



MINIMUM SCHOOL PROGRAM

---

Budget Review & Recommendations

R. Benjamin Leishman, Finance Manager

January 2021

1



Utah's Foundation Education Funding  
Program for Students – Tensions & Balance

---


2021 GS | The Minimum School Program



2

**Legal Authority:**  
*Utah Constitution*  
*Article X – Education*  
*Article XIII – Revenue & Taxation*

- Utah Constitution Outlines Dual Roles
- Legislature
  - Establish & Maintain a Public Education System
    - Establish: Education Statutes & Funding Programs
    - Maintain: Statutory & Funding Adjustments  
[Provide a Stable, Basic Level of Funding for Students]
- State Board of Education
  - Executive Branch Functions
  - General Control & Supervision of the System
    - General Control: Implement Statute & Funding Programs  
[Administrative Rules]
    - Supervision: Accountability for System & Funding
- General Provisions
  - Elementary & Secondary Schools Shall Be Free
    - Legislature May Authorize Fees in Secondary Schools
  - Income Tax
    - Support of the Public & Higher Education Systems as Established by the Legislature
    - Amendment G (2020) Added Programs for Children & People with Disabilities



3

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

- Utah Code – Titles 53 E|F|G
- 53F-2-103 Public Education System Purpose
  - Systemic Equity
    - Children Entitled to Reasonably Equal Educational Opportunities Regardless of Residence or Economic Situation of District
    - Tension Between of 3 Components:
      - Horizontal Equity – Similar Students Treated Similarly
      - Vertical Equity – Different (Higher Cost) Students Treated Differently
      - Fiscal Neutrality – Impact of District Wealth on Student Funding
  - State & Local Participation
    - Provision of System is Primarily a State Function
    - Districts Required to Pay a Portion of a Minimum Program
      - Basic Property Tax Levy
  - Local Control & Determination
    - Local Board Empowered to Provide Opportunities Beyond the Minimum Program
      - Discretionary Property Tax Levies – Voted | Board | Capital
    - Latitude of Action Permitted and Encouraged
- Minimum School Program Has All Components



4

## Minimum School Program

### 2021 GS | Implementing the Constitutional & Statutory Mandates

- Created in the Early 1970s
- Provides Majority of Operating Revenues to Local Education Agencies (LEAs)
  - Core Distribution Formulas Apply State Funding to “Equalize” Local Property Tax Collections
  - 50+ Categorical 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



5

## Minimum School Program

### FY 2022 | Total Base Budget Appropriations by Program

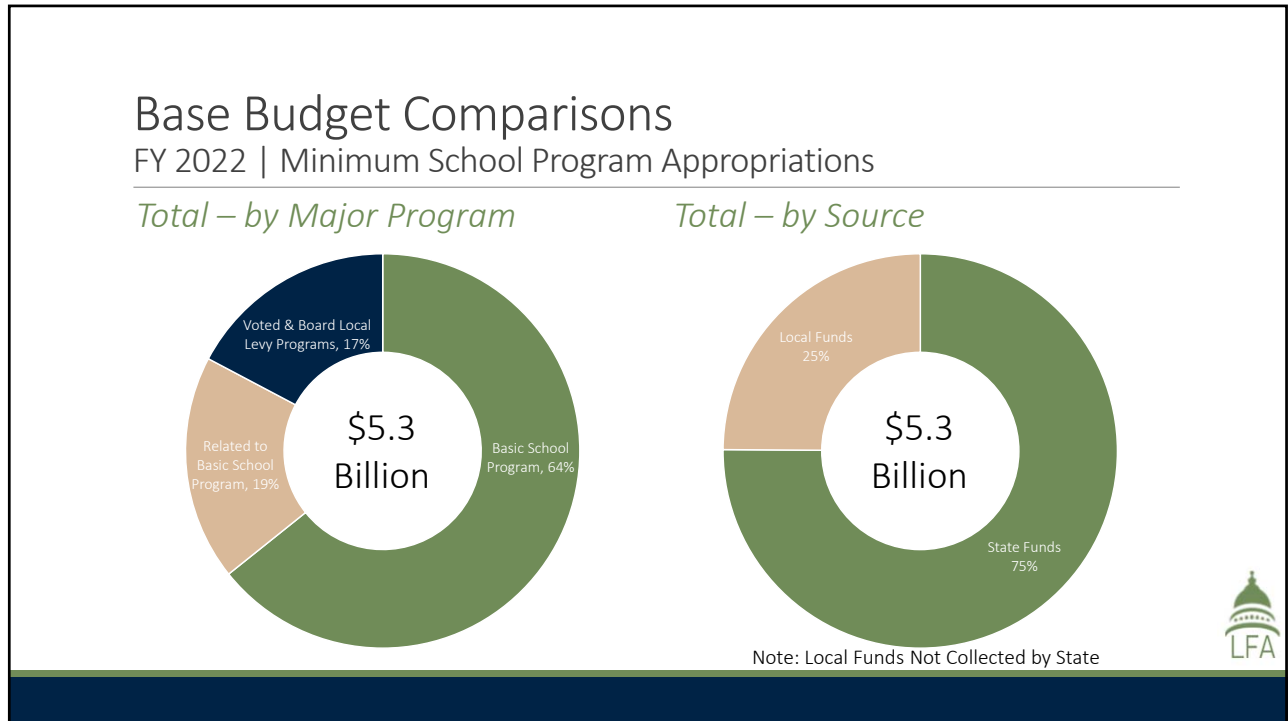
- Largest Program in the State Budget
  - 54% of State Funds Appropriated by Legislature in Base Budgets
  - 95% of State Fund in Education Budget
- Divided into Three Parts:
  - Basic School Program
  - Related to Basic School Program
  - Voted & Board Local Levy Programs

Minimum School Program   FY 2022 Base Budget			
Minimum School Program	State Funds	Local Funds	Total Funds
Basic School Program	\$2,795,589,200	\$628,364,800	\$3,423,954,000
Related to Basic School Program	\$954,332,600	\$29,837,600	\$984,170,200
Voted & Board Local Levy Programs	\$251,383,900	\$667,843,000	\$919,226,900
<b>Total</b>	<b>\$4,001,305,700</b>	<b>\$1,326,045,400</b>	<b>\$5,327,351,100</b>

Note: Local education agencies collect approximately \$1.5 billion in additional revenue (primarily property tax revenue) not included in the state appropriated budget.



