



MINIMUM SCHOOL PROGRAM

Budget Review & Recommendations

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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



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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



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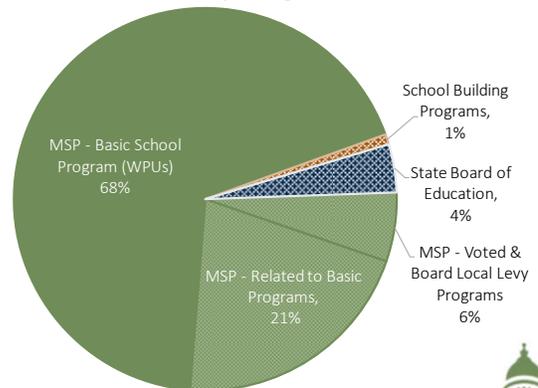
Minimum School Program

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

Minimum School Program FY 2021 Base Budget		
Minimum School Program	State Funds	Total Funds
Basic School Program	\$2,589,010,800	\$3,136,963,400
Related to Basic School Program	\$791,284,500	\$904,376,100
Voted & Board Local Levy Programs	\$221,435,700	\$858,042,700
Total	\$3,601,731,000	\$4,899,382,200

State Funds by Program



Total = \$3.8 Billion



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Basic School Program

2020 GS | Utah's Foundation Formula Program



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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 (WPU) & WPU Value
- WPU Value Set Annually by Legislature
- Primary State Equalization Program
 - Basic Levy – Property Tax
 - Local Contribution to a “Basic Program”

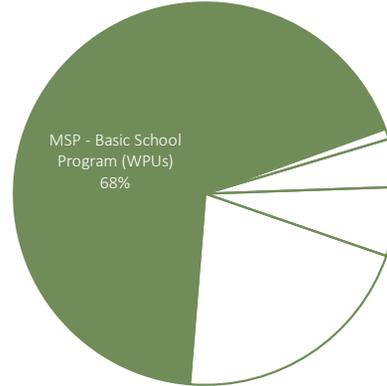


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Basic School Program FY 2021 Base | Total & State Fund Budget

Basic School Program FY 2021 Base Budget			
Categorical Programs	WPU	State Funds	Total Funds
Kindergarten	27,308	\$79,604,100	\$96,451,900
Grades 1-12	606,016	\$1,766,563,300	\$2,140,448,500
Foreign Exchange	328	\$956,100	\$1,158,500
Necessarily Existent Small Schools	9,730	\$28,363,300	\$34,366,300
Professional Staff	56,572	\$164,909,900	\$199,812,300
Administrative Costs	1,515	\$4,416,300	\$5,351,000
<i>Restricted Programs</i>			
SpEd - Add-On	86,450	\$252,005,500	\$305,341,400
SpEd - Self-Contained	13,229	\$38,563,100	\$46,724,800
SpEd - Preschool	11,311	\$32,972,100	\$39,950,500
SpEd - Extended Year	457	\$1,332,200	\$1,614,100
SpEd - Impact Aid	2,060	\$6,005,000	\$7,275,900
SpEd - Intensive Services	795	\$2,317,400	\$2,807,900
SpEd - Extended Year SpEducators	909	\$2,649,800	\$3,210,600
Career & Technical Education Add-on	29,100	\$84,827,800	\$102,781,200
Class Size Reduction	42,375	\$123,525,000	\$149,668,500
Total	888,155	\$2,589,010,900	\$3,136,963,400

State Funds by Program



State Fund Total = \$2,589,010,900



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The WPU & WPU Value

2020 GS | Basic School Program Components



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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



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Counting Students: Average Daily Membership

The number of WPUs is computed by adding the average daily membership (ADM) of pupils. The State Board shall use prior year plus growth to determine ADM.

(53F-2-302)

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

Student Membership Days

	Enrollment	Days
Student 1	10th Grade - Full Time 8 of 8 Class Periods	180 Days
Student 2	8th Grade - Less than Full Time 6 of 8 Class Periods	135 Days
Student 3	11th Grade - Part Time 4 of 8 Class Periods	90 Days
Student 4	5th Grade Full Time	180 Days
Student 5	6th Grade Part Time	90 Days
Total Membership for LEA		675 Days

Source: School Finance, Utah State Board of Education.



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Counting Students: ADM to WPU

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)

- Membership Based on Enrollment Status, Not Actual Days Attended
 - 10 Day Rule

Converting ADM to WPU

	Enrolled	Consecutive Days of Unexcused Absence	Final Membership Days	WPU (Membership /180)
Student 1	180 Days	11	179	0.994
Student 2	135 Days	0	135	0.75
Student 3	90 Days	10	90	0.5
Student 4	180 Days	40	150	0.833
Student 5	90 Days	5	90	0.9
Total	675 Days		644	3.977 WPU

Source: School Finance, Utah State Board of Education.

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



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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 WPU 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



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The WPU Value

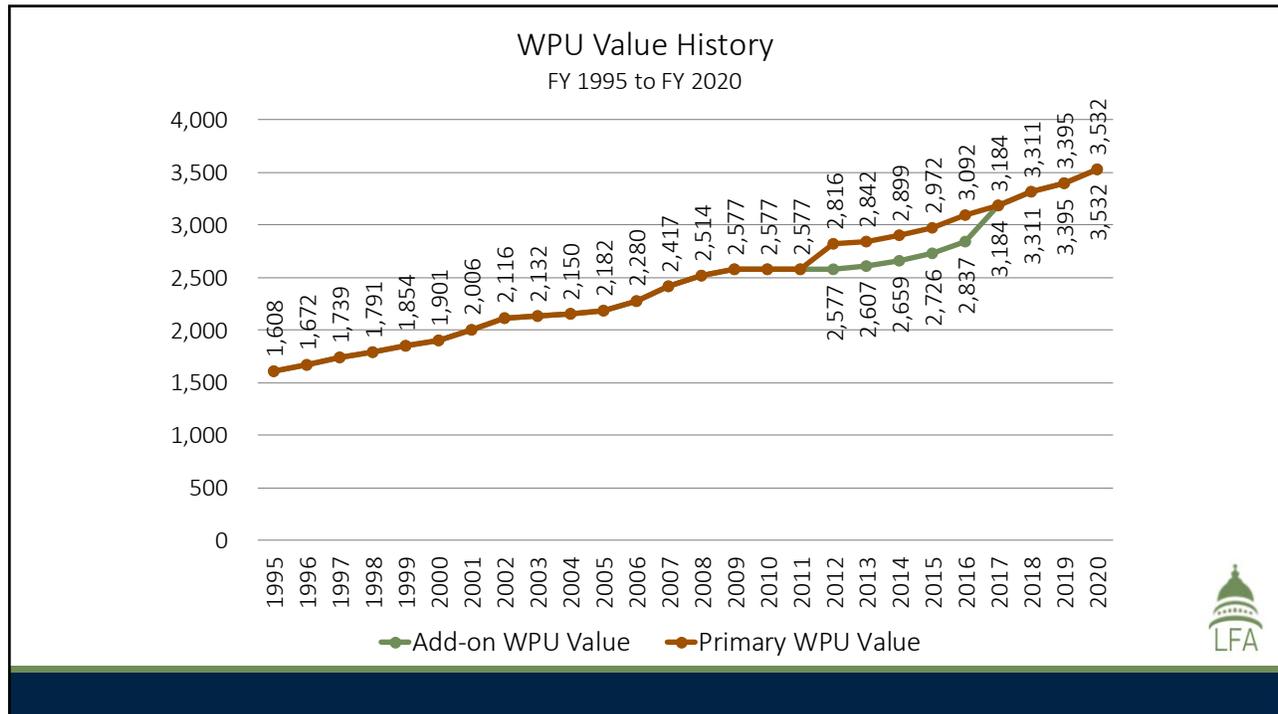
Except as provided . . . If the number of weighted pupil units is underestimated, the state board shall reduce the value of the weighted pupil unit in that program so that the total amount paid for the program does not exceed the amount appropriated for the program

