>
<td>29,100</td>
</tr>
<tr>
<td>Class Size Reduction</td>
<td>41,873</td>
<td>502</td>
<td>42,375</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>878,696</strong></td>
<td><strong>9,459</strong></td>
<td><strong>888,155</strong></td>
</tr>
</tbody>
</table>

Enrollment Growth: Adjustment to Base
2020 GS | Charter School Local Replacement

**Rate Correction**
- Rate Used in Funded Estimate Too High
  - Error in Calculation Formula
  - Funded $2,742 | Actual $2,562
  - Over-Estimate of $14,426,100
  - Actual Rate Increases $207/Student over the FY 2020 Rate of $2,355

- Recommendation
  - Reduce $14,426,100 from the Base Appropriation to the Charter School Local Replacement Program

**2019 GS Formula Adjustment**
- Legislature Appropriated $4.0 M Ongoing
  - Adjusted Formula for Increased Property Tax Revenues from HB 293 (2018 GS)
  - Reduce Impacts of 2-Year Lag in Formula
  - State Guarantee Rate Now Reflects the HB 293 Local Revenue Changes in Base Budget Amount

- Recommendation
  - Reduce $4.0 M ongoing from the Base Appropriation to the Charter School Local Replacement Program
### Charter School Local Replacement | FY 2021 Estimates

Charter School Local Replacement Rate: $2,562
Total Estimated Students: 80,145

<table>
<thead>
<tr>
<th>Total FY 2021 Estimated Cost</th>
<th>$205,331,500</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Funding</th>
<th>State Funds</th>
<th>Restricted Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2021 Base Appropriation</td>
<td>$193,329,100</td>
<td>$30,428,500</td>
<td>$223,757,600</td>
</tr>
<tr>
<td>FY 2021 Base Adjustment</td>
<td>($14,426,100)</td>
<td>$0</td>
<td>($14,426,100)</td>
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<tr>
<td>Total Adjusted Base</td>
<td></td>
<td></td>
<td>$209,331,500</td>
</tr>
</tbody>
</table>

**Difference from Estimated Cost**  
$4,000,000

---

### Voted & Board Local Levy Program

2020 GS | State Property Tax Guarantee Programs
Basic School Program
FY 2021 Base | Total & State Fund Budget

<table>
<thead>
<tr>
<th>Categorical Programs</th>
<th>State Funds</th>
<th>Local Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voted Local Levy</td>
<td>$158,195,300</td>
<td>$380,353,200</td>
<td>$538,548,500</td>
</tr>
<tr>
<td>Board Local Levy</td>
<td>$63,240,400</td>
<td>$241,253,800</td>
<td>$304,494,200</td>
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<tr>
<td>Board Local Levy - Early Literacy Program</td>
<td>0</td>
<td>$15,000,000</td>
<td>$15,000,000</td>
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<tr>
<td>Total</td>
<td>$221,435,700</td>
<td>$858,042,700</td>
<td>$1,079,478,400</td>
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</tbody>
</table>

State Funds include Education Fund Restricted Accounts: Local Levy Growth Account & Minimum Basic Growth Accounts.
State Funds for the Early Literacy Program are budgeted in the MSP-Related To Basic School Program.
State Funds for the Voted Local Levy Program include a one-time reduction of $33,690,000 to reflect FY21 cost estimates.

MSP: Voted & Board Local Levy Programs
2020 GS | State Supported Property Tax Guarantee Programs

- State Guarantees Minimum Revenue per WPU
  - FY 2020 Rate is $44.98 per WPU/Tax Increment
    - 1 Tax Incr. = Tax Rate of 0.0001
    - Up to 20 Tax Increments Guaranteed by State (0.002)
      - Voted Levy = 16 Incr. Maximum (Tax Rate = 0.0016)
      - Board Levy = Balance of Incr. (20 Minus Voted Incr.)
- Local Property Tax Must Generate Less than the Guarantee Rate to Receive State Funding
- Original Program to Expand Educational Opportunities Above the Minimum Program
- State Guarantee Increases Each Year by Statute
  - FY 2020 Estimated Guarantee Rate - $48.26 per WPU
  - Increase of $3.28/WPU/Tax Increment

Guarantee Formula

Tax Increment (Tax Rate = 0.0001) $36.26
State Guarantee $48.26/Increment
Local = $36.26
State = $12.00

State Guarantee Increases Each Year by Statute
- FY 2020 Estimated Guarantee Rate - $48.26 per WPU
- Increase of $3.28/WPU/Tax Increment
MSP: Voted & Board Formula
2019 GS | How The Formula Works

Hypothetical School District
- FY 2021 State Guarantee: $48.26/WPU/Tax Increment
- Total Assessed Value: $2,000,000,000
- Voted Local Levy Rate: 0.0010
- Weighted Pupil Units: 10,000

Minimum Guaranteed Revenue
- Guarantee amount X # increments .0001 X WPUs
- $48.26 X 10 X 10,000 = $4,826,000

Property Tax Revenue Generated by Rate
- Voted Local Levy Rate X Total Assessed Value
- 0.0010 X $2,000,000,000 = $2,000,000

State Contribution
- Minimum Guaranteed Revenue – Property Tax Revenue
- $4,826,000 – $2,000,000 = $2,826,000

Voted & Board State Guarantee: Tax Increments Guaranteed Per for Each WPU
- 45 Tax Increments Possible
- State Guarantees Up to 20 for Each WPU
- 25 Increments NOT Guaranteed
Public Education Appropriations Subcommittee

Voted & Board Local Levy Programs - State Guarantee
Estimated Local Property Tax Revenue Generated per Tax Increment (0.0001) per Weighted Pupil Unit and Impact of the State Guarantee of $44.98 per Weighted Pupil Unit | FY 2020 Estimated

- Local Revenue
- State Guarantee @ $44.98

Variables That May Cause Difference in Collections
- Rate Levied
- Statutory Caps on Rates
- Taxable Value of Property
- Number of Students

Public Education: Estimated Tax Revenue Compared to Tax Rate
Revenue Generated per Tax Increment (0.0001) per Weighted Pupil Unit Compared to Combined Tax Rate (Less Basic Levy) | FY 2018

- Revenue per Increment/WPU
- Combined Tax Rate
- Linear (Combined Tax Rate)
Budget Issues:
Voted & Board Local Levy Programs
FY 2020 & FY 2021 Issues for Consideration by the Legislature

- Enrollment Growth
  - State Funds – ($33,690,000) one-time
    - Ongoing Funding Returns in FY 2022 Base
  - EFR Local Levy Growth Account – $21,137,300
  - Local Funds - $62,490,900 ongoing

- State Guarantee Rate in FY 2021
  - Statute Ties Rate to Prior-Year WPU Value Increase (FY2020) + Accelerator
  - Revenue from “Basic Rate Freeze” Used to Increase Rate (Local Levy Growth Account Above)
  - Increases from $44.98 to $48.26 per WPU for each Tax Increment (0.0001) Guaranteed

QUESTIONS?