6



7



8

# The Basic School Program

FY 2022 | “Above-the-Line” Weighted Pupil Unit (WPU) Programs

- Foundation Funding Formula
- Supports a “Basic Education”
- Cost Determined by WPUs
  - WPUs – Determined by Statute
  - WPU Value – Amount per WPU
    - Set Annually by Legislature
    - Applies to All WPUs – Total Cost Increases/Decreases with Value
    - Value Set in Base Budget = \$3,809
- Primary Equalization Program
  - Basic Levy – Property Tax
  - Local Contribution to a “Basic Program”
    - Fiscal Neutrality

Basic School Program   FY 2022 Base Budget			
Categorical Programs	WPUs	State Funds	Total Funds
Kindergarten	26,446	\$82,246,300	\$100,732,800
Grades 1-12	604,069	\$1,878,637,300	\$2,300,898,800
Foreign Exchange	328	\$1,020,100	\$1,249,400
Necessarily Existent Small Schools	10,577	\$32,894,200	\$40,287,800
Professional Staff	57,070	\$177,486,000	\$217,379,600
<i>Restricted Programs</i>			
SpEd - Add-On	88,328	\$274,697,600	\$336,441,400
SpEd - Self-Contained	12,510	\$38,905,800	\$47,650,600
SpEd - Preschool	11,311	\$35,176,900	\$43,083,600
SpEd - Extended Year	457	\$1,421,200	\$1,740,700
SpEd - Impact Aid	2,060	\$6,406,400	\$7,846,400
SpEd - Extended Year SpEducators	909	\$2,827,000	\$3,462,400
Career & Technical Education Add-on	29,100	\$90,500,200	\$110,841,900
Class Size Reduction	42,375	\$131,785,100	\$161,406,500
Enrollment Growth Contingency	7,727	\$41,585,000	\$50,932,100
<b>Total</b>	<b>893,267</b>	<b>\$2,795,589,100</b>	<b>\$3,423,954,000</b>

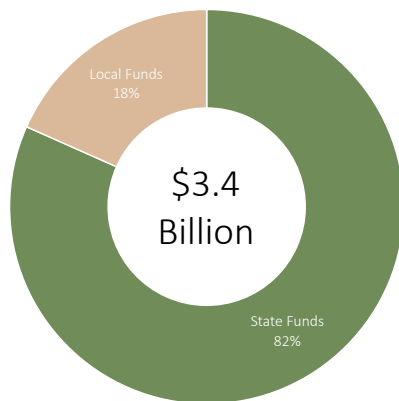


9

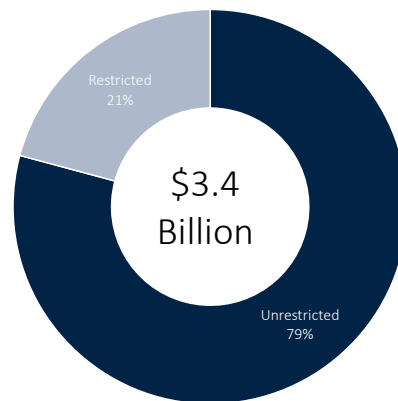
## Base Budget Comparisons

FY 2022 | Basic School Program Appropriations

Total – by Source



Total – by Use Restriction



10

### Weighted Pupil Unit History

FY 2010 to FY 2022 Estimated  
WPU Value, Total WPUs and Percent Change

Fiscal Year	WPU Value	% Chg.	Total WPUs	Total Growth	% Chg.
2010	2,577	0.0%	731,519	17,464	2.4%
2011	2,577	0.0%	745,100	13,581	1.9%
2012	2,577	0.0%	93,097	1,935	
2012	2,816	9.3%	671,628	19,625	
<b>2012 Total</b>			<b>764,725</b>	<b>19,625</b>	<b>2.6%</b>
2013	2,607	1.2%	96,941	3,844	4.1%
2013	2,842	0.9%	685,076	13,448	2.0%
<b>2013 Total</b>			<b>782,017</b>	<b>17,292</b>	<b>2.3%</b>
2014	2,659	2.0%	99,993	3,052	3.1%
2014	2,899	2.0%	702,736	17,660	2.6%
<b>2014 Total</b>			<b>802,729</b>	<b>20,712</b>	<b>2.6%</b>
2015	2,726	2.5%	102,696	2,703	2.7%
2015	2,972	2.5%	714,580	11,844	1.7%
<b>2015 Total</b>			<b>817,276</b>	<b>14,547</b>	<b>1.8%</b>
2016	2,837	4.1%	105,219	2,523	2.5%
2016	3,092	4.0%	722,703	8,123	1.1%
<b>2016 Total</b>			<b>827,922</b>	<b>10,646</b>	<b>1.3%</b>
2017	3,184	3.0%	844,305	16,383	2.0%
2018	3,311	4.0%	860,472	16,167	1.9%
2019	3,395	2.5%	868,622	8,150	0.9%
2020	3,532	4.0%	878,696	10,074	1.2%
2021	3,596	1.8%	886,364	7,668	0.9%
<b>2022 Est.</b>	<b>3,809</b>	<b>5.9%</b>	<b>893,267</b>	<b>6,903</b>	<b>0.8%</b>

**Notes:**  
In FY 2012, the Legislature established two WPU Values. The WPU Value for most programs increased from \$2,577 to \$2,816. However, the WPU Value for the Special Education - Add-on and Career & Technology Education - Add-on programs remained at \$2,577.  
Source: Appropriations Reports, Legislative Fiscal Analyst, 1990-2021.

