

# Minimum School Program

UNDERSTANDING UTAH'S PUBLIC EDUCATION FUNDING SYSTEM



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## Minimum School Program - Origins

*"The Utah school formula has had an excellent local and nationwide reputation. The State has long been in a leadership role in providing equality of educational opportunity, but that leadership is threatened unless revisions and improvements are made."*

*Utah School Finance Study  
1972*

- Current Program Created in Early 1970s
  - Utah's Response to a Growing Equity Movement
  - Current Foundational Elements Recommended in the "Utah School Finance Study"
- Program First Funded in 1974
- Reviewed in 1990
  - "A Study of the Utah Public School Finance System"
  - Found that "Utah's school finance system provides a high degree of equity"



## Legal Authority

*Utah Constitution*

*Article X - Education*

- Legislature – Establish & Maintain
- State Board – General Control & Supervision
- Elementary & Secondary Schools Shall be Free
- Income Tax – Restricted to Public & Higher Education
- Establishes the Permanent State School Fund & Uniform School Fund



## Legal Authority

*Utah Code*

*Title 53A – State System of Public Education*

*Chapter 17a – Minimum School Program Act*

- Equity
  - All children are entitled to reasonably equal educational opportunities regardless of residence or economic situation of their school district
- State & Local Participation
  - Establishment is primarily a state function and school districts should be required to pay a portion of the cost of a minimum program
- Local Control & Determination
  - School districts empowered to provide educational facilities and opportunities beyond the minimum program
  - Latitude of action is permitted and encouraged



## Minimum School Program

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- Equalizes State & Some Local Property Tax Revenues
- Divided into Three Parts:
  - Basic School Program
  - Related to Basic School Program
  - Voted & Board Local Levy Programs
- Programs Distribute State Funding to LEAs
- Programs Designed to Meet Several Functional Principles:
  - Maintain System Equity
  - Consider Different LEA Cost Structures
  - Address Individual Student Characteristics/Requirements
  - Meet Statewide Educational Goals
  - Support Local Control



## Basic School Program - “Above-the-Line”

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- Utah’s Foundation Funding Formula
- Provides for the Delivery of a Basic Education
- Program Funding Levels Determined by Weighted Pupil Units (WPU) & WPU Value
- WPU Value Set Annually by Legislature
- Primary Funding Equalization Program



## The Weighted Pupil Unit (WPU)

*The common factor used to determine the "cost" of basic education programs on a uniform basis and to distribute state revenues to local education agencies*

- Statute Defines WPUs for Each Program
  - Basic Formula: 1 WPU = 1 Student in Average Daily Membership (ADM)
  - WPU Weightings Vary
    - Kindergarten Student = .55
    - Regular Education = 1.0
    - Special Education Student = 1.53
    - Different Weightings for Charter School Students
  - Primary & Add-on Student Counts
  - Additional WPUs Allocated to Meet Other Needs
- FY 2016
  - WPUs = 827,922
  - Value = \$3,092 or \$2,837 for the (Add-on Programs)



## Student Membership

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

53A-17a-106

- Based on Days Enrolled
  - 990 Hours/180 Days (Grades 2-12)
  - 810 Hours/180 Days (1<sup>st</sup> Grade)
  - 450 Hours/180 Days (Kindergarten)
- Average Daily Membership

**Calculating Average Daily Membership**

	<b>Enrollment</b>	<b>Membership</b>
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>

Source: School Finance, Utah State Board of Education.



