

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Public Education

Utah State Office of Education
Minimum School Program

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1.0 Minimum School Program

Summary

The Minimum School Program is codified in statute in section 53A-17a. It supports public school programs for kindergarten, elementary, and secondary schools. The Basic state-supported school program provides support to public schools in each of forty local school districts to enable education for all children in the State. Distribution of State money is made on a formula basis to equalize wealth between "poorer" districts and "richer" districts. The basis for the distribution of the basic program is the Weighted Pupil Unit (WPU). A weighted pupil unit, in general, is one full time student. Specific programs may have other formulas to define a "Weighted Pupil Unit; i.e., one kindergarten student equals .55 of a weighted pupil unit.

The Minimum School Program Act was established to: ". . . provide a minimum school program for the State of Utah in accordance with constitutional mandate." It is the purpose of the Act to describe the manner in which the State and the school districts shall jointly pay for the costs. While the program is designed to be a distribution methodology of funds to school districts, the local boards of education have discretion and responsibility to allocate funding based on the unique circumstances of the district. Compensation issues are determined through local contract negotiations regardless of Legislative funding decisions.

The Act specifies the manner by which school districts may qualify for participation in the Minimum School Program and of making tax levies that provide additional school services and programs. The state Legislature sets a basic tax levy required of all school districts in order for them to participate in the Minimum School Program.

The Minimum School Program Act is unique in comparison with other budgetary acts in that it is amended and revised each year by the Legislature. The specifics of the bill are adjusted each year bringing relevant laws into review each Legislative Session.

Included in the School Finance Act are other provisions that outline Legislative intent and one time funding appropriations. In addition, a final section of the act includes Legislative funding for participation in the School Building Program for facility construction.

2.0 Issues: Minimum School Program

Executive Committee Guidelines

The Analyst's recommendations represented in this report are developed within guidelines established by the Executive Appropriations Committee of the Legislature.

The *Analyst FY 2003 Base* budget recommendation includes the *Revised Estimate* from FY 2002 as approved by the Executive Appropriations Committee and adjustment for FY 2002 one-time programs.

2.1 Enrollment Growth is computed at a an average of 0.61 percent increase

The method utilized to project student enrollment has historically provided a relatively accurate basis for Legislative appropriations. Over a seven year period the percent of error has averaged 0.00049 percent. Representatives from the Legislative Analyst Office, Governor's Office, and the State Office of Education, develop independent projections. They each use methodologies which may include historical trends, district reporting, birth statistics, mortality rates, and any number of other factors. They then meet to try and agree on a projection that will be used by each entity. If agreement is not reached, legislative recommendations cannot be comparable. This would put the Legislature into the position of predicting student enrollment.

The enrollment trends for the next decade are predicted to increase anywhere from 60,000 to 100,000 new students. This will not only require resource allocation for new growth but could dramatically affect facility costs.

The actual fall enrollment count for FY 2002 is 477,729 compared to the committee estimate a year ago of 476,418 or an underestimate of 1,311, a 0.37 percent change from the prior year actual enrollments. The fall enrollment estimate for FY 2003 is 480,736, an increase of 3,007 for a growth of .63 percent. Costs resulting from growth for FY 2003 are calculated to be \$5,618,130.

2.2 Voted and Board Leeway's increase; and local revenues provide additional funds

The Voted and Board Leeway Programs have increased by \$6,828,202 while the local revenue has increased by \$3,178,848, thus requiring \$3,649,354 more in state matching funding from the uniform school.

2.3 Basic Levy Tax from New Construction Growth provides new funds of \$9.8 million

New construction growth in the state applied against the Basic School Tax Levy estimated at .001813 provides new local revenue for the Minimum School Program of \$9,781,807 for FY 2003.

2.4 Health and Dental Insurance increases – approximately \$13.6 million state funds.

It is estimated that health insurance premiums will increase approximately 11.25 percent and Dental insurance premiums at about 3 percent. Based on funding proportions, if the state were to fund the increase, the cost would be approximately \$13,645,200. This represents an increase of approximately .86 percent in the value of the weighted pupil unit. The Governor's recommended WPU increase of 1.35 percent would cover these costs.

2.5 Other funding issues total over \$127.8 million

The State Board of Education prioritized budget requests of \$127,849,405. This included an increase in the weighted pupil unit of 5 percent (3 percent representing a CPI average increase, and 2 percent additional) costing approximately \$85,000,000; English language learners/Alternative Language Services - \$6,000,000; \$4,000,000 for Literacy staff developers; teacher mentoring, \$2,000,000; Full funding for existing professional development days, \$3,600,000; Add an additional professional development day, \$6,800,000; restore capital outlay foundation funding of \$10,000,000; and increase state contribution to Voted and Board Leeway, \$2,700,000. (Other non minimum school program prioritized requests equal \$7,749,405.)

For each one- percent increase in the value of the weighted pupil unit it will cost approximately \$15.7 to \$17.2 million, depending on final numbers of weighted pupil units approved for funding and any increases that may be made in non WPU driven programs.

2.6 Block Grants

The 2001 Legislature consolidated a number of programs in the Minimum School Program to create three block grant programs and inclusion of two programs with funding for Applied Technology.

Professional Development Block Grant - This grant included Career Ladder funds and two new professional development days.

Local Discretionary Block Grants - This grant included Truancy Intervention and Prevention, Unrestricted local program funds, Incentives for Excellence, Educational Technology Initiative, Character Education, School Nurses, Alternative Middle Schools, Reading Initiative, Experimental/Developmental formula funds, and the Local Discretionary Program.

Special Populations - This block of programs consists of Families, Agencies, and Communities Together (FACT); Alternative Language Services; Highly Impacted Schools; At Risk Programs, Adult Education, and Accelerated Learning.

Other - The Technology/Life Careers/Work based Education program and the Comprehensive Guidance program funding was combined with District Applied Technology Education.