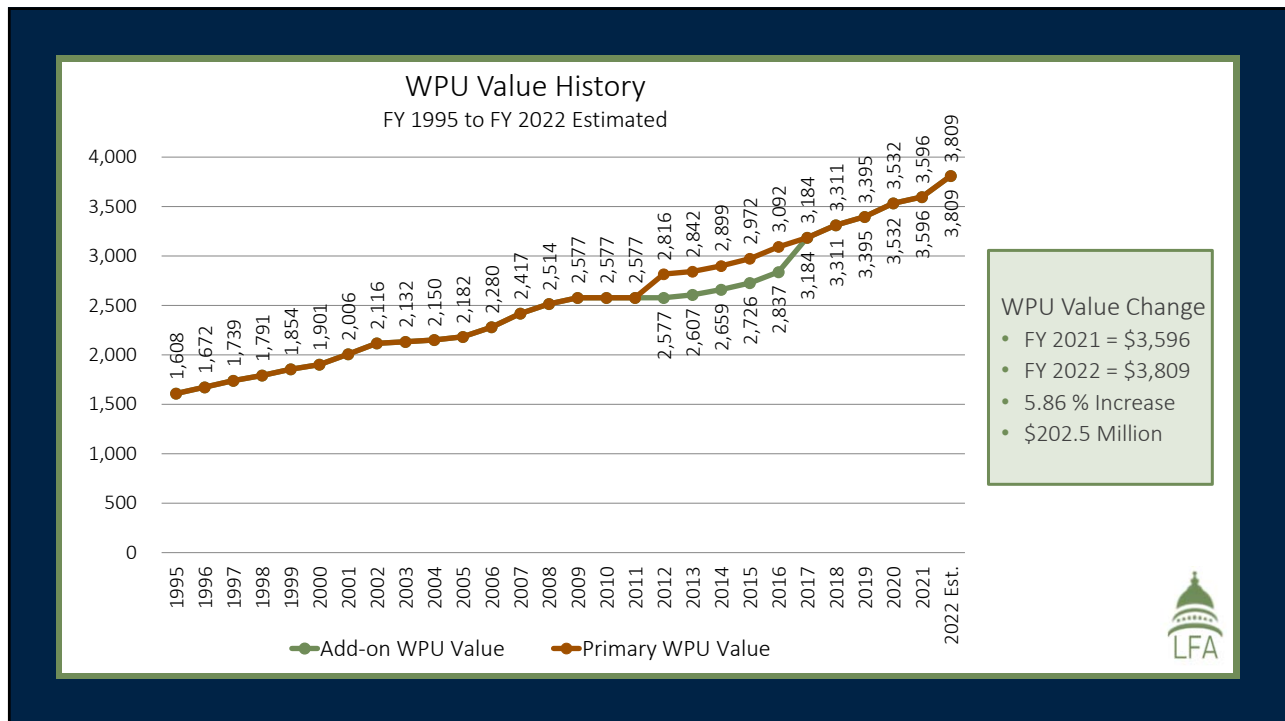
## Weighted Pupil Unit Essentials

### 2021 GS | MSP Basic School Program

*The WPU is 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]*

- Basic Formula: 1 WPU = 1 ADM Student
  - Average Daily Membership Measures Student Enrollment on a Full-Time Equivalent Basis
- WPU Weightings Adjust for Student Characteristics
  - Kindergarten (½ Day Only) = 0.55
  - Regular Education Student = 1.0
  - Special Education Student = 1.53
  - Different Weightings for Charter Students = 0.9 | 0.99 | 1.2
- Primary & Add-on WPUs Depending on Student
- Additional WPUs Allocated for Other Needs
- FY 2022 Base WPUs
  - 897,267 WPUs [Compared to 673,854 Estimated Students]
  - Ratio of 1.3 WPU per Enrolled Student

11



12

## Average Daily Membership to Weighted Pupil Unit 2021 GS | MSP Basic School Program

*Enrollment to ADM*


- ADM Based on Enrollment not Attendance
  - Full-time Enrolled Student = 1 ADM:
    - 990 Hrs Over 180 Days = 1 ADM (Grades 2-12)
    - 810 Hrs Over 180 Days = 1 ADM (1<sup>st</sup> Grade)
    - 450 Hrs Over 180 Days = 1 ADM (Kindergarten)
- Time is a Factor – Physical Presence is Not
  - Enrollment Status not Seat Time
  - 10 Day Rule – Unexcused Absence
- WPU = # of Days / Total Days (180)
  - Student 1: 179/180 = 0.994 WPU

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
<b>Total Membership for LEA</b>		<b>675 Days</b>

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
<b>Total</b>	<b>675 Days</b>		<b>644</b>	<b>3.977 WPU</b>

Source: School Finance, Utah State Board of Education.




13

## Statutory Formula Stabilizers: *Predictability for Locals*

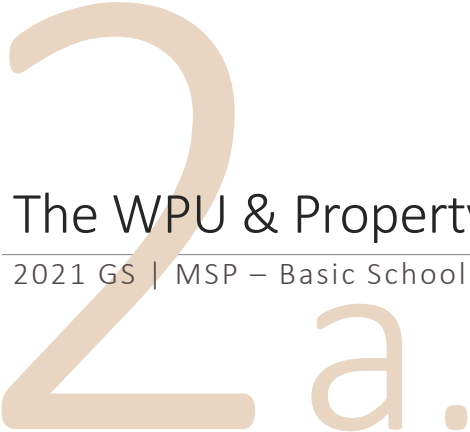
*The number of WPU is computed by adding the average daily membership (ADM) of pupils. The State Board shall use prior year plus growth to determine ADM.*

*(53F-2-302)*

- Mechanisms to Stabilize State Funding to LEAs
  - Prior Year + Growth (53F-2-302)
    - Declining Enrollment Hold-Harmless
    - Current Year K-12 WPU Based on Prior Year Actual ADM
    - Growth Factor – October to October
    - LEA with Flat/Declining Enrollment Held at Prior Year ADM
  - Special Education
    - WPU Based on 5-Year Rolling Average 2-Years Prior
- Flexibility to Mitigate Funding/Enrollment Changes
  - State Board Authority to Adjust Allocations (53F-2-205)
    - Adjust WPU and Certain Program Funding for Estimating Errors Used in Budget (Enrollment/Local Revenue)
  - Loss in Enrollment (53F-2-207)
    - LEA with Significant Decline in ADM (+4%)
    - Potential Conflict with Prior Year + Growth
  - Education Fund Deficit (53F-2-203)
    - State & Local Board Flexibility to Adjust to State Reductions
    - Limits on Programmatic Transfers




14



# The WPU & Property Tax

2021 GS | MSP – Basic School Program




15

**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)*

- A Uniform Statewide Property Tax Rate
  - School Districts Must Levy Tax to Participate in Basic Program
- Revenue Target Set by Legislature
  - Generates Estimated \$628.0 M in FY 2022 Base
  - \$71.0 M more than FY 2021
  - Rate in FY 2021 – 0.001663 Multiple Components:
    - Rate to Generate Prior-Year Revenue + New Growth in Properties Estimated at 0.001554 (Base Rate)
    - Statute Holds Basic Rate at 0.0016 (Floor) Through FY23
      - Difference Between “Base Rate” 0.001554 and “Floor” Generates Revenue for Property Tax Equalization
      - Rate Above 0.0016 (0.000063) Adjusts Rate for WPU Value and Generates Revenue for Teacher and Student Success Program
    - Actual Rate Set by the Tax Commission to Meet Revenue Target
- Utah’s Primary Property Tax Equalization Formula
  - Revenue Generated Applied to Cost of District WPU’s First
  - State Pays Difference: WPU Cost Less Property Tax Revenue



