



MINIMUM SCHOOL PROGRAM BASIC SCHOOL PROGRAM

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE
STAFF: BEN LEISHMAN & THOMAS YOUNG

BUDGET BRIEF

SUMMARY

Statute identifies the Basic School Program as “education programs for kindergarten, elementary, and secondary school students that are operated and maintained for the amount derived by multiplying the number of weighted pupil units (WPU) for each school district or charter school by the value established each year in statute.” (UCA 53A-17a-103) The basic program is the foundation of the public education funding system and includes 12 programs. These programs distribute funding for core educational services and programs identified by the Legislature and are often referred to as “Above-the-Line.”

Recommendation

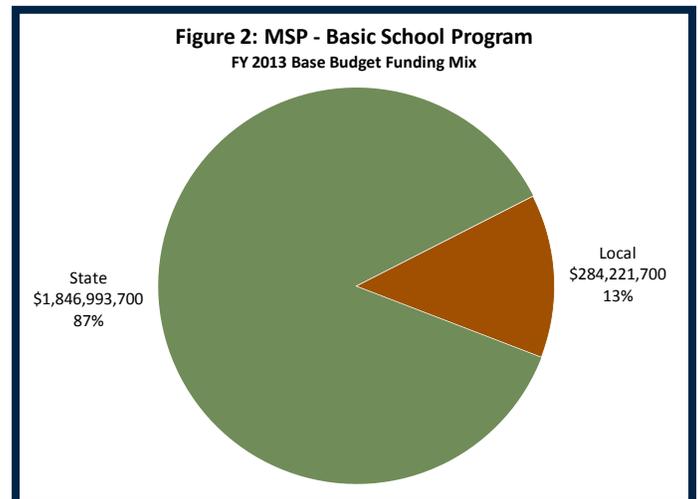
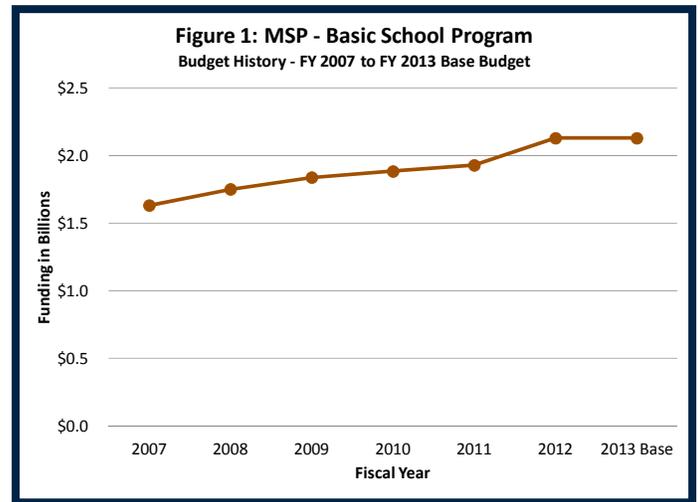
For the Basic School Program, the Fiscal Analyst recommends an FY 2013 base budget of \$2,131,215,300, including the following changes to the base budget: (1) \$17,595,700 ongoing from the Education Fund for student enrollment growth; and (2) \$4,800,200 in increased revenue from the Basic Levy and an estimated Basic Tax Rate of 0.001665.

BUDGET ISSUES

Figure 1 shows the budget history for the Basic School Program since FY 2007. During the 2011 General Session, the Legislature reallocated funding from the Flexible Allocation – WPU Distribution program in the Basic School Program into the WPU Value. This reallocation increased the WPU Value for most programs from \$2,577 to \$2,816. As a result, program funding levels also increased. The WPU Value for the Special Education – Add-on and Career & Technical Education Add-on remained at \$2,577 and were not increased through the funding reallocation.

Figure 2 shows the revenue sources supporting the Basic School Program. The majority of funding, 87 percent comes from state revenue sources. The remaining 13 percent comes from local property tax revenues in the school districts. The state does not collect or distribute this funding, but revenues collected by school districts from the Basic Levy are included in the program formulas.

The Legislature may wish to consider the following issues as it determines changes to the FY 2013 base budget for the Basic School Program.



Base Budget

House Bill 1, “Public Education Base Budget” includes the total number of WPUs, WPU Values, and ongoing funding levels for programs as appropriated by the Legislature for FY 2012. This budget sets a starting point for the Legislature to use in building the FY 2013 budget. Any programs funded from one-time revenue sources are not included in the base budget.

The base budget does not include adjustments for student enrollment growth or changes in the WPU Value. It also does not include estimated increases in local property tax revenues supporting Basic School Program.

