

Compendium of Budget Information for the 2014 General Session

Public Education Appropriations Subcommittee

Agency: Minimum School Program

Function

The Minimum School Program (MSP) is the largest budget program annually appropriated by the Legislature and supports the operation of all public schools in Utah. The MSP provides the primary revenue source for Utah's school districts and charter schools, collectively known as Local Education Agencies (LEA). Utah's LEAs currently enroll more than 612,000 students. Program revenues support educational activities in all grades including pre-kindergarten through the 12th grade. In most instances, state revenue distributed through the MSP to the public schools is conducted on a formula basis.

Three major programs collectively comprise the MSP; the Basic School Program, the Related to Basic School Program, and the Voted & Board Local Levy programs. In addition to these programs, the MSP accounts for other one-time appropriations made by the Legislature for distribution to school districts and charter schools.

Funding appropriated by the Legislature for education programs included in the MSP is directly distributed to school districts or charter schools. The Utah State Board of Education receives the appropriation and transfers funding to the appropriate education entity using distribution formulas established in statute. Statewide education programs that are not directly distributed to school districts or charter schools (i.e. Request for Proposal Programs, Grants, etc.) are appropriated to the State Board of Education through one of the nine line-items for the Utah State Office of Education.

Funding received through the MSP, combined with local property tax revenues and federal funds, assists districts and charters in meeting the expenses of operating the public schools. These expenditures include employee salaries and benefits, class size, school construction and renovation, curriculum, textbooks and supplies, along with a myriad of other educationally related expenses. The local boards each year will determine the level of funding available for each program offered in the district or charter school, as well as, the level of employee compensation increases. Compensation issues are determined through local contract negotiations regardless of Legislative funding decisions or increases provided to the overall value of the MSP.

Revenue Distribution -- the MSP is designed to distribute state revenue to school districts and charter schools. "To a degree, the Minimum School Program acts as a series of large block grants provided by the state to support local level educational services" (LFA, Minimum School Program Compensation, July 2005). Local boards of education, as well as charter school governing boards, have the discretion and responsibility for allocating funding based on the unique circumstances of the district or charter school. Revenue distributed through the program "is not a plan of expenditure or 'budget' for the LEA [i.e. school district or charter school] to follow" (LFA, Minimum School Program Compensation, July 2005).

Public Education Budget Amendments -- are unique pieces of legislation in comparison with other budgetary acts (bills) passed by the Legislature each year. Passage of the Public Education Appropriations bill often amends or revises codified statute. This allows the Legislature to change statutes governing public education in conjunction with appropriation decisions. It also brings relevant laws into review each legislative session. Included in this bill are other provisions that outline the intent of the Legislature and appropriation of one time funding for certain programs.

MSP Data Consensus - two major data sets significantly impact the overall cost of the MSP. The first is the projected number of students that will enroll in schools across the state. The second is the value of assessed property used to estimate local property tax revenues generated through the Basic Rate to support the MSP.

Each year the Office of the Legislative Fiscal Analyst meets with representatives from the Governor's Office of Management and Budget and the State Board of Education to establish consensus estimates for student enrollments and assessed valuations. This 'Common Data Committee' also includes representatives from the Utah State Tax Commission (when reviewing assessed valuations), the Utah Education Association, and other interested individuals and organizations. Consensus estimates generated through the committee process ensures that each entity uses the same base data throughout the budgeting process.

Enrollment Projections -- the method utilized to project student enrollment has historically provided a relatively accurate basis for determining MSP appropriations. Representatives from the Legislative Fiscal Analyst's Office, the Governor's Office of Management and Budget, and the State Office of Education develop independent enrollment projections each year. The offices use methodologies which include historical trends, district reporting, birth statistics, mortality rates, and any number of other factors to try to estimate student enrollment numbers. Upon the completion of these independent estimates, the offices meet together as the Common Data Committee to reach agreement on a common projection of student enrollment for the coming school year.

Student Enrollments -- a total of 612,551 students enrolled in Utah's public schools for the 2013-14 school year. This was an increase of 2.1 percent over the prior school year, for a total student increase of 13,225 students. Projections indicate that the public schools will enroll approximately 13,254 more students in fall 2013, an increase of 2.2 percent over fall 2012.

Statutory Authority

The Minimum School Program is governed by Title 53A, Chapter 17a of the Utah Code.

- UCA 53A-17a-101 et. seq.-- Sections 101 through 163 provide detail on the Minimum School Program and its various subprograms. Section 102 states that "the purpose of this chapter is to provide a minimum school program for the state in accordance with the constitutional mandate" (UCA 53A-17a-102).

Funding Detail

The budget for the Minimum School Program is divided into three sections, namely, MSP-Basic School Program, MSP-Related to Basic School Program, and MSP-Voted & Board Leeways. Please refer to these sections for more detail on the budget. The table below consists of total MSP nonlapsing balances prior to FY 2012. Beginning in FY 2012, nonlapsing balances are accounted for in each of the MSP categorical program budgets.

In FY 2013, the Legislature transferred a total of \$75,500,000 from Minimum School Program nonlapsing balances to the Education Fund. Line Item totals include: Basic School Program - \$33,643,800; Related to Basic School Program - \$4,337,900; and, the Voted & Board Local Levy Programs - \$37,518,300.

During the 2013 General Session, the Legislature passed House Bill 49 which directs the State Board of Education to "use a voted and board local levy funding balance in the prior fiscal year to increase the value of the state guarantee per weighted pupil unit in the current fiscal year." At the close of FY 2013, the Voted & Board Local Levy programs had a combined balance of \$22,627,700. This amount will be distributed to participating school districts during FY 2014 and is reflected in the budget detail table below.

Table 1: Operating and Capital Budget Including Expendable Funds and Accounts

Sources of Finance	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Beginning Nonlapsing	\$0	\$0	\$0	\$0	\$0	\$0
Closing Nonlapsing	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Line Items	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Minimum School Program	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

Categories of Expenditure	2013 Actual	2014 Approp	2014 Change	2014 Revised	2015 Change	2015 Approp
Other Charges/Pass Thru	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

COBI contains unaudited data as presented to the Legislature by state agencies at the time of publication. For audited financial data see the State of Utah's Comprehensive Annual Financial Reports.