16



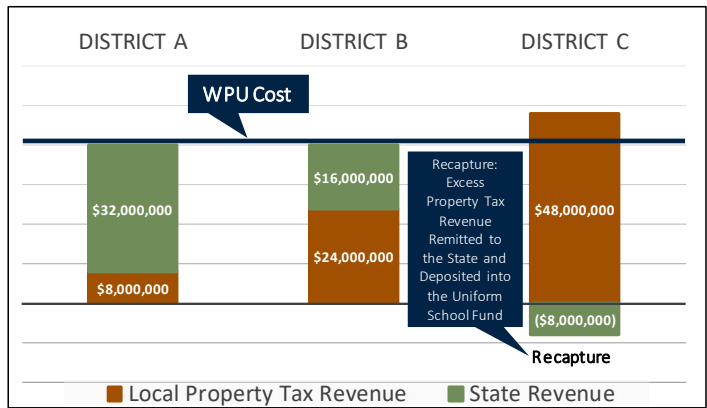
# Basic School Program: Funding Equalization

## 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)

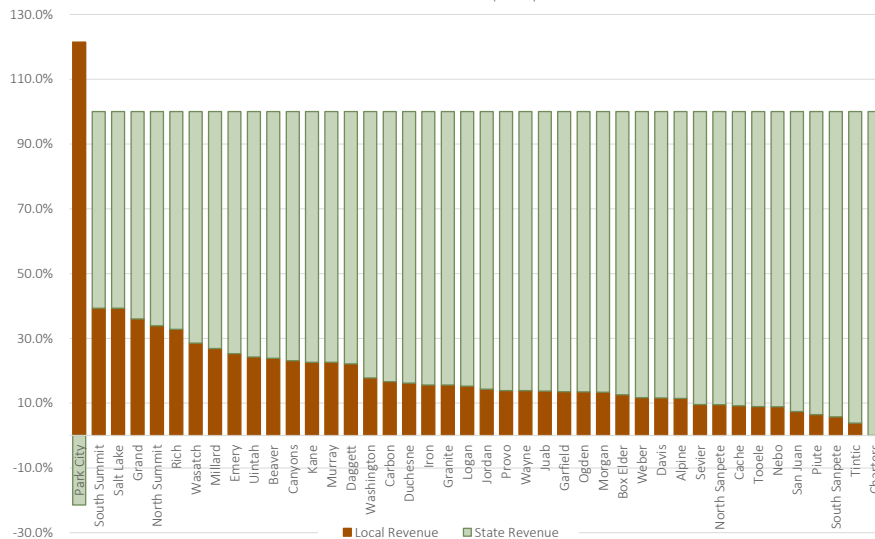
**Minimum School Program: Basic School Program Equalization**  
Basic Levy Revenue Equalization Example Using the Weighted Pupil Unit (WPU)

Cost	District A	District B	District C
WPU Value:	\$4,000	\$4,000	\$4,000
Number of WPUs:	10,000	10,000	10,000
Basic School Program (WPU) Cost:	\$40,000,000	\$40,000,000	\$40,000,000
Revenues			
Taxable Value of Property in District:	\$5,000,000,000	\$15,000,000,000	\$30,000,000,000
Basic Rate (Set by State):	0.001600	0.001600	0.001600
<b>Local Property Tax Revenue</b>	<b>\$8,000,000</b>	<b>\$24,000,000</b>	<b>\$48,000,000</b>
<b>State Revenue</b>	<b>\$32,000,000</b>	<b>\$16,000,000</b>	<b>(\$8,000,000)</b>



17

**Minimum School Program: Basic School Program Equalization**  
Percent of State and Local Revenues Contributing to Total WPU Cost by Local Education Agency  
Charter Schools Totaled | Example



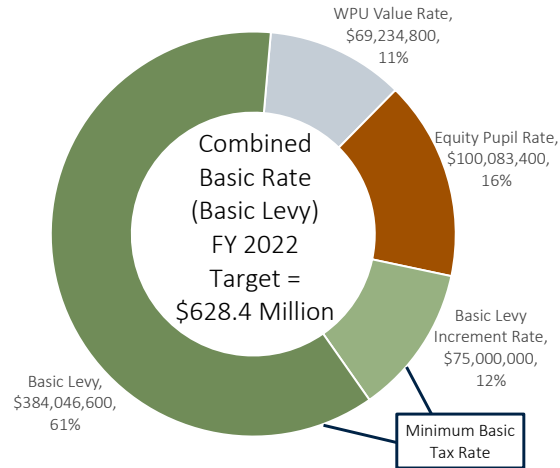
18

# Local Revenue Highlights

## 2021 GS | Senate Bill 1: Public Education Base Budget Amendments

### Base Budget Summary

- o \$358 M Ongoing & \$42 M One-time
- o 5.86% Increase in WPU Value
- o Basic Levy Components
  - \$18.7 M Basic Levy Increase
  - \$29.9 M Equity Pupil
    - Voted & Board Guarantee | Rate = \$51.51
    - Increase from \$48.26
  - \$22.5 M WPU Value Rate
    - Teacher & Student Success
    - 4% WPU Value Rate Limit Reached in Base
- o \$4 M School LAND Trust to \$98.2 M