(53F-2-205)

- The Amount Paid for Each WPU
 - Determined Annually by the Legislature
 - Applies to all WPU
 - 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 WPU/Property Tax
- FY 2021 Base
 - WPU Value = \$3,532 (FY 2020)



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The WPU & Property Tax

2020 GS | How Equalization Works



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Basic School Program: Funding Equalization

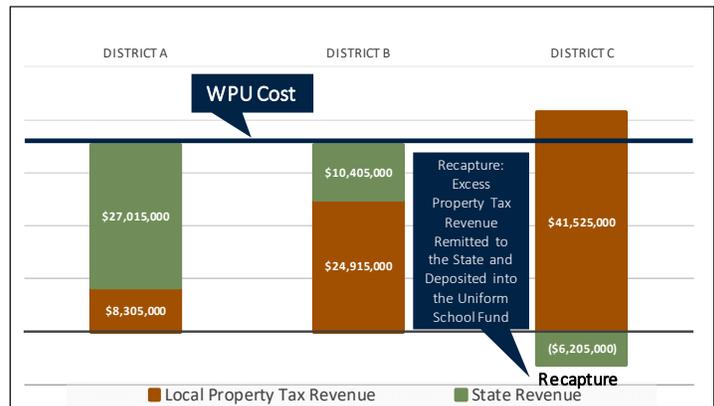
Recapture

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)

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:	\$3,532	\$3,532	\$3,532
Number of WPUs:	10,000	10,000	10,000
Basic School Program (WPU) Cost:	\$35,320,000	\$35,320,000	\$35,320,000
Revenues			
Taxable Value of Property in District:	\$5,000,000,000	\$15,000,000,000	\$25,000,000,000
Basic Rate (Set by State):	0.001661	0.001661	0.001661
Local Property Tax Revenue	\$8,305,000	\$24,915,000	\$41,525,000
State Revenue	\$27,015,000	\$10,405,000	(\$6,205,000)



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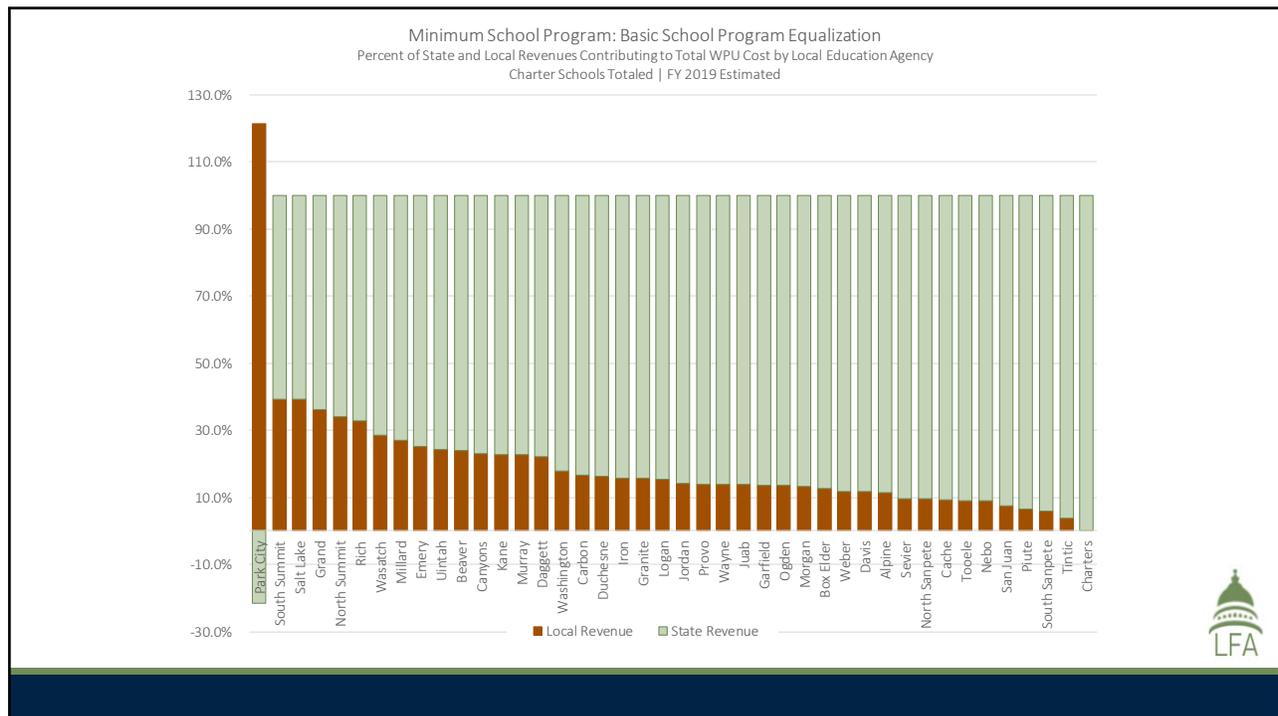
State Basic Rate: "Basic Levy"

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)

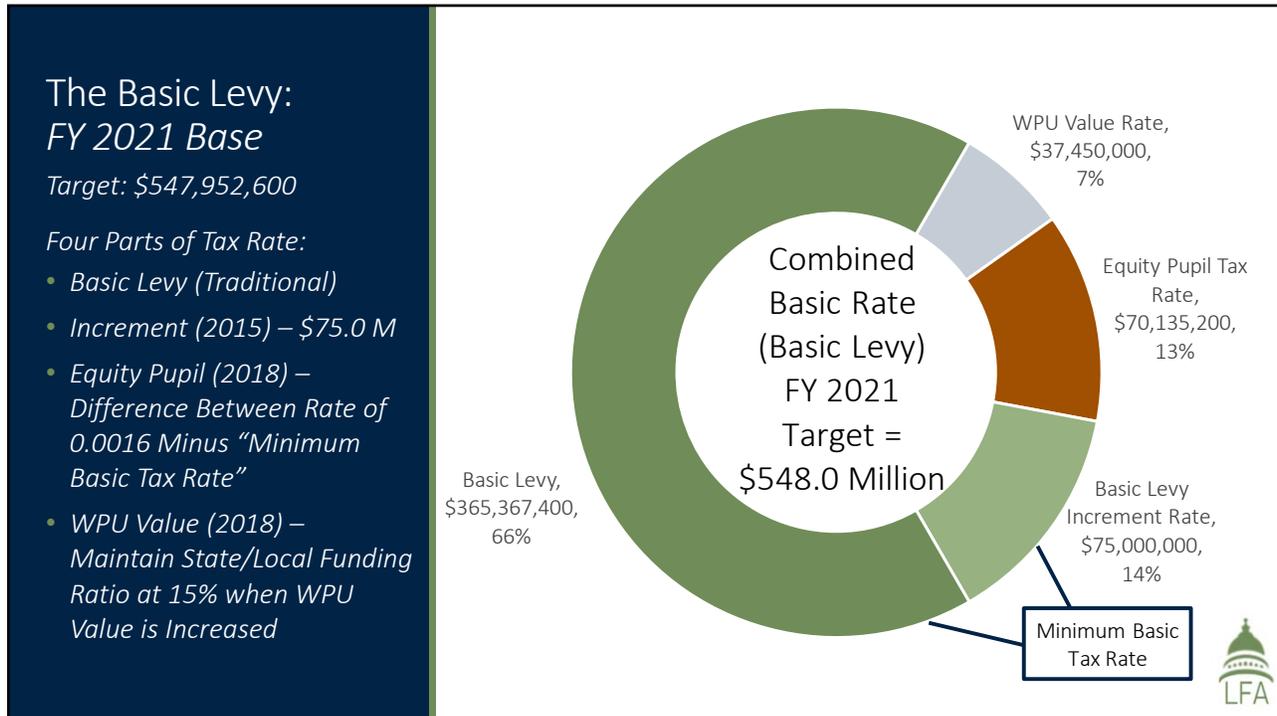
- Revenue Target Set by Legislature
 - Generates Est. \$548.0 M in FY 2021 Base
 - \$17.3 M more than FY 2020
 - Target Increases Based on WPU Value Rate
- Uniform Statewide Property Tax Rate
 - Rate in FY 2020 – 0.001661
 - Initial Estimated Rate FY 2021 – 0.0016
 - Traditional Basic Rate – 0.001576
 - 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