# ADM to WPU's

*An LEA may not count a student as an eligible student if the student has unexcused absences during all of the prior ten consecutive school days.*

*Rule – R277-419-5*

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

Calculating Average Daily Membership

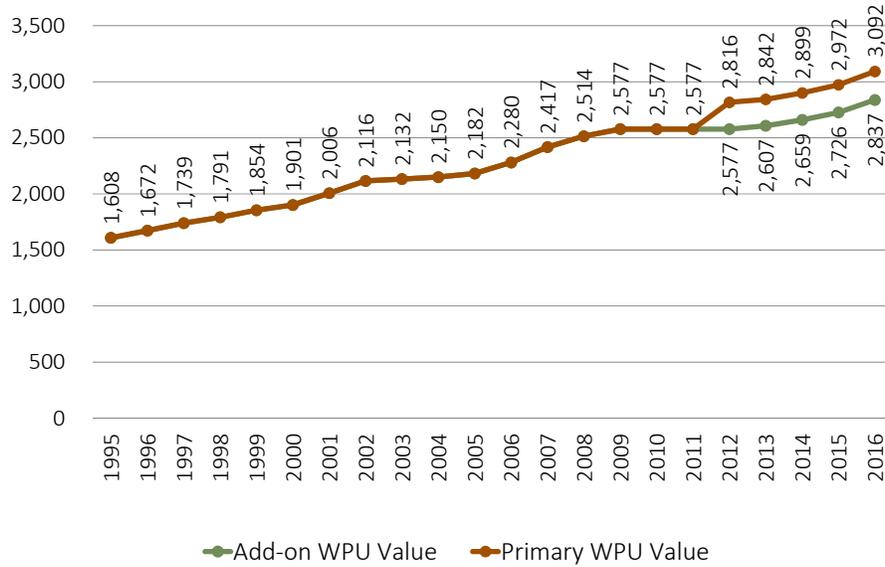
	Enrolled	Consecutive Days of Unexcused Absence	Final Membership Days	WPU's (Membership/180)
Student 1	180 Days	11	179	0.994
Student 2	135 Days	0	135	0.75
Student 3	90 Days	10	90	0.5
Student 4	180 Days	40	150	0.833
Student 5	90 Days	5	90	0.9
<b>Total</b>	<b>675 Days</b>		<b>644</b>	<b>3.977 WPU's</b>

Source: School Finance, Utah State Board of Education.

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



WPU Value History  
FY 1995 to FY 2016



# Funding Equalization

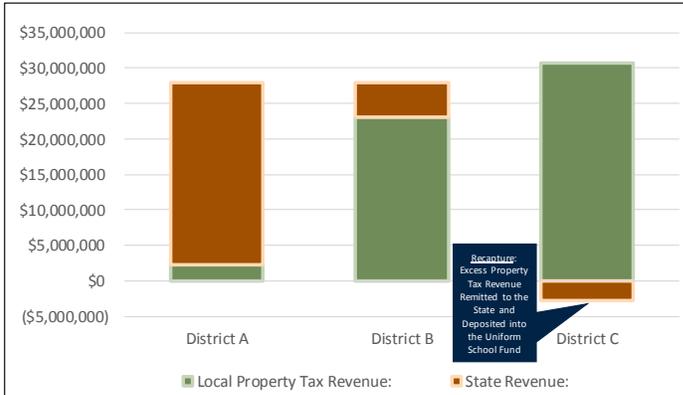
## The Basic Levy

*“In order to qualify for receipt of the state contribution to the basic program and as its contribution toward the cost of the basic program, each school district shall impose a minimum basic tax rate”*