19

### The Basic Levy: *Estimated Revenue*

Statute Provides for Certain Increases in Basic Levy Property Tax Revenue

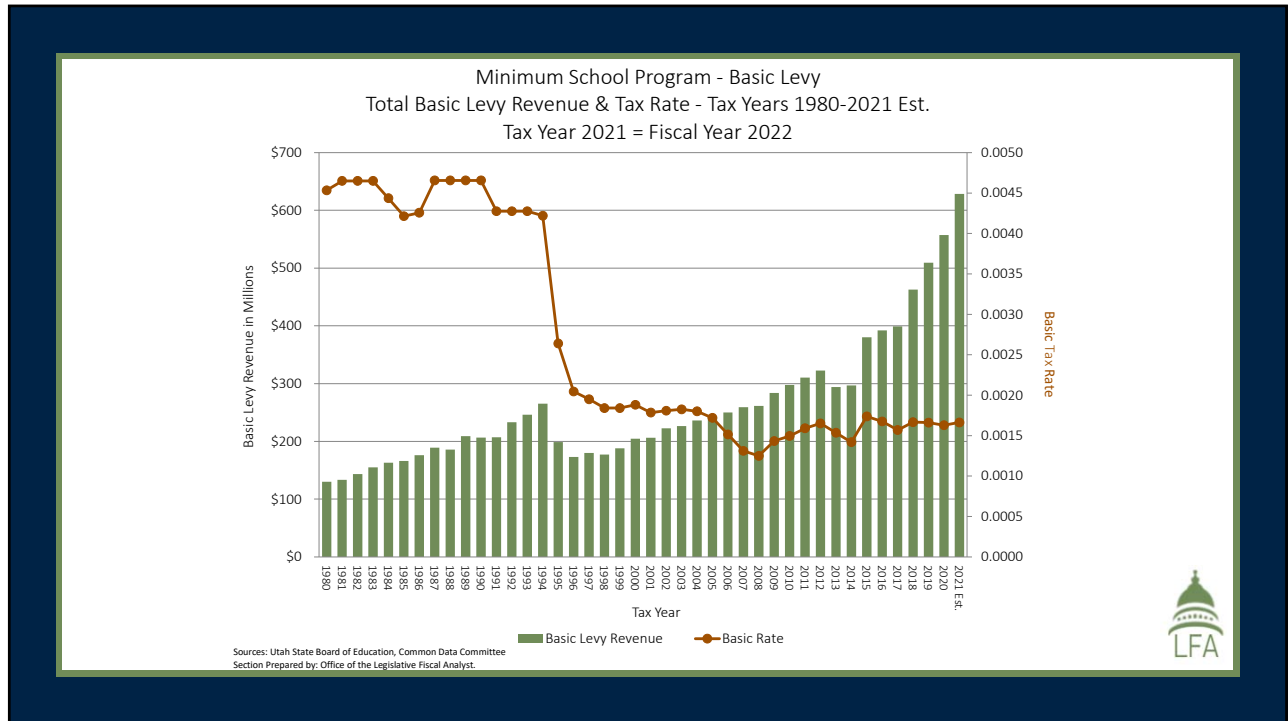
- o Basic Levy - \$18.7 M from "Net New Growth in Properties"
  - Revenue Used to Offset State Enrollment Growth Costs
- o Equity Pupil - \$29.9 M Difference Between "Basic Tax Rate" and the Basic Rate Floor of 0.0016.
- o WPU Value - \$22.5 M for WPU Value Increase
  - \$5.6 M for Each 1% WPU Value Increase (Limited to First 4%)

Basic Rate Components	FY 2021 Base Revenue	FY 2022 Net New Growth <sup>(2)</sup>	FY 2022 Formula Increase	FY 2022 Discretionary	FY 2022 Base Total	Revenue Change Since FY 2019
Basic Levy	\$365,367,400	\$18,679,200	\$0	\$0	\$384,046,600	\$50,972,800
Basic Levy Increment Rate <sup>(2)</sup>	\$75,000,000	\$0	\$0	\$0	\$75,000,000	\$0
Equity Pupil Tax Rate	\$70,135,200	\$0	\$29,948,200	\$0	\$100,083,400	\$63,966,100
WPU Value Rate (Each 1% WPU Value Incr.) <sup>(1)</sup>	\$46,750,000	\$0	\$0	\$22,484,800	\$69,234,800	\$50,584,800
<b>Total</b>	<b>\$557,252,600</b>	<b>\$18,679,200</b>	<b>\$29,948,200</b>	<b>\$22,484,800</b>	<b>\$628,364,800</b>	<b>\$165,523,700</b>

**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 2021 is 83/17 split). For FY 2022, the property tax increase would be approximately \$5.6 million for each 1 percent increase.  
 (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. Historically, this revenue has accrued to the Basic School Program and offset the state cost for enrollment growth. 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.



20



21

# Budget Issues & Recommendations

2021 GS | MSP – Basic School Program

# 2b.



22

**Staff Recommendations & Budget Issues:**


*Basic School Program*

*FY 2021 Supplemental*

*FY 2022 Budget*

*Items for Consideration by the Legislature*

- Analyst Recommendations Already Included in the Base Budget:
  - Enrollment Growth – \$27.3 M Ongoing + \$5.3 M One-time
  - Enrollment Growth Contingency - \$43.0 M One-time
    - \$21.5 M One-time in FY 2021 and FY 2011
  - WPU Value – \$202.5 Million Ongoing
    - 5.86 Percent Increase | \$35.5 M/Percent
  - Public Education Economic Stabilization - \$127.1 M Ongoing
  - Educator COVID Stipends - \$121.0 M One-time
- Issue: 53F-2-207 Loss In Student Enrollment
  - Contemplates Potential Negative Growth in an LEA
  - Allows the State Board to Allocate Additional WPUs if Enrollment Drops Greater than 4 Percent
    - Due to Factors Beyond the Control of the LEA
  - Potential Conflict with Prior-Year + Growth Provisions (53F-2-302)
  - **Recommendation:** Study purpose of the statute and potential conflicts during the 2021 Interim & make necessary changes in statute in 2022 General Session.




23

**Staff Recommendations & Budget Issues:**

*Basic School Program*

*Review of Programs Eliminated During the 2020 5<sup>th</sup> Special Session*

- The Legislature Eliminated the Basic School Programs:
  - Foreign Exchange WPUs – \$1.2 M One-time (FY 2021 Only)
  - Administrative Cost WPUs – \$5.3 M Ongoing
    - Funding for School Districts Enrolling Fewer than 5,000 Students
    - District vs. Charter Equity Issues (Charter Component in Related to Basic Program)
    - Problems Addressing Unique Needs of Districts vs Charters
    - **Reduction Mitigation:** Small District Base in the NESS Program
      - \$1.8 M Ongoing to Districts Enrolling Fewer than 2,000 Students
      - Target to Keep Estimated Reductions to Districts at 2.5 Percent or Less of Total Basic School Program Allocations
  - Special Education – Intensive Services WPUs – \$2.8 M Ongoing
    - Funding Provided Reimbursement for “High-Cost” Students
    - Distribution Limited to Few LEAs
    - Question if Fund Simply Reimbursed Costs Already Paid from State & Federal Restricted Special Education Dollars




24

# 3

## Related to Basic School Program

2021 GS | The Minimum School Program



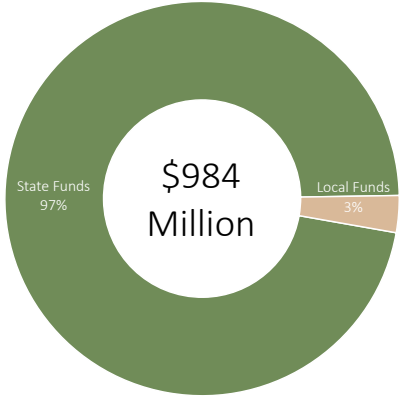
25

## The Related to Basic School Program


FY 2022 | “Below-the-Line”