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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

Basic Rate Components	FY 2020 Base Revenue	FY 2021 Net New Growth ⁽²⁾	FY 2021 Formula Increase	FY 2021 Discretionary	FY 2021 Base Total
Basic Levy	\$348,036,700	\$17,330,700	\$0	\$0	\$365,367,400
Basic Levy Increment Rate ⁽²⁾	\$75,000,000	\$0	\$0	\$0	\$75,000,000
Equity Pupil Tax Rate	\$48,997,900	\$0	\$21,137,300	\$0	\$70,135,200
WPU Value Rate (Each 1% WPU Value Incr.) ⁽¹⁾	\$37,450,000	\$0	\$0	\$5,150,000	\$37,450,000
Total	\$509,484,600	\$17,330,700	\$21,137,300	\$5,150,000	\$547,952,600

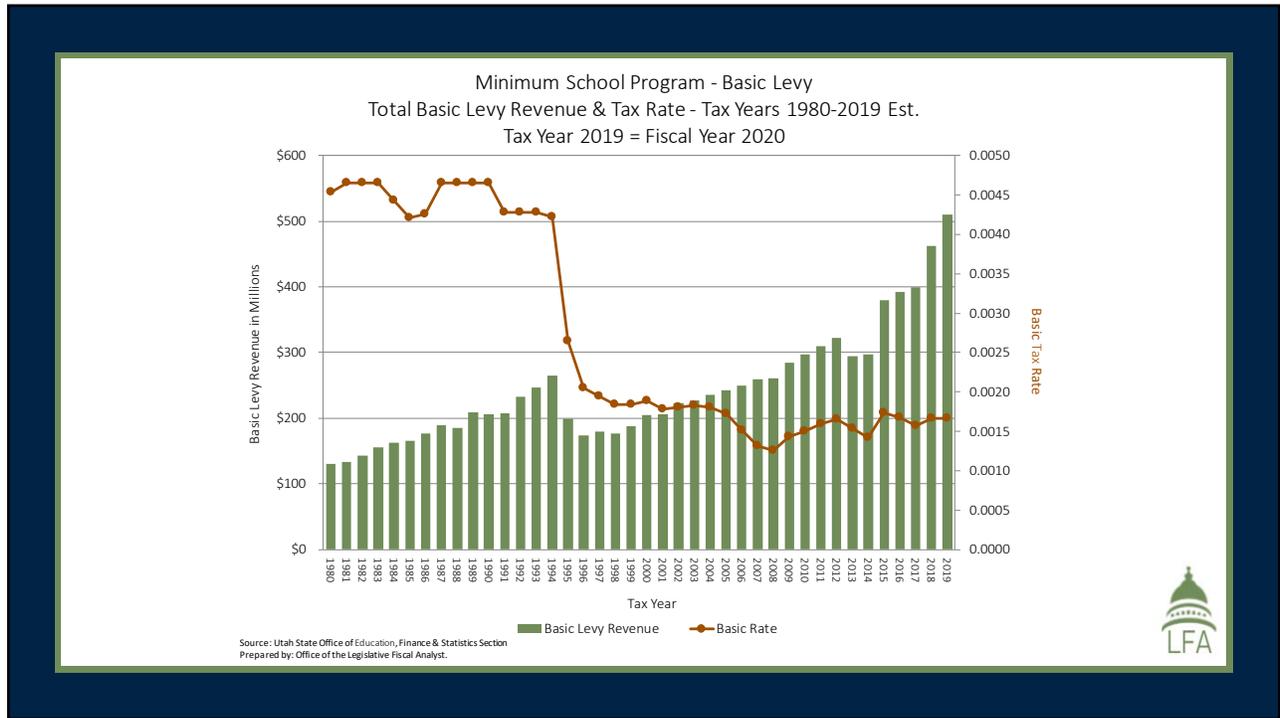
Notes:

(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.

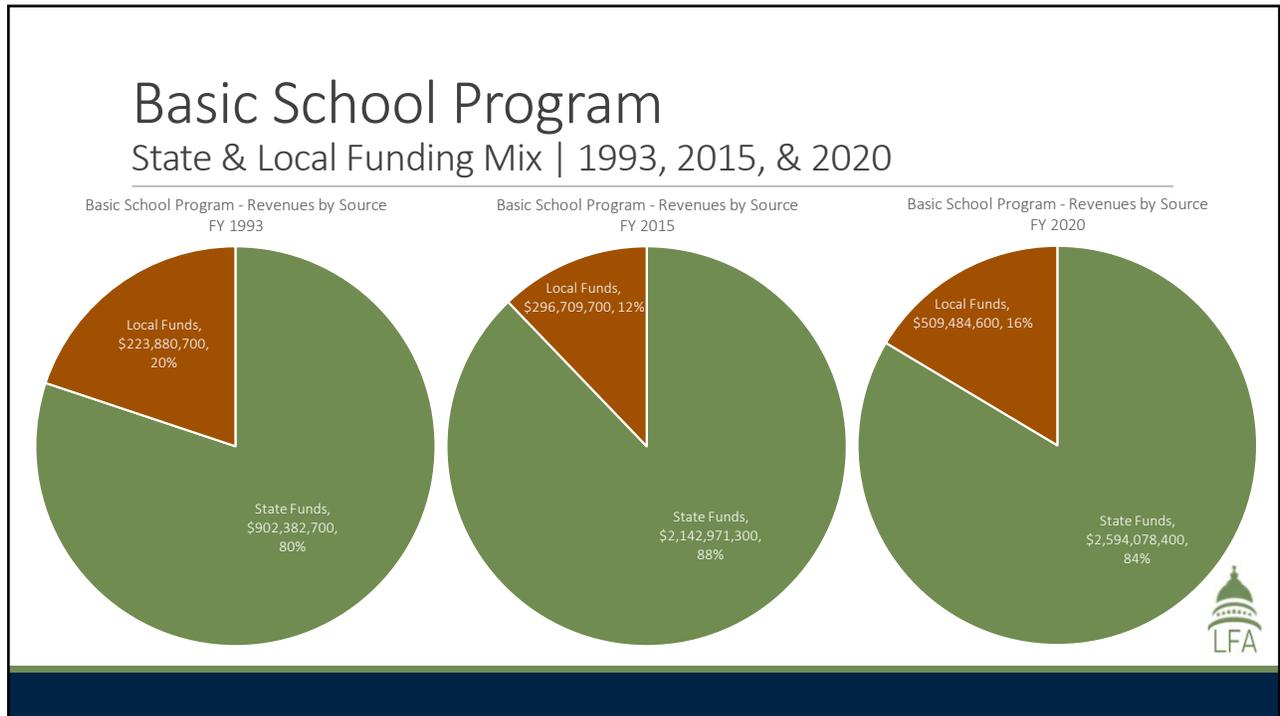
(2) Statute allows the Basic Rate to collect property tax revenue on the net new growth of properties in the state. “Net New Growth is an amount calculated by the Tax Commission each year. Historically, this revenue has accrued to the Basic School Program and offset the state cost for enrollment growth 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.