Student Enrollment Growth

Projections show that public schools will enroll an additional 12,500 students in fall 2012 (FY 2013). When converted to WPUs, this increase in enrollment results in a net increase of 8,495 WPUs over FY 2012. The total net estimated cost of enrollment growth in the Basic School Program is an increase of \$22,395,900. The contribution of school districts through the basic property tax levy is estimated to generate an additional \$4.8 million. This increase reduces the overall cost of the program to the state, making the net cost of student enrollment growth \$17,595,700. Figure 3 details the changes in total WPUs and program funding for each program.

Projections used to develop the FY 2012 budget over estimated the total number of students in the current year by approximately 3,340 students. Because of this, more funding was appropriated to the Basic School Program than required to fund the total number of WPUs. As a result, the cost to fund the increase in FY 2013 enrollments is less.

The calculation of growth WPUs each year will correct any estimation errors made in the prior year. In this case, the increase of 8,495 WPUs is the net increase in total WPUs based on the number of WPUs funded in the prior year and the total number of WPUs estimated for the coming year.

Note: As mentioned previously, the FY 2013 base budget does not include the estimated net increase in total WPUs for students entering the public education system this fall. Section 53A-17a-105 requires the State Board of Education to reduce the WPU Value in each program where total WPUs are underestimated “so that the amount paid for the program does not exceed the amount appropriated for the program.”

The Issue Brief titled “MSP – Basic School Program Annual Adjustment Variables” includes more information on student enrollment growth costs.

Figure 3: Basic School Program - Estimated FY 2013 Increases by Program

Increase/(Decrease) in the Number of WPUs and Program Funding Levels Based on Fall 2012 Student Enrollment Growth Estimates

Program	Weighted Pupil Units				Program Funding			
	FY 2012	FY 2013	Change	% Change	FY 2012	FY 2013	Change	% Change
Kindergarten	27,018	26,737	(281)	-1.0%	\$76,082,700	\$75,291,400	(\$791,300)	-1.0%
Grades 1-12	523,304	525,029	1,725	0.3%	1,473,624,100	1,478,481,700	4,857,600	0.3%
Necessarily Existent Small Schools	7,649	7,649	0	0.0%	21,539,600	21,539,600	0	0.0%
Professional Staff	48,886	48,245	(641)	-1.3%	137,663,000	135,857,900	(1,805,100)	-1.3%
Administrative Costs	1,535	1,560	25	1.6%	4,322,500	4,393,000	70,500	1.6%
Special Education - Add-on WPUs	65,190	71,050	5,860	9.0%	167,994,600	183,095,900	15,101,300	9.0%
Special Education - Regular Self Contained	14,146	14,410	264	1.9%	39,835,100	40,578,600	743,500	1.9%
Special Education - Pre-school	9,188	9,381	193	2.1%	25,873,400	26,416,900	543,500	2.1%
Special Education - Extended Year Program	403	417	14	3.5%	1,134,800	1,174,300	39,500	3.5%
Special Education - State Programs	2,731	2,769	38	1.4%	7,690,500	7,797,500	107,000	1.4%
Career & Technical Education - District Add-on	27,907	28,433	526	1.9%	71,916,300	73,271,800	1,355,500	1.9%
Class Size Reduction	36,768	37,540	772	2.1%	103,538,700	105,712,600	2,173,900	2.1%
Basic School Program Total	764,725	773,220	8,495	1.1%	\$2,131,215,300	\$2,153,611,200	\$22,395,900	1.1%

Note: WPU Value = \$2,816 per WPU in all programs except Special Education - Add-on and Career & Technical Education - District Add-on are valued at \$2,577 per WPU.

Two WPU Values

In FY 2012, the Legislature established two WPU Values for programs in the Basic School Program. The WPU Value for most programs increased from the FY 2011 amount of \$2,577 per WPU to \$2,816 per WPU. The value for WPUs allocated to the Special Education – Add-on and Career & Technical Education – District Add-on programs remained at \$2,577.

The Legislature decided at the end of the 2011 General Session not to increase the WPU Value for the add-on programs mentioned above. The funding required to increase the WPU Value for these programs from \$2,577 to \$2,816 was appropriated to the Flexible Allocation – WPU Distribution program. Total funding for this program is \$22.7 million in FY 2012.

If the Legislature decided to have only one WPU Value in FY 2013, several factors should be considered:

- Increasing the WPU Value for the add-on programs to \$2,816 costs approximately \$22.7 million. However, this estimate increases with new WPUs in FY 2013 as a result of student enrollment growth. The estimate to increase the WPU Value after enrollment growth is approximately \$1 million more at \$23.8 million.
- Using the current funding in the Flexible Allocation program, the distribution of funding among LEAs will change. Currently, the \$22.7 million in the Flexible Allocation program is distributed to LEAs on a WPU basis. All WPUs receive the same level of funding. Moving this funding into the WPU Value for the add-on programs only, will distribute the funding based on the participation of LEAs in those programs.
- The Legislature could adjust the WPU Value for all programs in the Basic School Program. Assuming the current base budget appropriation, plus increases for student enrollment growth, a WPU Value of approximately \$2,785 would fund all WPUs at the same value. This would also redistribute funding among LEAs based on their participation in the various programs.