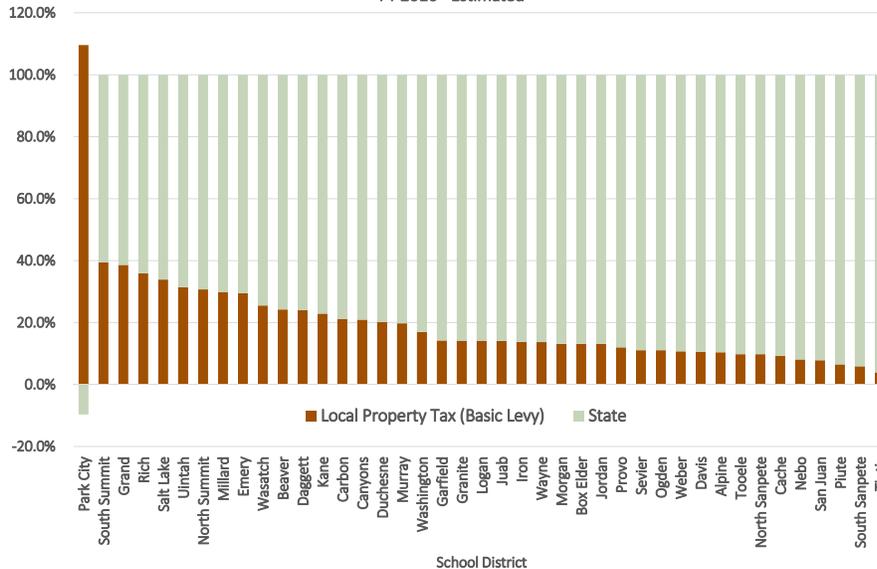
53A-17a-135

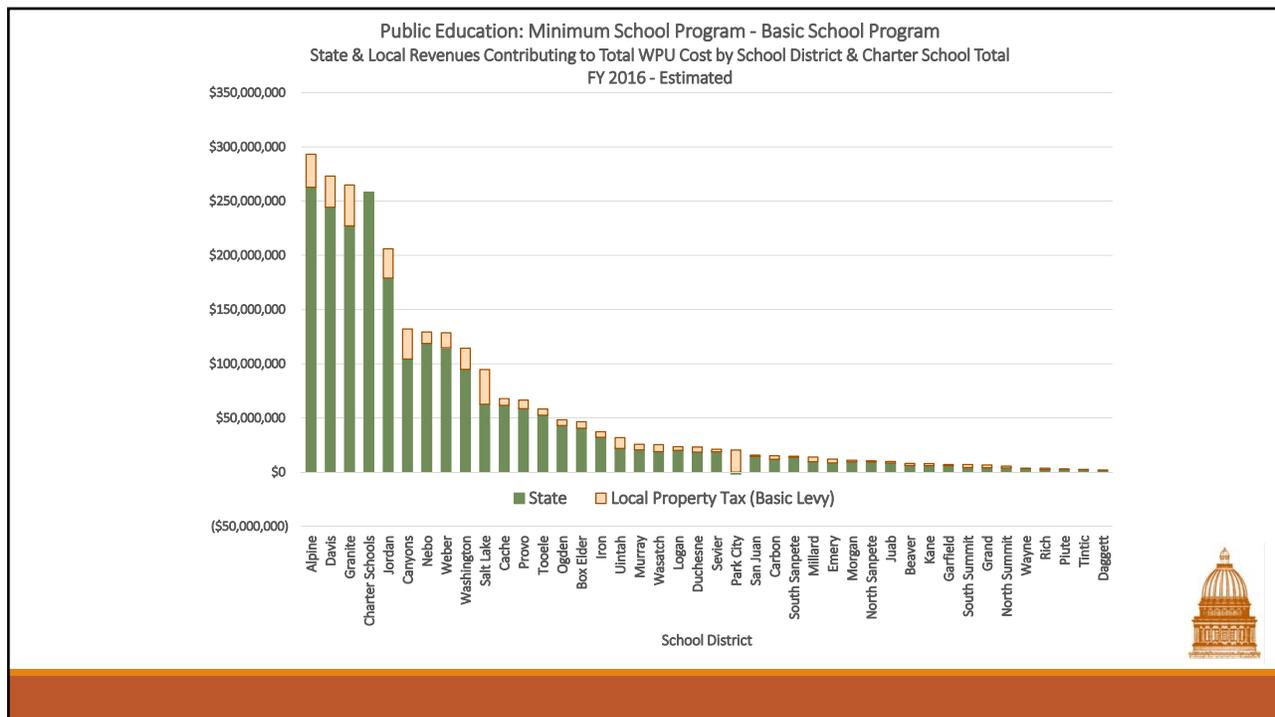
**Minimum School Program: Basic School Program Equalization**  
Basic Levy Revenue Equalization Example Using the Weighted Pupil Unit (WPU)