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Basic School Program

2020 GS | Budget Issues & Recommendations



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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
 - Funded in House Bill 1, Public Education Base Budget Amendments
 - Changes to the Base Allocation
 - WPU Value – \$153.0 Million Ongoing
 - 4.5 Percent Increase | \$34.0 M/Percent
 - \$23.4 M Ongoing Basic Rate – WPU Value Amount
 - Necessarily Existent Small Schools – Isolating Conditions
 - \$530,000 Ongoing
- Detail in “Issues” tab in COBI



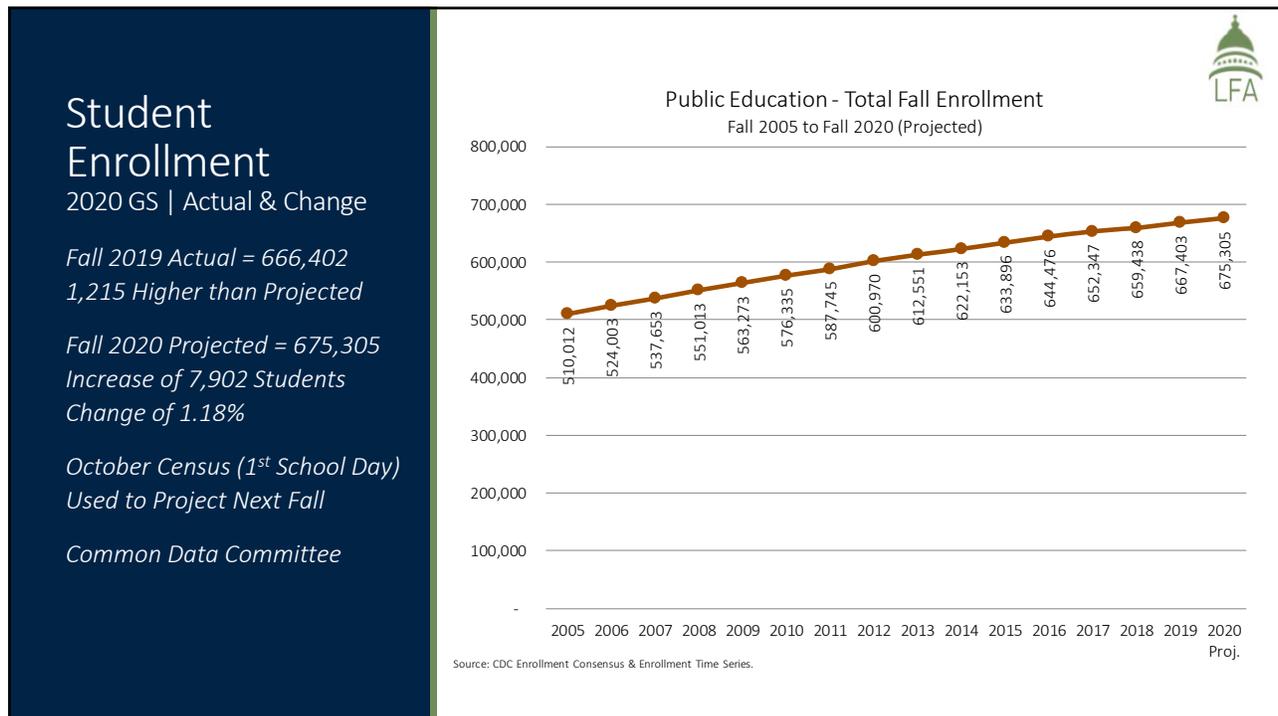
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Student Enrollment Growth