USB E Request - The Utah State Board of Education in their FY 2003 budget request proposes to adjust these block grants, by moving some programs into other categories, changing the names of some grant categories and adding new funding to some with enhanced or new directions attached. They have also requested to move some programs into block categories that will be weighted pupil unit (WPU) driven thus receiving increases based on any increase approved in the value of the WPU and other programs into non-WPU driven blocks with any increases given at the discretion of the Legislature. These proposals will be detailed in the body of this report.

Summary of Appropriations

The total Minimum School Program is illustrated on the following page. A comparison is made with the prior 2002 fiscal year appropriations. The funding representations for FY 2003 are for base budget plus growth only. Allocations for additional funding have not been made at this time. The budget shows a decrease from prior year funding in total. This results from a reduction in one time funding that has been removed. This budget for the Minimum School Program does not include appropriations recommended for agencies governed by the Board of Education. These include the Utah State Office of Education, Utah State Office of Rehabilitation, Applied Technology Centers and Applied Technology Education Service Regions, Utah Schools for the Deaf and the Blind, Fine Arts and Sciences, Educational Contracts, Child Nutrition, and School Building Programs.

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MINIMUM SCHOOL PROGRAM

	FY 2002 Appropriation		FY 2002 Revised		FY 2003 Analyst		Percent	Page
	2001-02 WPU's	Funding @ \$2,116	2001-02 WPU's	Funding @ \$2,116	2002-03 WPU's	Funding @ \$2,116		
1/28/02 10:32 AM								
2 Financing								
3 Local Revenue	0.00177	\$196,908,771	0.001768	\$196,908,771	0.001813	\$206,690,578	5.0%	
4 A. Basic Tax Levy		124,307,548		124,307,548		126,669,788	1.9%	
5 B. Voted Leeway		35,242,041		35,242,041		36,058,649	2.3%	
6 C. Board Leeway								
7 Total Local Contribution (A, B, & C)		356,458,360		356,458,360		369,419,015	3.6%	
8 State Revenue								
9 A. Uniform School Fund		1,607,061,760		1,601,253,260		1,602,453,260	0.07%	8
10 B. Uniform School Fund - One Time		29,785,000		39,393,500			-100%	
11 C. Beginning Non-lapsing Balance				19,555,800		5,055,800		
12 D. Closing Non-lapsing Balance				(5,055,800)		(5,055,800)		
13 E. Lapsing Balance				(14,500,000)				
14 Total Revenue		1,993,305,120		1,997,105,120		1,971,872,275	-1.3%	
15 I. Basic Program								
16 A. Regular Basic School Programs								
17 1. Kindergarten	20,616	43,623,456	20,616	43,623,456	20,097	42,525,252	-2.5%	13
18 2. Grades 1-12	427,244	904,048,304	427,244	904,048,304	429,871	909,607,036	0.6%	13
19 3. Necessarily Existent Small Schools	7,336	15,522,976	7,336	15,522,976	7,386	15,628,776	0.7%	13
20 4. Professional Staff	41,394	87,589,704	41,394	87,589,704	41,187	87,151,692	-0.5%	15
21 5. Administrative Costs	1,655	3,501,980	1,655	3,501,980	1,655	3,501,980		16
22 Total Regular Basic School Programs (1-5)	498,245	1,054,286,420	498,245	1,054,286,420	500,196	1,058,414,736	0.4%	
23 B. Restricted Basic School Programs								
24 1. Special Education-Regular Program								
25 a. Special Education add-on WPU's	53,153	112,471,748	53,153	112,471,748	52,997	112,141,652	-0.3%	16
26 b. Self-Contained Regular WPU's	12,466	26,378,056	12,466	26,378,056	12,542	26,538,872	0.6%	19
27 2. Special Education - Pre-School	6,109	12,926,644	6,109	12,926,644	6,146	13,004,936	0.6%	20
28 3. Extended Year Program for Severely Disabled	237	501,492	237	501,492	238	503,608	0.4%	20
29 4. Special Education-State Programs	1,350	2,856,600	1,350	2,856,600	1,358	2,873,528	0.6%	21
30 Total Special Education (1-4)	73,315	155,134,540	73,315	155,134,540	73,281	155,062,596	0.0%	
31 5. Applied Technology Education - District	23,423	49,563,068	23,423	49,563,068	23,566	49,865,656	0.6%	21
32 6. Applied Tech. Education-District Set Aside	989	2,092,724	989	2,092,724	995	2,105,420	0.6%	22
33 Total Applied Technology Ed. (5 - 6)	24,412	51,655,792	24,412	51,655,792	24,561	51,971,076	0.6%	
34 7. Class Size Reduction	29,577	62,584,932	29,577	62,584,932	29,757	62,965,812	0.6%	23
35 Total Basic School Programs (A - B)	625,549	1,323,661,684	625,549	1,323,661,684	627,795	1,328,414,220	0.4%	
36 C. Related to Basic Programs								
37 1. Professional Development Block Grant		68,821,511		68,821,511		68,821,511	-67.9%	
38 2. Local Discretionary Block Grant Program		49,948,636		49,948,636		49,551,636	-76.9%	
39 3. Social Security & Retirement		214,685,479		214,685,479		215,456,296	0.4%	
40 4. Pupil Transportation		55,745,940		55,745,940		55,745,940		
41 5. Guarantee Transportation Levy		500,000		500,000		500,000		
42 6. Math/Science - Beginning Teacher Recruitment		2,400,000		2,400,000		2,400,000		
43 7. Base Reductions				(9,608,500)		(9,608,500)		
44 Total Related to Basic Programs		392,101,566		382,493,066		382,866,883	0.1%	
45 D. Special Populations								
46 1. Families and Agencies Coming Together		1,250,670		1,250,670		1,250,670		
47 2. Alternative Language Services		3,528,564		3,528,564		3,528,564		
48 3. Highly Impacted Schools		5,123,207		5,123,207		5,123,207		
49 4. At Risk Programs		25,023,588		25,023,588		25,023,588		
50 5. Adult Education		8,368,247		8,368,247		8,368,247		
51 6. Accelerated Learning Programs		9,551,074		9,551,074		9,551,074		
52 Total Special Populations		52,845,350		52,845,350		52,845,350		
53 E. Other								
54 1. Block Grant Hold Harmless		3,897,110		3,897,110		3,897,110		
55 2. Experimental - Developmental Programs		3,102,369		3,102,369		3,102,369		
56 3. Electronic High School		200,000		200,000		200,000		
57 4. School Land Trust Program		5,200,000		9,000,000		10,200,000	13.3%	
58 5. Discretionary Funds for Committee Allocation						1,006,100		
59 Total Other		12,399,479		16,199,479		17,399,479	7.4%	
60 Total Related to Basic, C - E		457,346,395		451,537,895		454,117,812	0.6%	
61 II. Board and Voted Leeway Programs:								
62 A. Voted Leeway Program		141,362,359		141,362,359		146,251,547	3.5%	
63 B. Board Leeway Program		41,149,682		41,149,682		43,088,696	4.7%	
64 Total Board and Voted Leeway Programs		182,512,041		182,512,041		189,340,243	3.7%	
65 Total Minimum School Program - I - II		1,963,520,120		1,957,711,620		1,971,872,275	0.7%	
66 III. One-Time Appropriations								
67 1. Applied Technology-District Equipment		1,375,000		1,375,000				
68 2. Schools for the 21st Century		1,060,000		1,060,000				
69 3. Math/Science - Beginning Teacher Recruitment		7,500,000		7,500,000				
70 4. Educational Technology Initiative		8,250,000		8,250,000				
71 5. Library Media		3,800,000		3,800,000				
72 6. Staff Development		2,800,000		2,800,000				
73 7. Teacher Supplies & Materials		5,000,000		5,000,000				
74 8. Base Restorations FY 2002 Legislature				9,608,500				
75 Total One Time Appropriations		29,785,000		39,393,500				
76 Total Minimum School Program (I - III)		\$1,993,305,120		\$1,997,105,120		\$1,971,872,275	-1.3%	
77 Assessed Value = \$120,181,000,000						Student Growth Factor = (.61%)		