- Programs Compliment or Enhance on the Basic School Program
  - Target Funding to Statewide Need or Goal
  - Implement Legislative Priorities
  - Restrict Funding to a Certain Use
- Funded Primarily from State Sources
  - Education Fund/Uniform School Fund
  - Trust Distribution Account (School Councils)
- Local Funds for Charter School Local Replacement
- Varied LEA Qualification & Distribution
  - Mix of Formula & Grant Programs
  - Determined in Statute or State Board Rule

*Total – by Source*



Source	Percentage
State Funds	97%
Local Funds	3%



26

## Funding by Categorical Program – FY 2022

Categorical Programs	State Funds	Total Funds
<b>Related to Basic Programs</b>		
Pupil Transportation	\$108,606,500	\$108,606,500
Pupil Transportation - Rural Grants	\$1,000,000	\$1,000,000
Pupil Transportation - Rural Reimbursement	\$500,000	\$500,000
Charter School Local Replacement	\$188,341,100	\$218,178,700
Charter School Funding Base Program	\$3,100,000	\$3,100,000
<b>Focus Populations</b>		
Enhancement for At-Risk Students	\$52,646,800	\$52,646,800
Youth-in-Custody	\$27,821,200	\$27,821,200
Adult Education	\$15,635,900	\$15,635,900
Enhancement for Accelerated Students	\$6,048,300	\$6,048,300
Concurrent Enrollment	\$12,961,700	\$12,961,700
Title I Schools in Improvement - Paraeducators	\$300,000	\$300,000
Early Literacy Program	\$14,550,000	\$14,550,000
Early Intervention (OEK)	\$17,455,000	\$17,455,000

Categorical Programs	State Funds	Total Funds
<b>Educator Supports</b>		
Educator Salary Adjustments	\$187,954,200	\$187,954,200
Teacher Salary Supplement	\$22,228,600	\$22,228,600
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
<b>Statewide Initiatives</b>		
School LAND Trust Program	\$92,842,800	\$92,842,800
Teacher and Student Success Program	\$130,734,800	\$130,734,800
Student Health and Counseling Support	\$25,480,000	\$25,480,000
School Library Books & Electronic Resources	\$765,000	\$765,000
Matching Fund for School Nurses	\$1,002,000	\$1,002,000
Dual Immersion	\$5,030,000	\$5,030,000
Beverley Taylor Sorenson Elementary Arts	\$10,880,000	\$10,880,000
Digital Teaching & Learning Program	\$19,852,400	\$19,852,400
<b>Total</b>	<b>\$954,332,600</b>	<b>\$984,170,200</b>

27

### Related to Basic School Program: Distribution Formula Types

*Legislature Determines Funding Amount & Distribution*

*Formula Detailed in Statute or Delegated to State Board of Education*

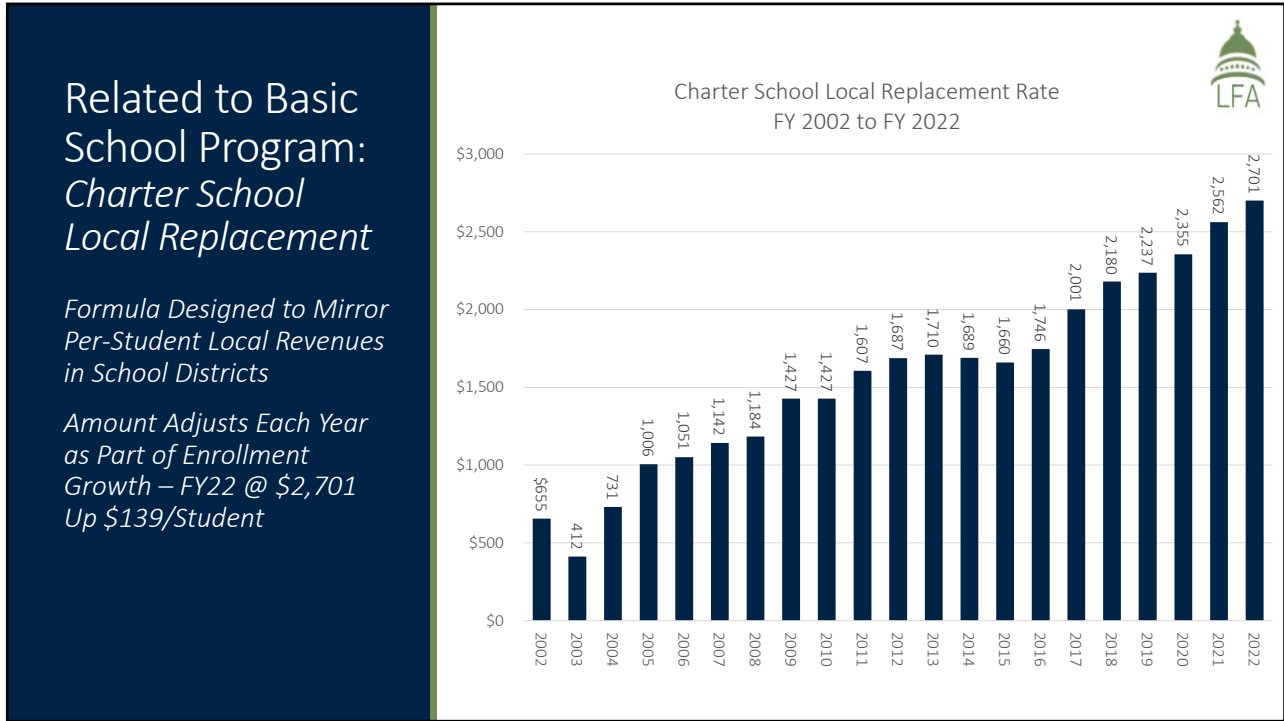
*Shift from Base+ and Simple Per-Student to Qualification & Opt-in Grants*

#### Related to Basic School Programs: Categorical Programs by Distribution Type

Base "+"	Simple Per-Student/WPU/Teacher
Enhancement for At-Risk Students	Charter School Local Replacement
Adult Education	Teacher and Student Success
School LAND Trust	Educator Salary Adjustments
Early Literacy Program	Teacher Supplies & Materials
Library Books & Electronic Resources	
Charter School Funding Base Program	
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	Beverley 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
National Board Certified Teacher Programs	Digital Teaching and Learning Program
Effective Teachers in High Poverty Schools Incentive	
Student Health and Counseling Support Program	