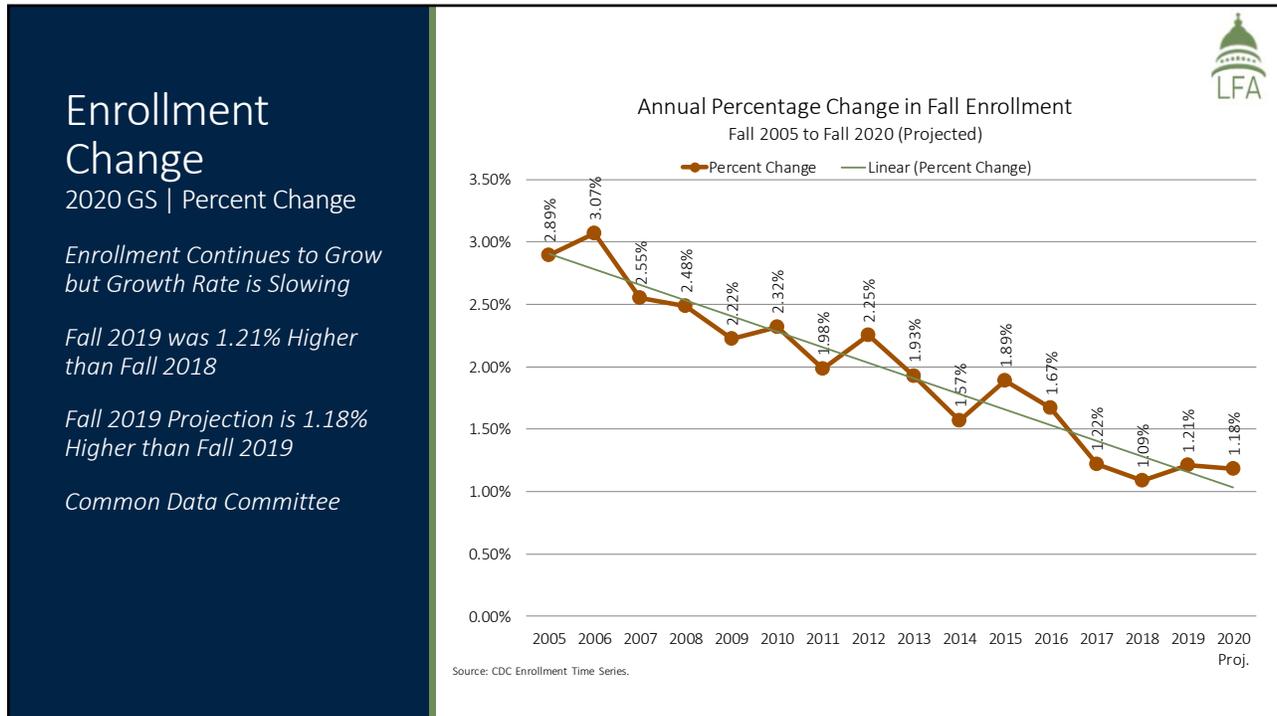
2020 GS | Issues & Recommendations



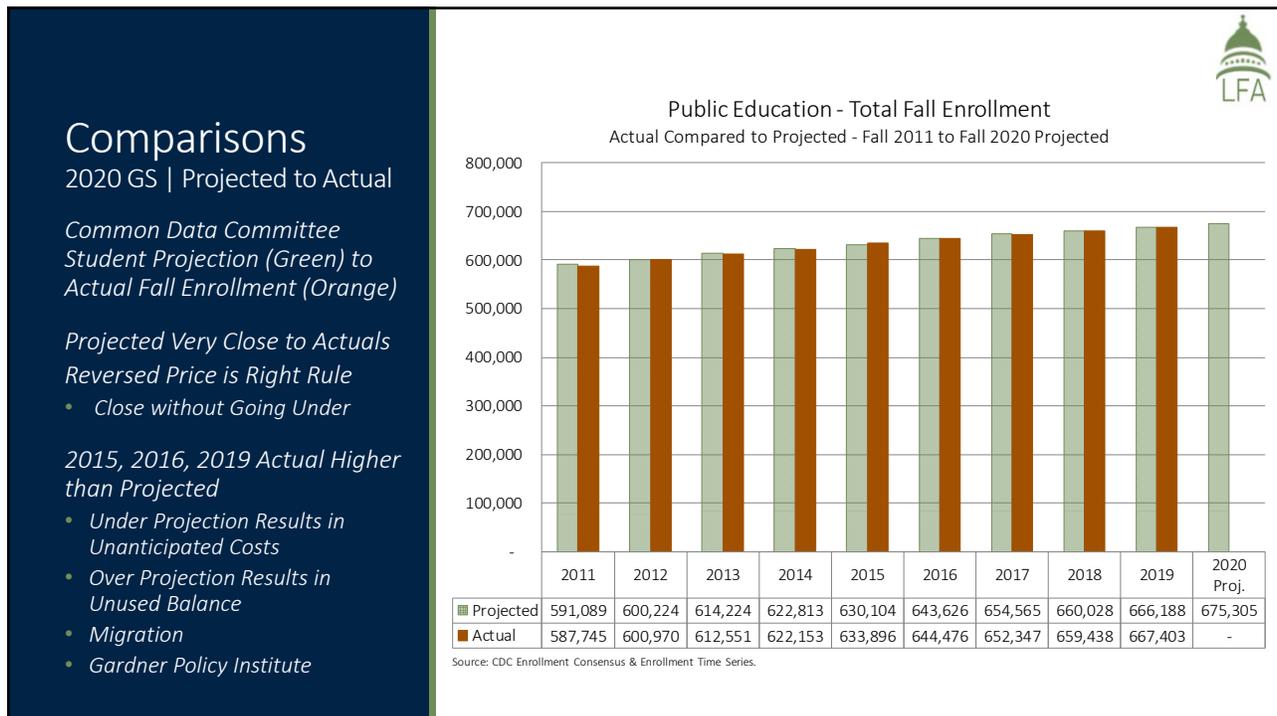
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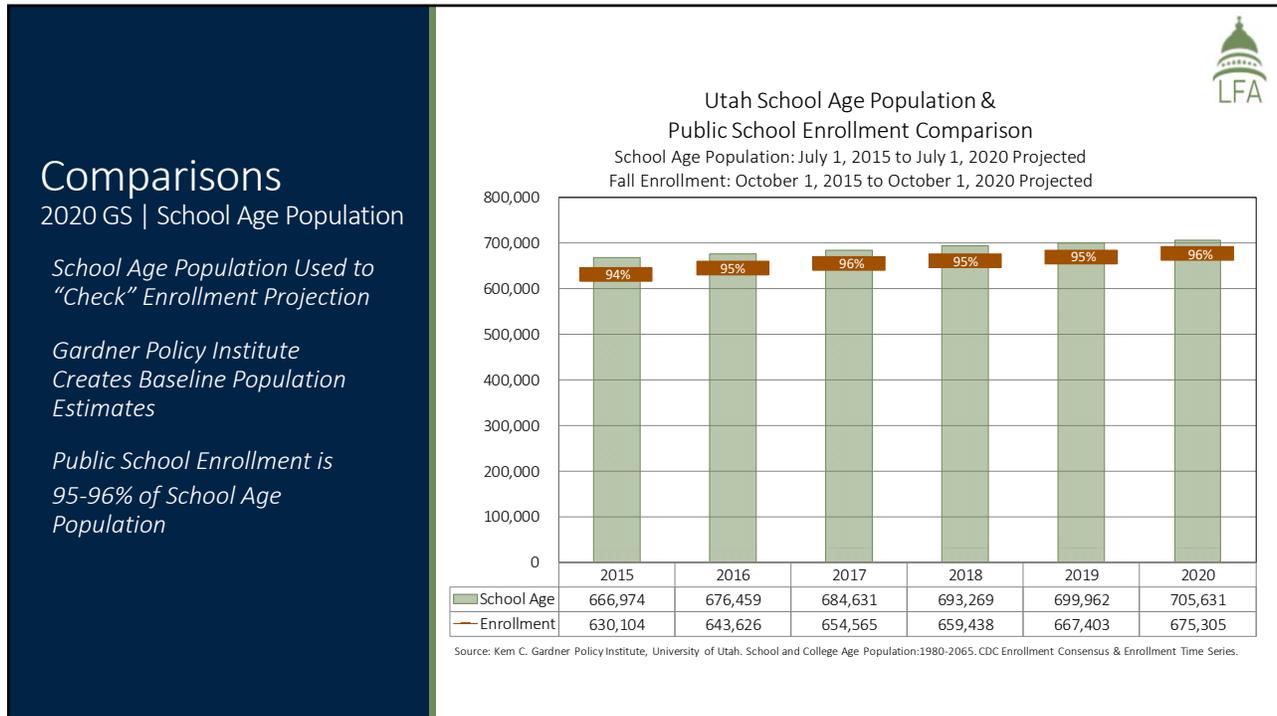
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Cost Estimate

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

Program	FY 2020	FY 2021
Basic School Program		
Additional WPU's - Total of 9,459		\$33,400,400
Local Revenue Increase - Basic Rate		(17,330,700)
Subtotal - Basic School Program		\$16,069,700
Related to Basic School Program & Other Programs		
To & From School Pupil Transportation		\$1,165,800
Enhancement for At-Risk Students		2,515,300
Youth-in-Custody		298,600
Adult Education		167,800
Enhancement for Accelerated Students		64,900
Concurrent Enrollment		139,100
Centennial Scholarships		3,200
Educator Salary Adjustments	\$4,680,900	4,680,900
Charter School Adjustments		
Charter School Local Replacement		28,715,300
Local Revenue Increase - Charter School Levy		(3,497,500)
Charter School Administrative Costs		(97,700)
Initiative Programs in USBE Budgets		
Carson Smith Scholarships		350,000
Statewide Online Education Program		9,800
Subtotal - Related to Basic & Other	\$4,680,900	\$34,515,500
Total Enrollment Growth Cost Estimate	\$4,680,900	\$50,585,200

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.

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2019 General Session Estimated WPU Changes
 FY 2021 - Statutory WPU Calculation
 All Local Education Agencies on Prior-Year + Growth

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

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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



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Charter School Local Replacement FY 2021 Estimates			
Charter School Local Replacement Rate:			\$2,562
Total Estimated Students:			80,145
Total FY 2021 Estimated Cost			\$205,331,500
Funding	State Funds	Restricted Funds	Total
FY 2021 Base Appropriation	\$193,329,100	\$30,428,500	\$223,757,600
FY 2021 Base Adjustment	(\$14,426,100)	\$0	(\$14,426,100)
Total Adjusted Base			\$209,331,500
<i>Difference from Estimated Cost</i>			<i>\$4,000,000</i>