**MINIMUM SCHOOL PROGRAM
Comparative Data**

	Analyst FY 2002 Approp. Difference	Analyst FY 2002 Rev. Difference	Analyst/ Governor Difference	Analyst/ USOE Request Difference	Diff Org. Approp./ to Rev. 02	% Diff Org. Approp./ to Rev. 02	Diff Rev. Approp./ to 2001	% Diff Rev. Approp./ to 2001
1								
2								
3								
4	\$9,781,807	\$9,781,807					\$7,578,945	4.00%
5	2,362,240	2,362,240	\$236,048	\$236,048			13,895,232	12.58%
6	816,608	816,608	27,223	27,223			3,271,517	10.23%
7	12,960,655	12,960,655	263,271	263,271			24,745,694	7.46%
8								
9	(4,608,500)	1,200,000	(33,100,129)	(7,732,024)	(\$5,808,500)	-0.36%	66,158,860	4.31%
10	(29,785,000)	(39,393,500)			9,608,500	32.26%	4,553,500	13.07%
11	5,055,800	(14,500,000)	5,055,800	5,055,800	19,555,800		(4,233,300)	-17.80%
12	(5,055,800)		(5,055,800)	(5,055,800)	(5,055,800)		14,500,000	-74.15%
13		14,500,000			(14,500,000)		5,937,900	-29.05%
14	(21,432,845)	(25,232,845)	(32,836,858)	(7,468,753)	3,800,000	0.19%	111,524,754	5.91%
15								
16								
17	(1,098,204)	(1,098,204)	(582,813)				3,058,124	7.54%
18	5,558,732	5,558,732	(12,466,259)				48,645,772	5.69%
19	105,800	105,800	(214,194)				1,320,496	9.30%
20	(438,012)	(438,012)	(1,194,423)				4,553,340	5.48%
21			(47,995)				182,050	5.48%
22	4,128,316	4,128,316	(14,505,684)				57,759,782	5.80%
23								
24								
25	(330,096)	(330,096)	(1,536,913)				6,761,566	6.40%
26	160,816	160,816	(200,698)				1,706,262	6.92%
27	78,292	78,292	(98,869)				2,820,416	27.91%
28	2,116	2,116	(4,757)				26,070	5.48%
29	16,928	16,928	(22,222)				148,500	5.48%
30	(71,944)	(71,944)	(1,863,459)				11,462,814	7.98%
31	302,588	302,588	(376,679)				10,518,284	26.94%
32	12,696	12,696	(15,985)				108,790	5.48%
33	315,284	315,284	(392,664)				10,627,074	25.90%
34	380,880	380,880	(476,853)				3,253,470	5.48%
35	4,752,536	4,752,536	(17,238,660)				(23,393,394)	-1.74%
36								
37			(703,337)	(419,811)			68,821,511	
38	(397,000)	(397,000)	(731,921)	(701,687)			49,948,636	
39	770,817	770,817	(3,619,470)				(38,640,249)	-15.25%
40			(752,570)	(340,050)			2,509,168	4.71%
41							275,000	122.22%
42							2,400,000	
43	(9,608,500)		(9,608,500)	(9,608,500)	(9,608,500)		(9,608,500)	
44	(9,234,683)	373,817	(15,415,798)	(11,070,048)	(9,608,500)	-2.45%	75,705,566	24.68%
45								
46								
47				(21,524)			200,000	6.01%
48				(31,252)			250,000	5.13%
49			(288,231)	(152,644)			25,023,588	
50			(98,803)	(51,046)			8,368,247	
51			(111,389)	(58,262)			9,551,074	
52			(498,423)	(314,728)			43,392,909	459.07%
53								
54							3,897,110	
55							(2,830,687)	-47.71%
56							200,000	
57	5,000,000	1,200,000	(400,000)	3,200,000	3,800,000	73.08%	4,050,000	81.82%
58	1,006,100	1,006,100	1,006,100	1,006,100				
59	5,000,000	1,200,000	(400,000)	3,200,000	3,800,000	30.65%	(38,331,208)	-70.29%
60	(3,228,583)	2,579,917	(15,308,121)	(7,178,676)	(5,808,500)	-1.27%	80,767,267	21.78%
61								
62	4,889,188	4,889,188	(210,550)	(210,550)			20,119,562	16.59%
63	1,939,014	1,939,014	(79,527)	(79,527)			5,037,819	13.95%
64	6,828,202	6,828,202	(290,077)	(290,077)			25,157,381	15.99%
65	8,352,155	14,160,655	(32,836,858)	(7,468,753)	(5,808,500)	-0.30%	82,531,254	4.40%
66								
67	(1,375,000)	(1,375,000)					1,375,000	
68	(1,060,000)	(1,060,000)					1,060,000	
69	(7,500,000)	(7,500,000)					7,500,000	
70	(8,250,000)	(8,250,000)					8,250,000	
71	(3,800,000)	(3,800,000)					3,800,000	
72	(2,800,000)	(2,800,000)					2,800,000	
73	(5,000,000)	(5,000,000)					600,000	13.64%
74		(9,608,500)			9,608,500		9,608,500	
75	(29,785,000)	(39,393,500)			9,608,500	32.26%	28,993,500	278.78%
76	(\$21,432,845)	(\$25,232,845)	(\$32,836,858)	(\$7,468,753)	\$3,800,000	0.19%	\$111,524,754	5.91%