28



29

# Budget Issues & Recommendations

2021 GS | MSP – Related to Basic School Program

LFA

30


**Staff Recommendations & Budget Issues:**  
*Basic School Program*

*FY 2021 Supplemental*

*FY 2022 Budget*

*Items for Consideration by the Legislature*

- We Recommend the Legislature Consider the Following Funding Adjustments:
  - Grants for Educators in High Need Schools
    - Reduce Funding by (\$500,000) Ongoing & (\$409,500) One-time (FY21)
    - Provides Grants to LEAs to Employ Additional 1<sup>st</sup> Year Teachers
    - Focused to Title I & Other Factors
    - Only 1 LEA Applied for Funding
  - National Board-Certified Teachers Program
    - Transfer \$246,300 from the MSP – Related to Basic School Program to the State Board of Education – Educator Licensing Program
    - Aligns Program Funding with the Correct Administrative Line Item
    - Funds not Sent to LEAs (Criteria for MSP)




31

**Staff Recommendations & Budget Issues:**  
*Basic School Program*

*Review of Programs Eliminated During the 2020 5<sup>th</sup> Special Session*

- The Legislature Eliminated the Basic School Programs:
  - Flexible Allocation – \$7.8 M Ongoing
  - Administrative Cost for Charter Schools – \$8.1 M Ongoing
    - Provided \$100/Student for Each Charter School & \$40,000 Base
    - District vs. Charter Equity Issues
    - Problems Addressing Unique Needs of Districts vs Charters
    - **Reduction Mitigation:** Small Charter Base
      - \$3.1 M Ongoing to Districts Enrolling Fewer than 2,000 Students
      - Maintained \$100/Student & \$45,000 Base
      - Target to Keep Estimated Reductions to Districts at 2.5 Percent or Less of Total Basic School Program Allocations
  - Early Graduation from Competency-Based Education – \$55,700 Ongoing
  - Centennial Scholarship Program – \$269,300 Ongoing
  - Math & Science Opportunities for Students and Teachers (MOST) – \$6.2 M Ongoing
  - Charter School Local Replacement – \$4.0 M Ongoing
    - Used to Mitigate Impact of 2-Year Formula Lag
  - Library Books & Electronic Resources – \$85,000 Ongoing
    - 10% Reduction (From \$850,000 Ongoing to \$765,000 Ongoing)



32





# Voted & Board Local Levy Programs

2021 GS | The Minimum School Program



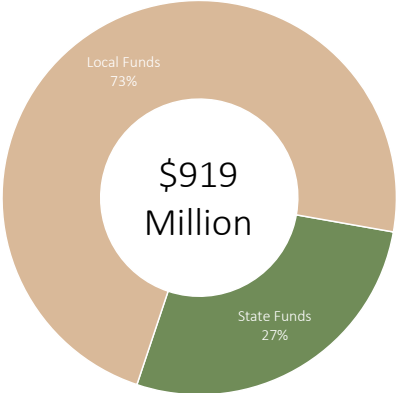
33

# Voted & Board Local Levy Programs

## FY 2022 | State Property Tax Guarantee Programs

- Ability to Expand Educational Opportunities Beyond the Basic School Program
- Discretionary Property Tax Levies
  - State Guarantees a Minimum Amount per WPU
  - If District Tax Generates Less than State Guarantee Rate – State Fills in the Difference
  - Unrestricted Revenue to School District
- Charter Schools Don't Participate Directly
  - Local Revenue & State Guarantee Funding Included in Local Replacement Formula
- State & Local Cost Sharing
  - Mostly Local Property Taxes
  - State Funds Only to Qualifying School Districts

*Total – by Source*




**\$919 Million**

Local Funds 73%

State Funds 27%

Note: Local Funds Not Collected by State



34

## Funding by Program

### 2021 GS | Voted & Board Local Levy Guarantee Programs

- Breakdown of Budget by Source and Program
  - State Funds Includes 3 Sources:
    - Base Rate Funding – Uniform School Fund at \$95 M Ongoing
    - Equalization Increase – EFR: Minimum Basic Growth at \$56.3 M Ongoing
    - Equity Pupil Increase – EFR: Local Levy Growth at \$100.1 M Ongoing

Voted & Board Local Levy Programs   FY 2022 Base Budget			
Categorical Programs	State Funds	Local Funds	Total Funds
Voted Local Levy	\$174,184,100	\$401,318,400	\$575,502,500
Board Local Levy	\$77,199,800	\$251,524,600	\$328,724,400
Board Local Levy - Early Literacy Program	\$0	\$15,000,000	\$15,000,000
<b>Total</b>	<b>\$251,383,900</b>	<b>\$667,843,000</b>	<b>\$919,226,900</b>