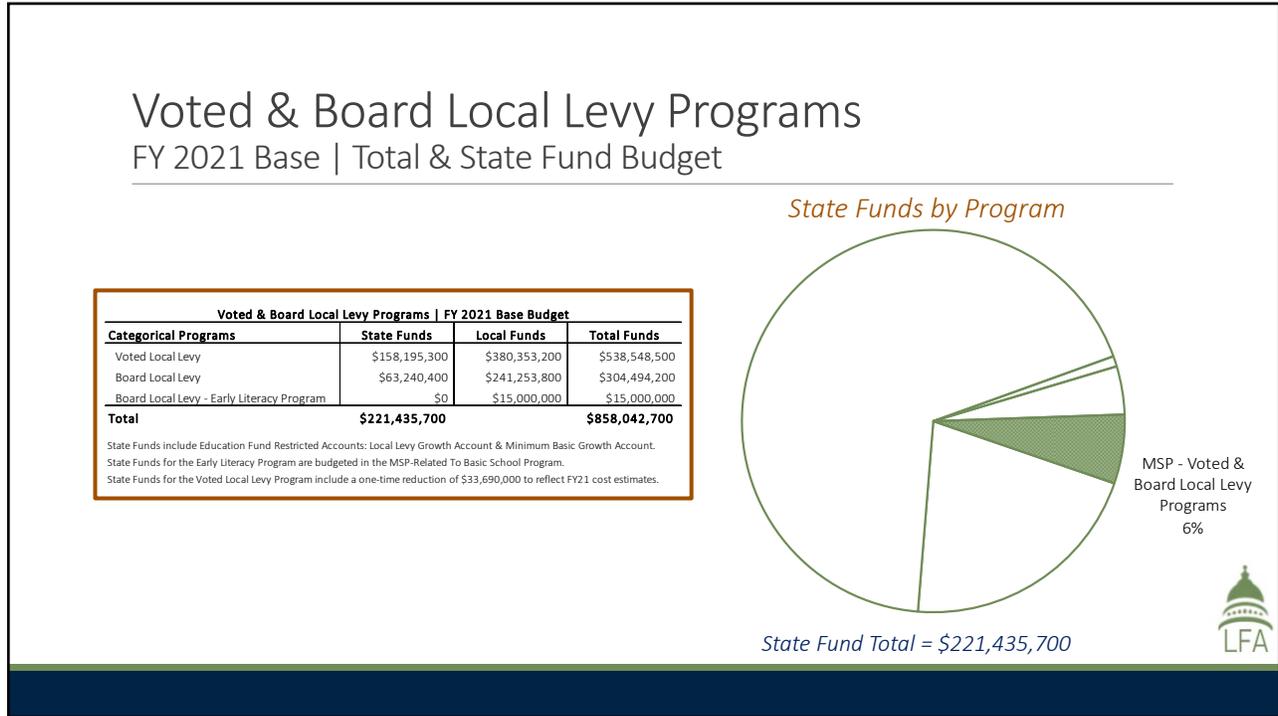
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Voted & Board Local Levy Programs

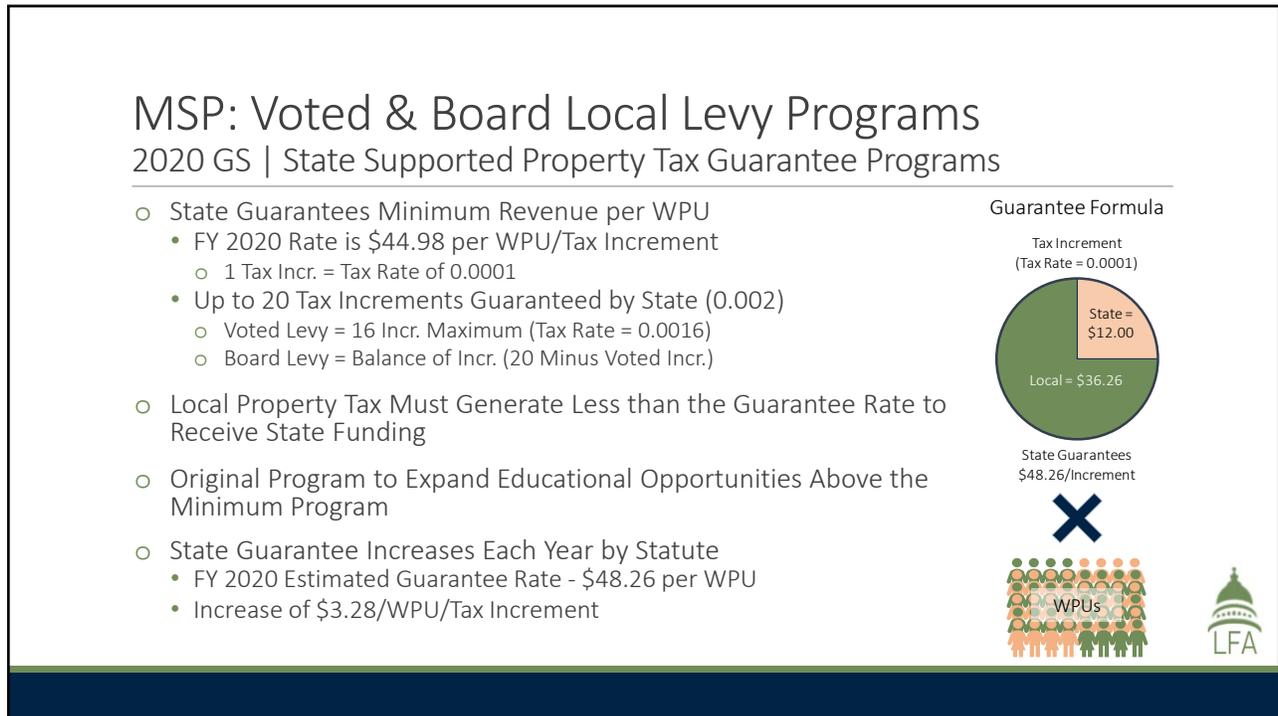
2020 GS | State Property Tax Guarantee Programs