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43	C. Related to Basic Programs	68,821,511	24,253	68,821,511	69,241,322	0.6%	69,241,322	0.6%	68,821,511	-67.9%
44	1. Professional Development Block Grant	49,948,636	11,549	49,948,636	50,283,557	0.6%	50,283,557	0.6%	49,551,636	-76.9%
45	2. Local Discretionary Block Grant Program	214,685,479		214,685,479	215,456,296	0.4%	215,456,296	0.4%	215,456,296	0.4%
46	3. Social Security & Retirement	55,745,940		55,745,940	56,085,990	0.6%	56,085,990	0.6%	55,745,940	
47	4. Pupil Transportation	500,000		500,000	500,000		500,000		500,000	
48	5. Granteee Transportation Levy	2,400,000		2,400,000	2,400,000		2,400,000		2,400,000	
49	6. Math/Science - Beginning Teacher Recruitment									
50	7. Base Reductions	392,101,566		392,101,566	393,936,931	3.0%	393,936,931	3.0%	392,101,566	-100.0%
51	Total Related to Basic Programs	1,250,670		1,250,670	1,250,670		1,250,670		1,250,670	
52	D. Special Populations	3,528,564		3,528,564	3,528,564		3,528,564		3,528,564	
53	1. Families and Agencies Coming Together	4,873,207		4,873,207	5,123,207	0.6%	5,123,207	0.6%	5,123,207	#REF!
54	2. Alternative Language Services	25,023,588		25,023,588	25,176,232	0.6%	25,176,232	0.6%	25,023,588	
55	3. Highly Impacted Schools	8,368,247		8,368,247	8,419,293	0.6%	8,419,293	0.6%	8,368,247	
56	4. At Risk Programs	9,551,074		9,551,074	9,609,336	0.6%	9,609,336	0.6%	9,551,074	
57	5. Adult Education	52,845,350		52,845,350	53,343,773	0.6%	53,343,773	0.6%	52,845,350	
58	6. Accelerated Learning Programs	3,897,110		3,897,110	3,897,110		3,897,110		3,897,110	
59	Total Special Populations	3,102,369		3,102,369	3,102,369		3,102,369		3,102,369	
60	F. Other	200,000		200,000	200,000		200,000		200,000	
61	1. Block Grant Hold Harmless	5,200,000		5,200,000	7,000,000	-22.2%	7,000,000	-22.2%	10,200,000	13.3%
62	2. Experimental - Developmental Programs	614,911		614,911						
63	3. Electronic High School	8,970,322		8,970,322						
64	4. School Land Trust Program	397,680		397,680						
65	5. Incentives for Excellence	496,949		496,949						
66	6. Comprehensive Guidance	2,235,000		2,235,000						
67	7. Educational Technology Initiative - Maintenance	150,000		150,000						
68	8. Character Education	5,000,000		5,000,000						
69	9. School Nurses	2,000,000		2,000,000						
70	10. Technology/Life Careers/School to Work	1,113,100		1,113,100						
71	11. Truancy Intervention and Prevention	419,246		419,246						
72	12. Reading Initiative	1,172,733		1,172,733						
73	13. Alternative Middle School	1,965,577		1,965,577						
74	14. Local Discretionary Programs	3,500,000		3,500,000						
75	15. Contingency Fund	18,000		18,000						
76	16. Regional Service Centers	8,173,454		8,173,454						
77	17. Staff Development	54,530,687		54,530,687						
78	18. Assessment and Accountability	370,770,628		370,770,628						
79	19. Reading Performance Improvement Awards	121,242,797		121,242,797						
80	20. Other carry forward expenditures	36,111,863		36,111,863						
81	21. Discretionary Funds for Committee Allocation	157,354,660		157,354,660						
82	Total C - F	1,875,180,366		1,875,180,366						
83	Total C - F	1,963,520,120		1,963,520,120						
84	III. Board and Voted Leeway Programs:	1,375,000		1,375,000						
85	A. Voted Leeway Program	1,060,000		1,060,000						
86	B. Board Leeway Program	7,500,000		7,500,000						
87	Total Board and Voted Leeway Programs	8,250,000		8,250,000						
88	Total Minimum School Program - I - II	3,800,000		3,800,000						
89	III. One-Time Appropriations	2,800,000		2,800,000						
90	1. Applied Technology-District Equipment	5,000,000		5,000,000						
91	2. Schools for the 21st Century	4,400,000		4,400,000						
92	3. Math/Science - Beginning Teacher Recruitment	6,000,000		6,000,000						
93	4. Educational Technology Initiative	4,400,000		4,400,000						
94	5. Library Media	6,000,000		6,000,000						
95	6. Staff Development	4,400,000		4,400,000						
96	7. Teacher Supplies & Materials	6,000,000		6,000,000						
97	8. Textbooks and Supplies	10,400,000		10,400,000						
98	8. Base Restorations FY 2002 Legislature	1,885,580,366		1,885,580,366						
101	Total One Time Appropriations	29,785,000		29,785,000						
102	Total Minimum School Program	\$1,993,305,120		\$1,997,105,120			\$1,979,341,028	-0.9%	\$1,979,341,028	0.4%
103	Assessed Value = \$120,181,000,000									
										Student Growth Factor = (61%)