35

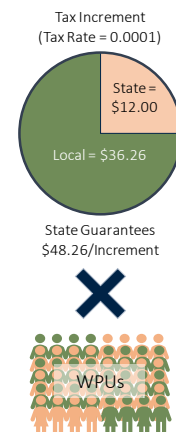
## State Guarantee Rate

### 2021 GS | Voted & Board Local Levy Guarantee Programs

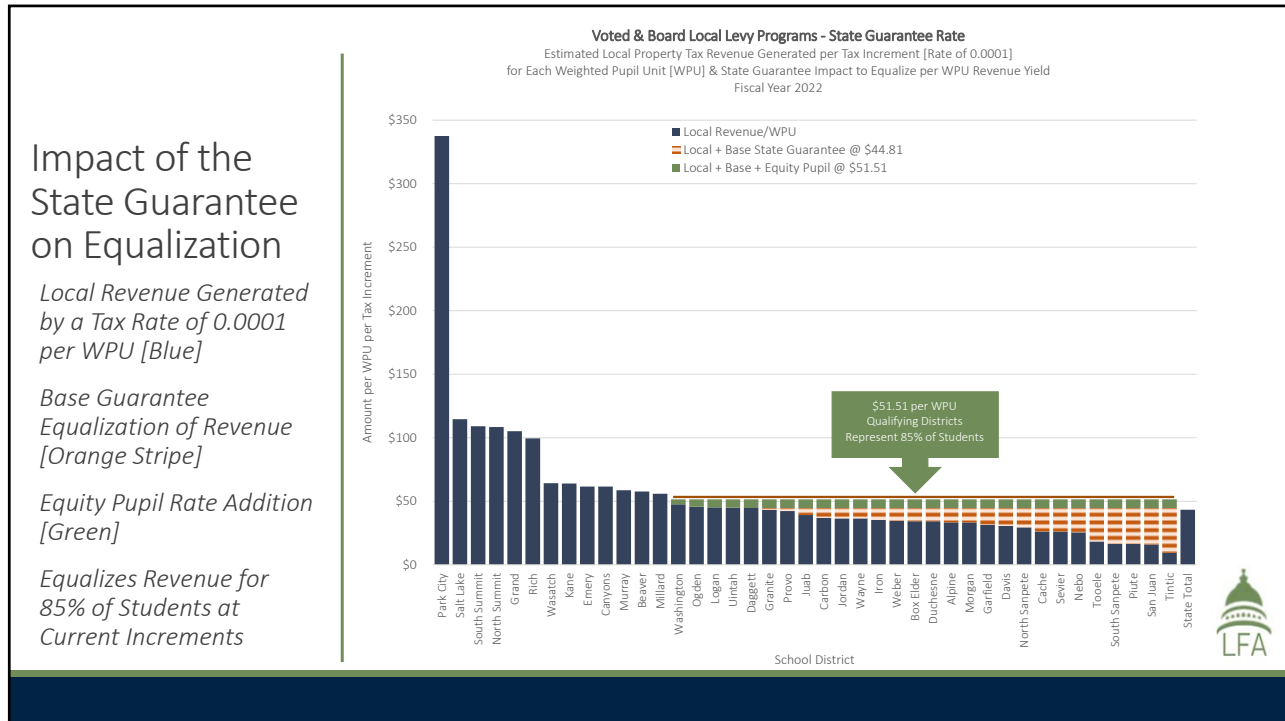
#### Rates & Increments

- What is the State Guarantee:
  - Dollar Amount of Guaranteed Revenue Per Tax Increment for Each WPU
    - 1 Tax Increment = Tax Rate of 0.0001
    - Up to 20 Tax Increments Guaranteed by State [Out of 45]
  - Guarantee Rate for FY 2022 is \$51.51
  - Rate Includes 2 Parts:
    - “Base Rate” Pre-2019 Formula Adjusts Annually by Statute – Rate = \$44.81
      - Indexed to the Prior-Year WPU Value
      - Inflated by an Additional 0.0005 Times the Prior-Year WPU Value
      - $[(\$3,596 \times 0.011962 = \$43.01) + (0.0005 \times \$3,596 = 1.80)] = \$44.81$
    - “Equity Pupil Rate” Increases the Base Rate to Expend Local Levy Growth Funding Transferred from the Basic School Program
      - \$29.9 Million in FY 2022

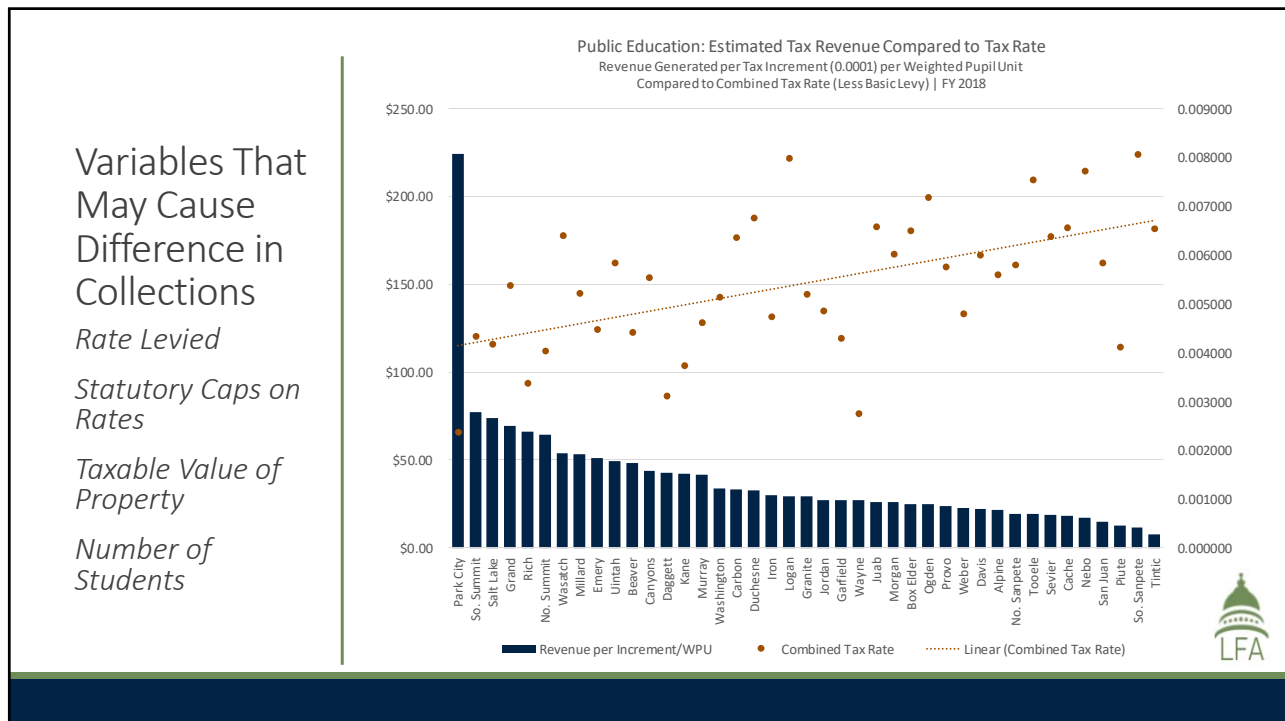
#### Guarantee Formula



36



37



38



# Budget Issues & Recommendations


2021 GS | MSP – Voted & Board Local Levy Programs



39

**Staff Recommendations & Budget Issues:**  
*Basic School Program*  
 FY 2021 Supplemental  
 FY 2022 Budget  
 Items for Consideration by the Legislature

- Issue: Estimated State Cost to Fund FY 2022 “Base Guarantee” Rate Less than Current Appropriation
  - \$83.2 M Ongoing to Fund the Base Guarantee Rate of \$44.81
    - \$11.9 M Less than FY 2021 Appropriation
    - Historically Funds “Offset” State Cost for Enrollment Growth
    - In August 2020, Executive Appropriations Directed Funds to Remain in Program for Allocation in 2021 General Session
    - SB 104 – Local Education Levy State Guarantee Amendments (2020 GS)
      - Directed Excess State Funds Be Used to Increase State Guarantee
      - Repealed in 5<sup>th</sup> Special Session
- Issue: Board Local Levy – Reading Improvement Program
  - Originally Represented Local Match to the K-3 Reading Program
    - Program Now Called: Early Intervention Reading Program
  - No Longer a Direct Link to Local Match
  - **Recommendation:** Fold the \$15.0 M Local Revenue for the Reading Improvement Program into the Board Local Levy Total



40



QUESTIONS?

41