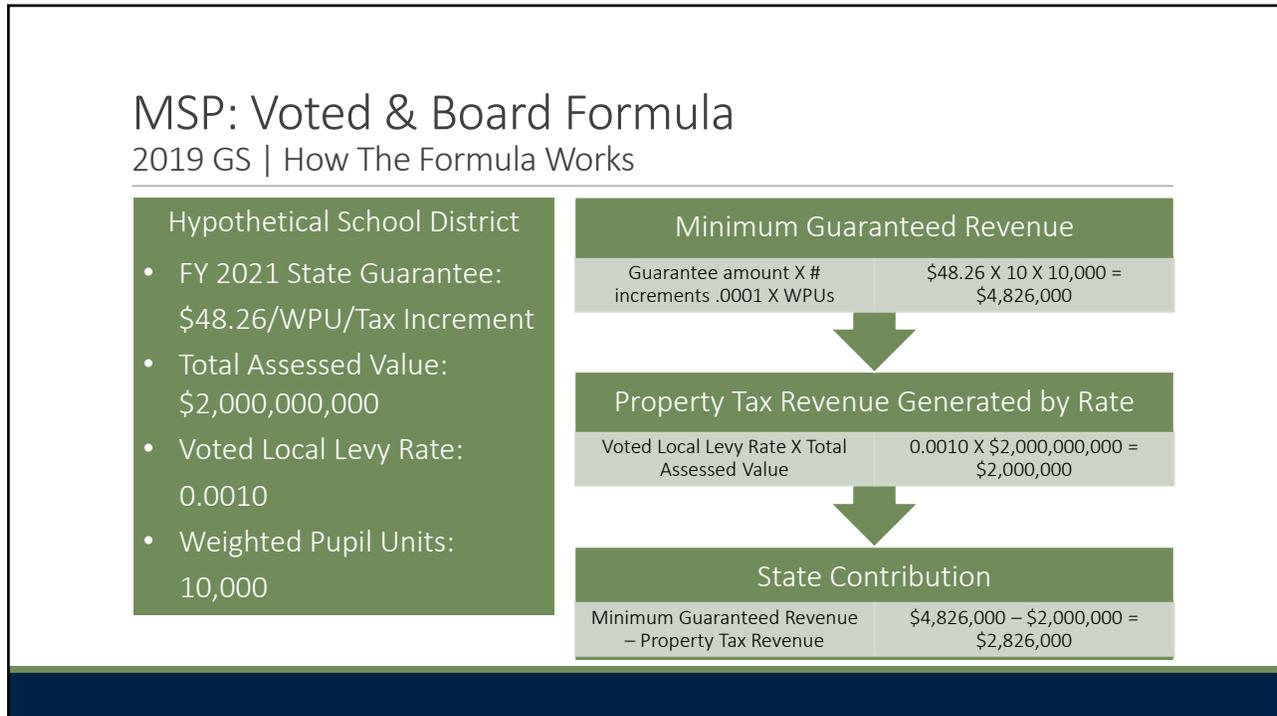
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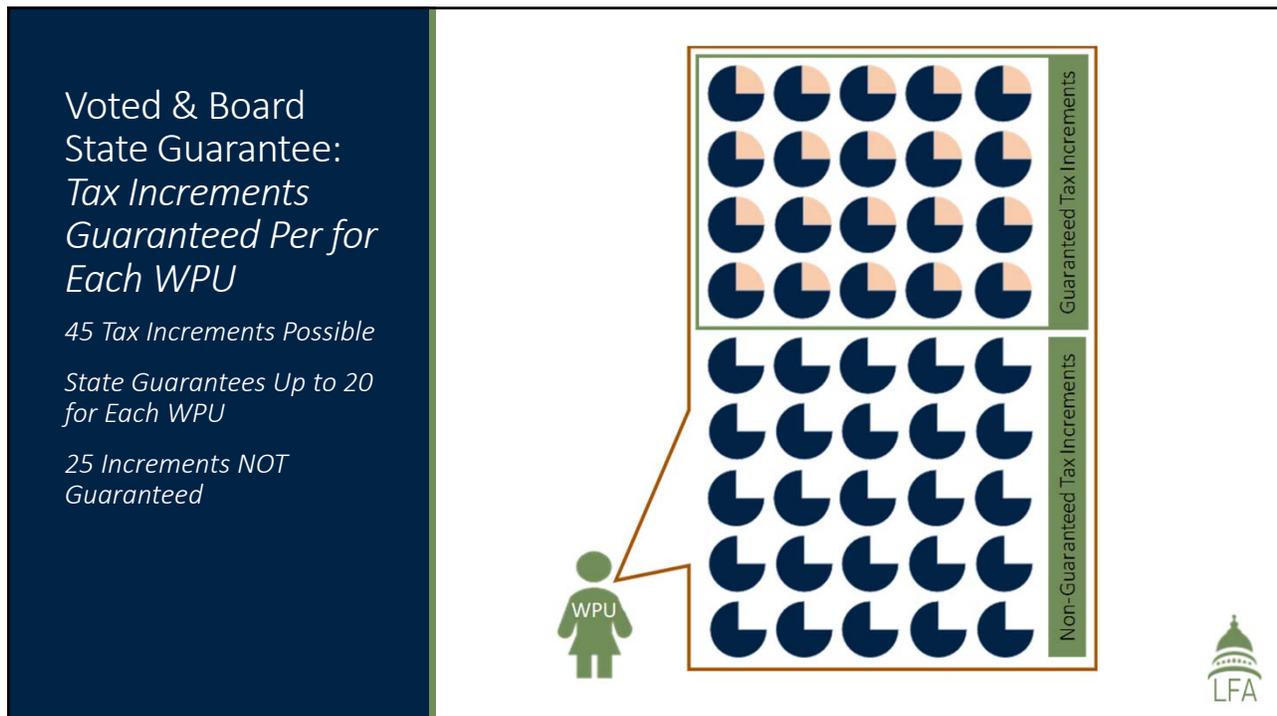
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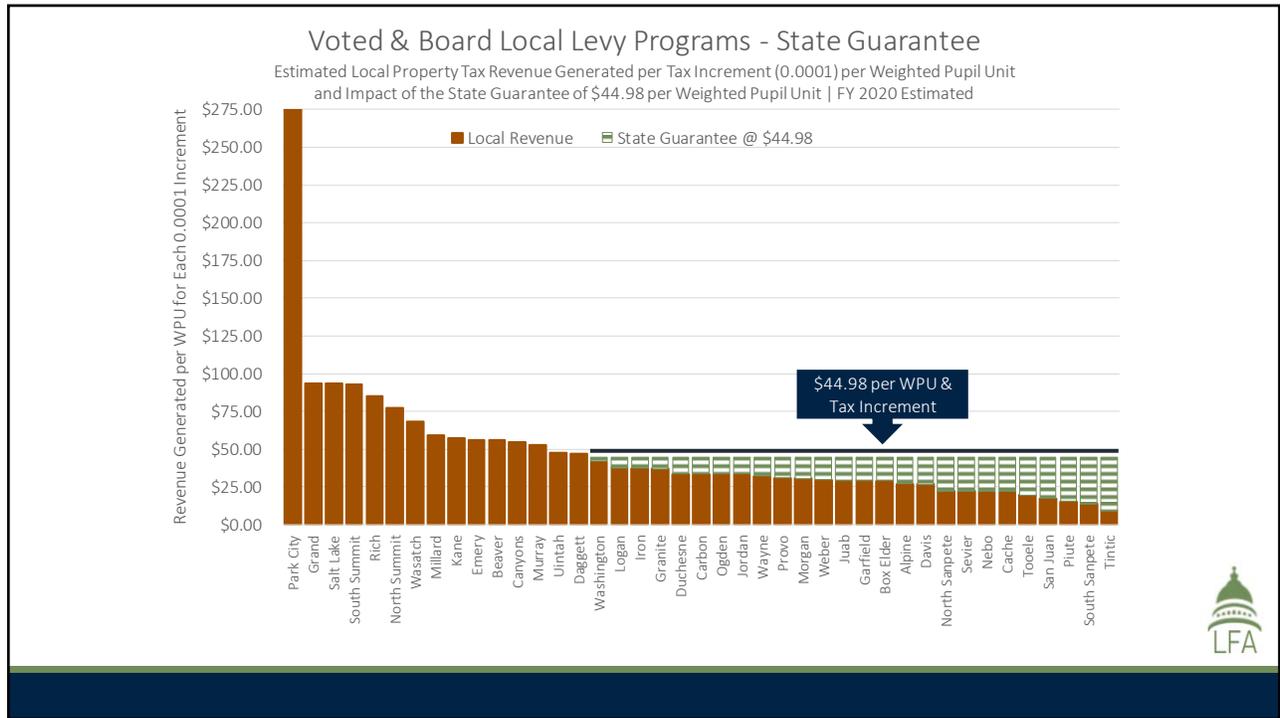
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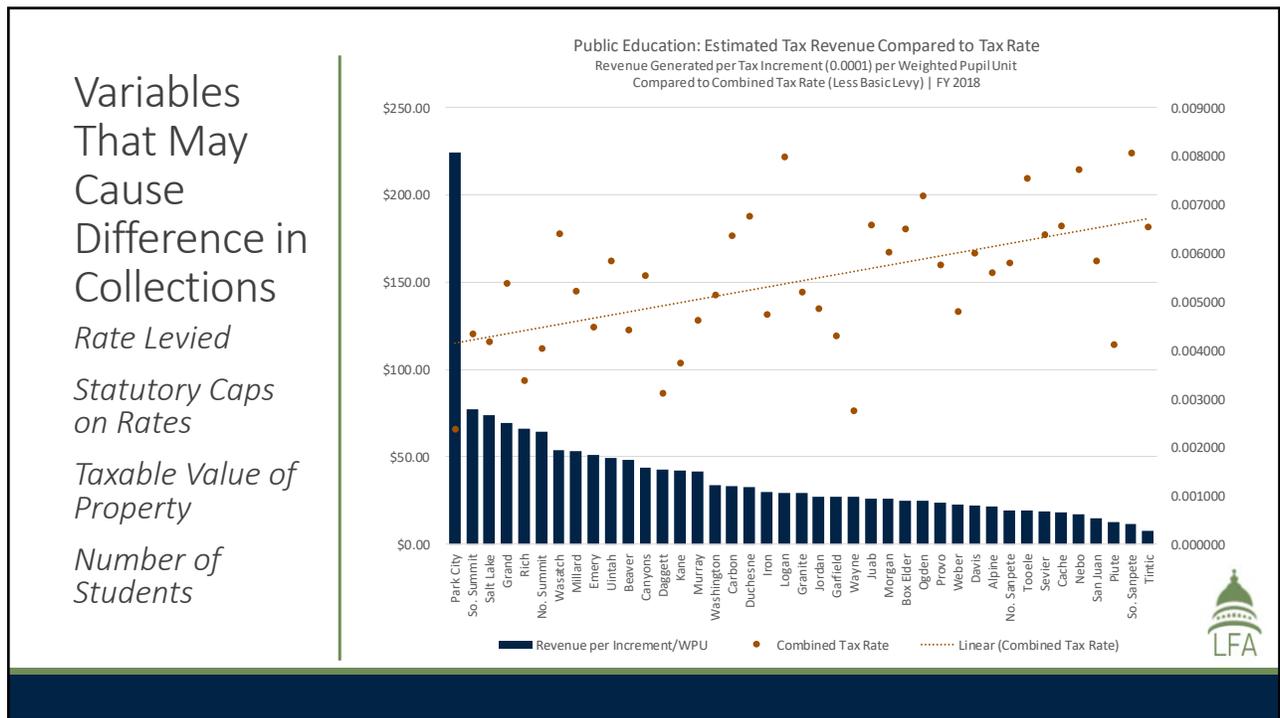
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Budget Issues: *Voted & Board Local Levy Programs*