3.0 Minimum School Program

Executive Committee Guidelines

The Analyst's recommendations represented in this report are developed within the guidelines established by the Executive Appropriations Committee of the Legislature. While the Executive Committee identified an appropriation amount for the Public Education budget, the Appropriations subcommittee is directed to allocate within the various agencies and departments of Public Education as they deem most appropriate. The Analyst's recommendations are developed within the same restrictions. **These recommendations, while representing the best advice based on current data and information available, acknowledge that the subcommittee on Public Education, and ultimately, the Legislature has the final authority and responsibility to allocate the resources based on all factors contributed during the Legislative process.**

Recommendation Funding

Distribution basis is the Weighted Pupil Unit

The Minimum School Program provides State support to the public schools in each local school district to enable them to provide education for all children in the State from kindergarten through grade 12. Distribution of State money is made on a formula basis in order to equalize wealth between poorer districts and richer districts. The basis for the distribution of State funds is the Weighted Pupil Unit (WPU). A weighted pupil unit, in general, is one full time student. Specific programs may have other formulas to define a "Weighted Pupil Unit; i.e., one kindergarten student equals .55 of a weighted pupil unit.

Average Student growth is .61 percent

The actual fall enrollment count for FY 2001 is 477,729 compared to the committee estimate a year ago of 476,418 or an underestimate of 1311, a 0.37 percent variance from the prior year enrollments of 475,974. The fall enrollment estimate for 2002 is 480,736, an increase of 3,007 for a growth of 0.63 percent and an average growth overall of .61 percent. Costs resulting from growth for FY 2003 are calculated to be \$5,618,130.

The Analyst recommends a total of \$1.97 Billion

The Analyst's Minimum School Program budget for FY 2003 was prepared with the 2002 appropriated budget as a base and adjustments made for enrollment changes and other adjustments. The Analyst's total recommendation is \$1,971,872,275 with \$1,602,453,260 recommended from the Uniform School Fund and \$369,419,015 in local revenues. This represents a 0.07 percent increase in Uniform School Funds, and a 3.6 percent increase in Local Revenues over the FY 2002 appropriation. The Local Revenue represents 18.73 percent of the total budget.

Each 1 percent increase in the Weighted Pupil Unit value costs approximately \$15.7 to 17.2 million.

Each one percent increase in the value of the Weighted Pupil Unit will cost approximately \$15,700,000 to \$17,200,000 depending on the number weighted pupil units approved by the Legislature and any increases for non WPU driven programs that may become WPU driven.

The Analyst recommends increased program funding of \$1,200,000 for the State Trust Lands Program, and \$5,618,130 for student growth. Funding for the Voted and Board Leeway programs are increased by \$6,828,202. Additional funding of \$1,006,100 is also available for Committee allocation.

One time funding appropriated for FY 2002 is removed from the budget for FY 2003. As a result, \$9,608,500 of base funding is reduced from the beginning base budget for FY 2003 since this amount had previously been replaced in FY 2002 with one time revenue sources.

3.1 Kindergarten

Recommendation

The Analyst recommends 20,097 Weighted Pupil Units, which represent a decrease in kindergarten enrollment of 519 Weighted Pupil Units. The growth rate in kindergarten is lower than overall state growth and represents a decrease as opposed to overall increase.

Purpose

Section 53A-17a-106 of the State System of Public Education reads in part:

Kindergarten WPU's computed by multiplying ADM by 0.55

(2) The number of units is computed by adding the average daily membership of all pupils of the district enrolled in kindergarten and multiplying the total by .55.

3.2 Grades 1 through 12

Recommendation

Enrollment growth based on agreement using varied statistical methods and analysis

The Analyst recommends 429,871 Weighted Pupil Units, which is an increase of 2,627 Weighted Pupil Units over the FY 2002 appropriated number of 427,244. The process of projecting student growth is based on actual and projected birth statistics, the multiple year survival cohort statistical analysis method, and the preceding year's average survival rates of children enrolling in the next grade level. In addition, migration factors were incorporated into the formulas and computation process. The State Office of Education, the Analyst's Office and the Governor's Office do independent growth projections and then attempt to come to a consensus prior to budget presentations before the Legislature. The Analyst, the State Board of Education, and the Governor have utilized the same estimates for FY 2003.

Grades one through twelve generate 86 percent of the regular basic school programs.

3.3 Necessarily Existent Small Schools

Summary

The Analyst recommends 7,386 Weighted Pupil Units for Necessarily Existent Small Schools. This includes an increase of 50 weighted pupil units for an additional \$127,514 to accommodate growth.

For every child in the school system, the minimum school program provides a certain amount of funding.

Extra funding provided for small schools where WPU funding formula would be inadequate

In smaller schools there may not be enough children in one class to provide funds for even one teacher. For example, in a second-grade class of 25, the school might receive \$52,900 (based on a WPU value equal to \$2,116). However, in a smaller community where there are fewer students and smaller schools, there might only be eight students of second-grade age. The school would receive only \$16,928 - not enough for a teacher for the class or other expenditures associated with teaching those students. The Necessarily Existent Small Schools program provides extra funds for those schools.