Vocational Education

In last year's, Senate Bill 1, "Public Education Base Budget" (2011 General Session), the Legislature amended statutory provisions governing how high schools count students that attend the Utah College of Applied Technology (UCAT) during a regular classroom period. Beginning on July 1, 2011, high schools may no longer count students served at a regional UCAT campus as if those students were attending their regular high school on a full-time basis.

This policy change resulted in a reduction of 1,939 WPUs in the Basic School Program – Grades 1-12 Program. As a result funding for the Grades 1-12 program were reduced by approximately \$5 million.

During the 2011 Interim, some issues surfaced regarding the implementation of this policy change. These issues, as well as a general overview are detailed in the Issue Brief titled "Funding Incentives for Vocational Education."

BUDGET SUMMARY

The FY 2013 base budget for the Basic School Program totals \$2,131,215,300. Most funding, \$1,846,993,600 comes from state revenue sources and \$284,221,700 comes from local property tax revenue.

BUDGET DETAIL TABLE

Basic School Program - Weighted Pupil Unit (WPU) Programs				
	Fiscal Year 2012 Revised		Fiscal Year 2013 Base Budget	
<i>WPU Value:</i>		<i>\$2,816</i>		<i>\$2,816</i>
<i>WPU Value for Add-on Programs:</i>		<i>\$2,577</i>		<i>\$2,577</i>
<i>Basic Tax Rate:</i>		<i>0.001591</i>		<i>0.001591</i>
Sources of Revenue		Total Revenue		Total Revenue
A. State Revenue				
1. Education Fund		\$1,827,993,674		\$1,830,993,600
a. Education Fund, One-time		(12,000,000)		0
2. Uniform School Fund		19,000,000		16,000,000
a. Uniform School Fund, One-time		12,000,000		0
B. Local Revenue - Basic Levy		284,221,713		284,221,700
C. Beginning Nonlapsing Balances		23,519,900		23,519,900
D. Closing Nonlapsing Balances		(23,519,900)		(23,519,900)
Total Revenue:		\$2,131,215,387		\$2,131,215,300
Programs of Expenditure	WPU	Funding	WPU	Funding
A. Regular Basic School Program				
1. Kindergarten	27,018	\$76,082,688	27,018	\$76,082,700
2. Grades 1-12	523,304	1,473,624,064	523,304	1,473,624,100
3. Necessarily Existent Small Schools	7,649	21,539,584	7,649	21,539,600
4. Professional Staff	48,886	137,662,976	48,886	137,663,000
5. Administrative Costs	1,535	4,322,530	1,535	4,322,500
Subtotal:	608,392	\$1,713,231,842	608,392	\$1,713,231,900
B. Restricted Basic School Program				
1. Special Education - Regular - Add-on WPUs	65,190	\$167,994,630	65,190	\$167,994,600
2. Special Education - Regular - Self-Contained	14,146	39,835,136	14,146	39,835,100
3. Special Education - Pre-School	9,188	25,873,408	9,188	25,873,400
4. Special Education - Extended Year Program	403	1,134,848	403	1,134,800
5. Special Education - State Programs	2,731	7,690,496	2,731	7,690,500
Subtotal:	91,658	\$242,528,518	91,658	\$242,528,400
6. Career & Technical Education - District Add-on	27,907	\$71,916,339	27,907	\$71,916,300
7. Class Size Reduction	36,768	\$103,538,688	36,768	\$103,538,700
Subtotal:	156,333	\$417,983,545	156,333	\$417,983,400
Total Expenditures:	764,725	\$2,131,215,387	764,725	\$2,131,215,300

RECOMMENDATIONS

- For the Minimum School Program – Basic School Program, the Fiscal Analyst recommends an FY 2013 base budget of \$2,131,215,300 as shown in the Budget Detail Table above.
- The Fiscal Analyst further recommends that the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$17,595,700 from the Education Fund for student enrollment growth as outlined above and in the Issue Brief titled “MSP – Basic School Program Annual Adjustment Variables.” This includes an increase of 8,495 WPUs in the Basic School Program.
- The Fiscal Analyst also recommends that the subcommittee adopt the estimated revenue from the Basic Levy of \$289,021,900 and an estimated Basic Tax Rate of 0.001665 for FY 2013.