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



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Related to Basic School Programs

2020 GS | Support & Enhance the Basic School Program



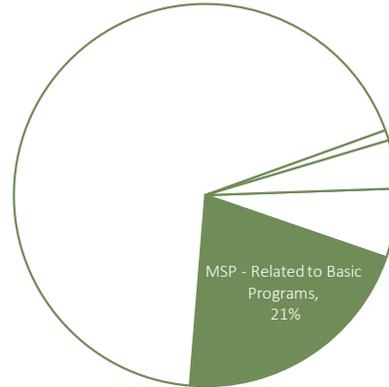
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Related to Basic School Programs

“Below-the-Line” | Non-WPU Based Programs

- 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

State Funds by Program



State Fund Total = \$791,284,500



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Related to Basic School Programs

FY 2021 Base | Total & State Fund Budget

Related to Basic School Programs FY 2021 Base Budget		
Categorical Programs	State Funds	Total Funds
<i>Related to Basic Programs</i>		
Pupil Transportation	\$99,627,700	\$99,627,700
Pupil Transportation - Rural Grants	\$1,000,000	\$1,000,000
Pupil Transportation - Rural Reimbursement	\$500,000	\$500,000
Flexible Allocation - WPU Distribution	\$7,788,000	\$7,788,000
Charter School Local Replacement	\$193,329,100	\$223,757,600
Charter School Administrative Costs	\$8,014,500	\$8,014,500
<i>Focus Populations</i>		
Enhancement for At-Risk Students	\$47,351,300	\$47,351,300
Youth-in-Custody	\$298,600	\$298,600
Adult Education	\$14,343,200	\$14,343,200
Enhancement for Accelerated Students	\$5,548,200	\$5,548,200
Centennial Scholarship Program	\$272,500	\$272,500
Concurrent Enrollment	\$11,890,000	\$11,890,000
Title I Schools in Improvement - Paraeducators	\$300,000	\$300,000
Early Literacy Program	\$14,550,000	\$14,550,000
Early Intervention (OEK)	\$7,500,000	\$7,500,000
Early Graduation from Competency-Based	\$55,700	\$55,700

Related to Basic School Programs FY 2021 Base Budget		
Categorical Programs	State Funds	Total Funds
<i>Educator Supports</i>		
Educator Salary Adjustments	\$182,626,400	\$182,626,400
Teacher Salary Supplement	\$18,928,600	\$18,928,600
National Board Certified Teacher Programs	\$246,300	\$246,300
Teacher Supplies & Materials	\$5,500,000	\$5,500,000
Effective Teachers in High Poverty Schools	\$250,000	\$250,000
Grants for Educators in High-need Schools	\$500,000	\$500,000
Elementary School Counselor Program	\$2,100,000	\$2,100,000
<i>Statewide Initiatives</i>		
School LAND Trust Program	\$0	\$82,663,100
Teacher and Student Success Program	\$98,950,000	\$98,950,000
Student Health and Counseling Support	\$26,000,000	\$26,000,000
School Library Books & Electronic Resources	\$850,000	\$850,000
Matching Fund for School Nurses	\$1,002,000	\$1,002,000
Dual Immersion	\$5,030,000	\$5,030,000
Year-Round Math & Science (USTAR Centers)	\$6,200,000	\$6,200,000
Beverly Taylor Sorenson Elementary Arts	\$10,880,000	\$10,880,000
Digital Teaching & Learning Program	\$19,852,400	\$19,852,400
Total	\$791,284,500	\$904,376,100



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Related to
Basic School
Programs:
*Funding
Distribution
Types*

Related to Basic School Programs: Categorical Programs by Distribution Type

Base "+"	Simple Per-Student/WPU/Teacher
Enhancement for At-Risk Students	Flexible Allocation
Adult Education	Charter School Local Replacement
School LAND Trust	Charter School Administrative Costs
K-3 Reading Improvement	Teacher and Student Success
Library Books & Electronic Resources	Educator Salary Adjustments
	Teacher Supplies & Materials
Qualification	Optional Grant
To & From School Pupil Transportation	Matching Fund for School Nurses
Pupil Transportation - Rural Grants	Dual Immersion
Pupil Transportation - Rural Reimbursement	Year-Round Math& Science (USTAR Centers)
Youth-in-Custody	Beverly Taylor Sorenson Elementary Arts
Centennial Scholarship Program	Title I - Paraeducators
Concurrent Enrollment	Early Intervention (Hybrid with Base +)
Enhancement for Accelerated Students	Grants for Educators in High-need Schools
Teacher Salary Supplement	Elementary School Counselor Program
Early Graduation from Competency Based	Digital Teaching and Learning Program
National Board Certified Teacher Programs	
Effective Teachers in High Poverty Schools Incentive	
Student Health and Counseling Support Program	



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Budget Issues &
Recommendations:
*Related to Basic School
Programs*

*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:
 - \$7.3 Million Ongoing Accelerated Learning & Concurrent Enrollment Programs
 - \$2.0 Million Ongoing for Beverly Taylor Sorenson Elementary Arts Learning Program
 - \$18.6 Million Ongoing for Optional Enhanced Kindergarten Programs
 - \$3.0 Million Ongoing & \$3.8 Million One-time (FY 2020) for the Teacher Salary Supplement Program
- We recommend the Legislature Consider Restoring the Following Funding from the Interim Accountable Budget Process Reviews:
 - \$25,222,500 for the Youth-in-Custody Program
- We Recommend the Legislature Approve the Following Restricted Fund Additions:
 - \$6,166,000 from the Trust Distribution Account for the School LAND Trust Program



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QUESTIONS?

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