Qualifying requirements differ according to grade level

The requirements for Necessarily Existent Small Schools classification are outlined in 53A-17a-109 of the Utah Code as follows:

- (1) Upon application by each school district, the State Board of Education shall, in consultation with local school boards, classify particular schools in each district as necessarily existent small schools.
 - (a) Applications must be submitted to the state board before April 2, and the board must report a decision to each school district before June 2.
 - (b) The state board shall adopt standards and make rules to:
 - (i) govern the approval of these schools consistent with principles of efficiency and economy and which shall serve the purpose of eliminating schools where consolidation is feasible by participation in special school units; and
 - (ii) ensure that districts are not building secondary schools in close proximity to one another where economy and efficiency would be better served by one school meeting the needs of secondary students in a designated geographical area.
 - (c) A one or two-year secondary school that has received necessarily existent small school money under this section prior to July 1, 2000, may continue to receive such money in subsequent years under state board rule.
- (2) The state board shall:
 - (a) prepare and publish objective standards and guidelines for determining which small schools are necessarily existent after consultation with local school boards; and
 - (b) conduct comprehensive school surveys of the school districts in which small schools are operated for the purpose of improving school programs, bringing about greater economy and efficiency, and reporting to the Legislature changes needed in the law pertaining to small schools.
- (3) The additional units for schools classified as necessarily existent small schools are computed using regression formulas adopted by the state board.
 - (a) The regression formulas establish the following maximum sizes for funding under the necessarily existent small school program:

(i) Elementary	160
(ii) One or two-year secondary	300
(iii) Three-year secondary	450

- (iv) Four-year secondary school 500
- (v) Six-year secondary school 600
- (b) Schools with fewer than ten students shall receive the same add-on weighted pupil units as schools with ten students.
- (c) The state board shall prepare and distribute an allocation table based on the regression formula to each school district.
- (4) (a) To avoid penalizing a district financially for consolidating its small schools, additional units may be allowed a district each year, not to exceed two years.
- (b) The units may not exceed the difference between what the district receives for a consolidated school and what it would have received for the small schools had they not been consolidated.
- (c) A district may use the monies allocated under this subsection for maintenance and operation of school programs or for other school purposes as approved by the state board.

Amended by Chapter 137, 2000 General Session

3.4 Professional Staff

Recommendation

The Analyst recommends 41,187 Weighted Pupil Units for the base budget. This represents a decrease of 207 weighted pupil units from the prior year due to changes in teacher eligibility.

Purpose

Professional Staff costs are determined according to the Professional Staff Cost Formula detailed in the Utah Code in Section 53A-17a-107as follows:

(1) Professional staff weighted pupil units are computed and distributed in accordance with the following schedule:

(a) Professional Staff Cost Formula

Years of Experience	Bachelor's Degree	Bachelor's +30 Qt. Hr.	Master's Degree	Master's Degree	
				+45 Qt. Hr.	Doctorate
1	1.00	1.05	1.10	1.15	1.20
2	1.05	1.10	1.15	1.20	1.25
3	1.10	1.15	1.20	1.25	1.30
4	1.15	1.20	1.25	1.30	1.35
5	1.20	1.25	1.30	1.35	1.40
6	1.25	1.30	1.35	1.40	1.45
7	1.30	1.35	1.40	1.45	1.50
8	1.35	1.40	1.45	1.50	1.55
9			1.50	1.55	1.60
10				1.60	1.65
11					1.70

(b) Multiply the number of full-time or equivalent professional personnel

in each applicable experience category in (a) by the applicable weighting factor.

(c) Divide the total of (b) by the number of professional personnel included in (b) and reduce the quotient by 1.00.

(d) Multiply the result of (c) by 1/4 of the weighted pupil units computed in accordance with Sections 53A-17a-106 and 53A-17a-109.

(2) The State Board of Education shall enact rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, which require a certain percentage of a district's professional staff to be certified in the area in which they teach in order for the district to receive full funding under the schedule.

(3) If an individual's teaching experience is a factor in negotiating a contract of employment to teach in the state's public schools, then the local school board is encouraged to accept as credited experience all of the years the individual has taught in the state's public schools.

Amended by Chapter 268, 1994 General Session

3.5 Administrative Costs

Recommendation The Analyst recommends 1,655 Weighted Pupil Units for Administrative Costs. This is the number as currently provided by statute.

Purpose The following section of the School Finance Act (53A-17a-108) governs this appropriation:

Utah's statute requires a plan to keep administrative costs low

“The State Board of Education shall develop a statewide plan to increase the proportion of funds allocated to instruction and decrease the proportion of funds allocated to general district administration and business administration.”

Administrative costs in Utah Schools represent between 8 and 9 percent of the total Maintenance and Operation costs.

Distribution of Administrative Cost funds reward smaller districts

Administrative costs weighted pupil units are computed and distributed to districts in accordance with the following schedule:

1 - 2,000 students	53 WPU's
2,001 - 10,000 students	48 WPU's
10,001 - 20,000 students	25 WPU's
20,001 and above	16 WPU's

3.6 Special Education Add-On Weighted Pupil Units

Recommendation The Analyst recommends 52,997 WPU's for the add-on Special Education Program. This is a decline of 156 wpu's from the FY 2002 appropriation.

Purpose

More than 48,000 Students in the State of Utah, ages 5 through 21, are identified as being eligible for special education. These students must receive a free, appropriate education consistent with state and federal mandates.

*Funds are allocated
on the basis of
Services delivered*

Services needed are determined based on individual needs by a team comprised of parents, teachers, support personnel, and administrators. These services can range from a 15-minute per-week session to one-on-one instruction for six hours each day. Related services, such as physical therapy and occupational therapy, must be delivered if these services are needed for the student to benefit from special education. It generally costs 1.5 to 6.2 times as much to educate a disabled student as to educate a non-disabled student. Costs can go higher for prescriptive speech therapy, physical and occupational therapy, psychological and behavioral management, and adaptive physical education for the more severely disabled

*State and Federal
mandates govern
Special Education
programs*

State and federal statute mandate special education. The State Board of Education is required to provide proper education and training for all students with disabilities in this State. The Individuals with Disabilities Education Act (IDEA), Part B, requires that a free and appropriate public education be provided all eligible students with disabilities and provides federal financial assistance to carry out the mandate. Utah's Special Education Legislation, passed in 1953 and amended in 1959, predated the federal law (IDEA) which was signed in 1975.

*Funds are allocated
using base year and
adding growth*

The allocation of special education dollars to the individual districts is accomplished by using the prior years base WPU's for each district and increasing by growth only. The increase is multiplied by 1.53 weighted pupil units for each new student and added to the foundation allocation to determine each district's total allocation.

The Utah Code section governing the special education add-on funding is as follows:

(1) There is appropriated to the State Board of Education \$155,134,540 (73,315 weighted pupil units) for allocation to local school board programs for students with disabilities.

(2) Included in the appropriation is \$112,471,748 for add-on WPU's for students with disabilities enrolled in regular programs.

(3) The number of weighted pupil units for students with disabilities shall reflect the direct cost of programs for those students conducted in accordance with definitions, guidelines, rules, and standards established by the State Board of Education in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

(4) Disability program monies allocated to districts are restricted and shall be spent for the education of students with disabilities but may include expenditures for approved programs of services conducted for certified instructional personnel who have students with disabilities in their classes.

(5) The State Board of Education shall establish and strictly interpret definitions and provide standards for determining which students have disabilities and shall assist districts in determining the services that should be provided to students with disabilities.

(6) Each year the board shall evaluate the standards and guidelines that establish the identifying criteria for disability classifications to assure strict compliance with those standards by the districts.

(7) Each district shall receive its allocation of monies appropriated in Subsection 53A-17a-111(2) for add-on WPUs for students with disabilities enrolled in regular programs as provided in this subsection.

(a) The State Board of Education shall use the total number of special education add-on weighted pupil units used to fund fiscal year 1989-90 as a foundation for the special education add-on appropriation.

(b) A district's special education add-on WPUs for the current year may not be less than the foundation special education add-on WPUs.

(8) When monies appropriated under this chapter fund the foundation weighted pupil units, as outlined in Subsection (7)(a), growth WPUs shall be added to the prior year special education add-on WPUs, and growth WPUs shall be determined as follows:

(a) The special education student growth factor is calculated by comparing S-3 total special education ADM of two years previous to the current year to the S-3 total special education ADM three years previous to the current year, not to exceed the official October total district growth factor from the prior year.

(b) When calculating and applying the growth factor, a district's S-3 total special education ADM for a given year is limited to 12.18% of the district's S-3 total student ADM for the same year.

(c) Growth ADMs are calculated by applying the growth factor in Subsection (8)(a) to the S-3 total special education ADM of two years previous to the current year.

(d) Growth ADMs for each district in Subsection (8)(c) are multiplied by 1.53 weighted pupil units and added to the prior year special education add-on WPU to determine each district's total allocation.

(9) If monies appropriated under this chapter for programs for students with disabilities do not meet the costs of districts for those programs, each district shall first receive the amount generated for each student with a disability under the basic program.

3.7 Special Education Self-Contained Program

Recommendation The Analyst recommends 12,542 WPU's for the Self-Contained Special Education Program. This is an increase of 76 WPUs from the FY 2002 appropriated level of 12,466 WPU level to provide for new growth.

Purpose The Self-Contained WPU's are the standard full WPU for every student (average daily membership) that qualifies as a Self-Contained Special Education student. The Add-On is the additional service needed to fund programs for them and for other children who do not qualify as a self-contained special education student. Costs are formula driven as they represent charges for actual services provided.

3.8 Special Education - Preschool

Recommendation The Analyst recommends 6,146 Weighted Pupil Units for the Preschool program. This is an increase of 37 WPUs for growth over the appropriated WPU level of 6109 for FY 2002.

Funding Formula A weighting factor of 1.47 of the value of the weighted pupil unit is utilized for computing the funding requirements for Preschool Special Education children. This is based on actual per child costs for service and takes into account all federal and state revenue sources and expenditures. Growth is defined as the actual increase in the number of children, age three through preschool aged five, reported between December 1st child counts. This excludes children served by the Utah Schools for the Deaf and the Blind. A statewide cap of 8 percent is to be used in the formula for budget requests and fund distribution. If this growth is not realized, the budget request will be reduced to equate to the actual growth realized.

The formula is:

"A factor of 1.47 times the current December 1st child count of eligible preschool aged 3,4 and 5 year olds times the WPU value"; (with a limit of 8 percent growth over the prior year December 1st count)

Purpose The Preschool Special Education Program was implemented to help meet the educational needs of children with disabilities who are three to five years of age. Public Law 99-457 requires that children with disabilities three to five years be given an appropriate free public education. A Federal mandate required the state to have this program in full operation by 1992. FY 2003 will be the twelfth year the state of Utah has had this program in operation.

Public Law 99-457 requires education for disabled children ages three to five

3.9 Extended Year Program for Severe Disabled

Purpose The Fiscal Analyst recommends a total of 238 WPU's for the Extended Year Program. This is an increase of one WPU for growth. Extended School Year Program for severely disabled is limited to students with disabilities who, because of the severity of their disability will not be able to maintain skills gained in the regular school year unless they receive education during the summer months. For these students a maintenance program will be provided to ensure that these students maintain the skills gained in the regular school year. Without this program many of these students would spend much of the next year regaining the skills they had learned in the previous school year.

Program allows continued education during summer

3.10 Special Education - State Programs

Recommendation
1,350 WPUs

The Fiscal Analyst recommends 1,358 WPU's for Special Education - State Programs. This is an increase of eight WPUs over the FY 2002 appropriated level of 1,350.

This allocation provides funding for special education programs in state institutions as well as for district impact aid. Impact aid is provided to districts for new students and for students with disabilities whose services cost significantly more to the district.

3.11 Applied Technology Education – ATE District

The Analyst recommends 23,566 WPU's for ATE District funding for FY 2003. This is an increase of 143 WPUs for growth. The governing statutes for this appropriation are included as they show specifications for funding distributions for various aspects of ATE programs.

53A-17a-113 (Effective 07/01/01). Weighted pupil units for applied technology education programs -- Funding of approved programs -- Performance measures – Qualifying criteria.

(1) There is appropriated to the State Board [~~for Applied Technology~~] *of* Education, hereafter referred to in this section as the board, \$49,563,068 (23,423 weighted pupil units) to pay the added instructional costs of approved applied technology education programs.

(a) Included in the appropriation is \$890,836 (421 weighted pupil units) for summer applied technology agriculture programs.

(b) These monies are allocated to eligible recipients as provided in Subsections (2), (3), and (4).

(c) Money appropriated under Subsection 53A-17a-113 (1) and any money appropriated for work-based education may not be used to fund programs below the ninth grade level.

(2) Weighted pupil units are computed for pupils in approved programs.

(a) The board shall fund approved programs based upon hours of membership of 9th through 12th grade students.

(b) The board shall use an amount not to exceed 20% of the total appropriation under this section to fund approved programs based on performance measures such as placement and competency attainment defined in standards set by the board for districts to qualify for applied technology funding.

(c) Leadership organization funds shall constitute an amount not to exceed 1% of the total appropriation under this section, and shall be distributed to each local educational agency sponsoring applied technology student leadership organizations in a ratio representing the agency's share of the state's total membership in those organizations.

(d) The board shall make the necessary calculations for distribution of the appropriation to school districts and may revise and recommend changes necessary for achieving equity and ease of administration.

(3) (a) Twenty weighted pupil units shall be computed for each district, or 25 weighted pupil units may be computed for each district that consolidates applied technology administrative services with one or more other districts.

(b) Between 10 and 25 weighted pupil units shall be computed for each high school conducting approved applied technology education programs in a district according to standards established by the board.

(c) Forty weighted pupil units shall be computed for each district that operates an approved district applied technology center.

(d) Between five and seven weighted pupil units shall be computed for each summer applied technology agriculture program according to standards established by the board.

(e) The board shall, by rule, establish qualifying criteria for districts to receive weighted pupil units under Subsection (3).

(4) (a) All monies allocated under Subsection (1) are computed by using average daily membership in approved programs for the previous year.

(b) A district that has experienced student growth in grades 9 through 12 for the previous year shall have the growth factor applied to the previous year's weighted pupil units when calculating the allocation of monies under this subsection.

(5) (a) The board shall establish rules for the upgrading of high school applied technology education programs.

(b) The rules shall reflect technical training and actual marketable job skills in society.

(c) The rules shall include procedures to assist school districts to convert existing programs which are not preparing students for the job market into programs that will accomplish that purpose.

(6) Programs that do not meet board standards may not be funded under this section.

3.12 Minimum School Program – ATE Set Aside

The Analyst recommends 995 WPU's for ATE Set Aside funding for FY 2003. This is an increase of 6 WPU's. Set Aside funds are used to provide funding for innovative or new programs and/or equipment.

The statutes for this program are included as follows:

Section 7. Section **53A-17a-116 (Effective 07/01/01)** is amended to read: **53A-17a-116 (Effective 07/01/01). Weighted pupil units for applied technology set-aside programs.**

(1) There is appropriated to the State Board [~~for Applied Technology~~] of Education \$2,092,724 (989 weighted pupil units) for an applied technology set-aside program.

- (2) Applied technology set-aside funds appropriated to the board are allocated by Request for Proposal (RFP) to provide a district minimum payment for applied technology education.
- (3) Each district shall receive a guaranteed minimum allocation.
- (4) The set-aside funds remaining after the initial minimum payment allocation are distributed by an RFP process to help pay for equipment costs necessary to initiate new programs and for high priority programs as determined by labor market information.

3.13 Class Size Reduction

Recommendation The Analyst recommends 29,757 weighted pupil units for class size reduction. This is an increase of 295 WPU's over the appropriation of 29,577 for FY 2002. Class size information and a historical perspective of funding results can be reviewed in the Education Data Book.

Purpose The statutes for Class size are found in the Utah code as follows:

53A-17a-124.5. Appropriation for class size reduction.

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2001, \$62,584,932 (29,577 weighted pupil units) to reduce the average class size in kindergarten through the eighth grade in the state's public schools.

(2) Each district shall receive its allocation based upon prior year average daily membership in kindergarten through grade eight plus growth as determined under Subsection **53A-17a-106(3)** as compared to the state total.

(3) (a) A district may use its allocation to reduce class size in any one or all of the grades referred to under this section, except as otherwise provided in Subsection (3)(b).

(b) (i) Each district shall use 50% of its allocation to reduce class size in any one or all of grades kindergarten through grade two, with an emphasis on improving student reading skills.

(ii) If a district's average class size is below 18 in grades kindergarten through two, it may petition the state board for, and the state board may grant, a waiver to use its allocation under Subsection (3)(b)(i) for class size reduction in the other grades.

(4) Schools may use nontraditional innovative and creative methods to reduce class sizes with this appropriation and may use part of their allocation to focus on class size reduction for specific groups, such as at risk students, or for specific blocks of time during the school day.

(5) (a) A school district may use up to 20% of its allocation under Subsection (1) for capital facilities projects if such projects would help to reduce class size.

(b) If a school district's student population increases by 5% or 700 students from the previous school year, the school district may use up to 50% of any allocation it receives under this section for classroom construction.

(6) This appropriation is to supplement any other appropriation made for class size reduction.

(7) (a) The State Board of Education shall compile information on class size, both in average student-teacher ratios and in actual number of students enrolled in each classroom by grade level for elementary grades and by subject matter for secondary grades.

(b) The State Board of Education shall establish uniform class size reporting rules among districts.

(c) Provisions may be made for explaining special circumstances where class size exceeds or is below normal distributions.

(8) (a) Each school district shall provide annually to the state superintendent of public instruction a summary report on the overall district plan for utilizing class size reduction funds provided by the Legislature.

(b) If the district has received new additional class size reduction funds during the previous year, the district shall report data identifying how:

(i) the use of the funds complies with legislative intent; and

(ii) the use of the funds supplements the district's class size reduction plan.

(9) The Legislature shall provide for an annual adjustment in the appropriation authorized under this section in proportion to the increase in the number of students in the state in kindergarten through grade eight.

Amended by Chapter 335, 2001 General Session

Purpose

The amount of base funding for class size reduction has now reached \$78.4 million dollars.