Cost	District A	District B	District C
WPU Value:	\$2,792	\$2,792	\$2,792
Number of WPUs:	10,000	10,000	10,000
Basic School Program (WPU) Cost:	\$27,920,000	\$27,920,000	\$27,920,000
<b>Revenues</b>			
Taxable Value of Property in District:	\$1,500,000,000	\$15,000,000,000	\$20,000,000,000
Basic Rate (Set by State):	0.001535	0.001535	0.001535
<b>Local Property Tax Revenue:</b>	<b>\$2,302,500</b>	<b>\$23,025,000</b>	<b>\$30,700,000</b>
<b>State Revenue:</b>	<b>\$25,617,500</b>	<b>\$4,895,000</b>	<b>(\$2,780,000)</b>



**Public Education: Minimum School Program - Basic School Program**  
Percent of State and Local Revenues Contributing to Total WPU Cost by School District  
FY 2016 - Estimated





## WPU Formula Stabilizers

*Statute includes several mechanisms that stabilize state funding distribution to LEAs, create a predictable funding system, and allow flexibility to mitigate funding changes*

- Prior Year + Growth
  - Current Year K-12 WPU's Based on Prior Year Actual ADM (53A-17a-106)
  - Growth Factor – October to October
  - Declining Enrollment Hold-Harmless
- Authority to Adjust Allocations
  - State Board Authority to Adjust for Estimating Errors (53A-17a-105.5)
- Education Fund Deficit
  - State & Local Board Flexibility to Adjust to Revenue Reductions (53A-17a-146)
- Special Education
  - Additional Variables to Stabilize Funding



## Budget Issues

*Basic School Program*

*FY 2016 & FY 2017 Issues  
for Consideration by the  
Legislature*

- Categorical Programs & Sub-Programs
  - Brief “Categorical Program Oversight”
  - Separate Sub-Programs in Grades 1-12 & Special Education State Programs
- Single WPU Value
  - Brief “WPU & Basic Levy”
  - Cost = \$26.8 Million
- Comprehensive Guidance Program
  - Statutory Requirement to Use \$1.0 M on Matching Grants to LEAs
  - Identified in State Auditor Report on Minimum School Program (Rpt. Nr. 14-39)
    - See “MSP Audit Report – State Auditor
  - Grants Not Currently Awarded
  - Clarify Statute or Repeal



## Related to Basic School Program – “Below-the-Line”

- Compliment or Enhance the Basic School Program
- Target Funding to Particular Educational Need, Student or Teacher Sub-group, Legislative Priority
- Funding Levels Not Determined by WPUs but Legislative Appropriation
- Funding Often Restricted to Certain Use
- Qualification & Distribution Formulas Determined in Statute or State Board of Education Rule
- See “MSP Distribution Formula Summary”



## Distribution Formulas

Related to Basic School Program: Categorical Programs by Formula Type	
Base +	Simple Per-Student/WPU
Enhancement for At-Risk Students	Flexible Allocation
Adult Education	Charter School Local Replacement
School LAND Trust Program	Charter School Administrative Costs
K-3 Reading Improvement	
Library Books & Electronic Resources	
Qualification	Grants
To & From School Pupil Transportation	Teacher Salary Supplement
Guarantee Transportation Levy	Matching Fund for School Nurses
Youth-in-Custody	Critical Languages & Dual Immersion
Enhancement for Accelerated Students	Year-Round Math & Science (USTAR Centers)
Concurrent Enrollment	Beverly Taylor Sorenson Arts Learning
Educator Salary Adjustments	Title I - Pareducators
Teacher Supplies & Materials	Early Intervention (Hybrid with Base +)



## Budget Issues

*Related to Basic School Program*

*FY 2016 & FY 2017 Issues for Consideration by the Legislature*

- State-Level Administrative Costs
  - Brief “Categorical Program Oversight”
  - Transfer Administrative Costs to the State Board of Education
- School LAND Trust Revenue
  - FY 2017 Estimate - \$45.0 M
  - Increase of \$5.3 M
- Teacher Salary Supplement
  - Statute Requires Use of Restricted Fund (Created When DHRM Managed Program)
  - Funds Could Be Directly Appropriated to the State Board of Education
  - Change Statute to Eliminate Funding

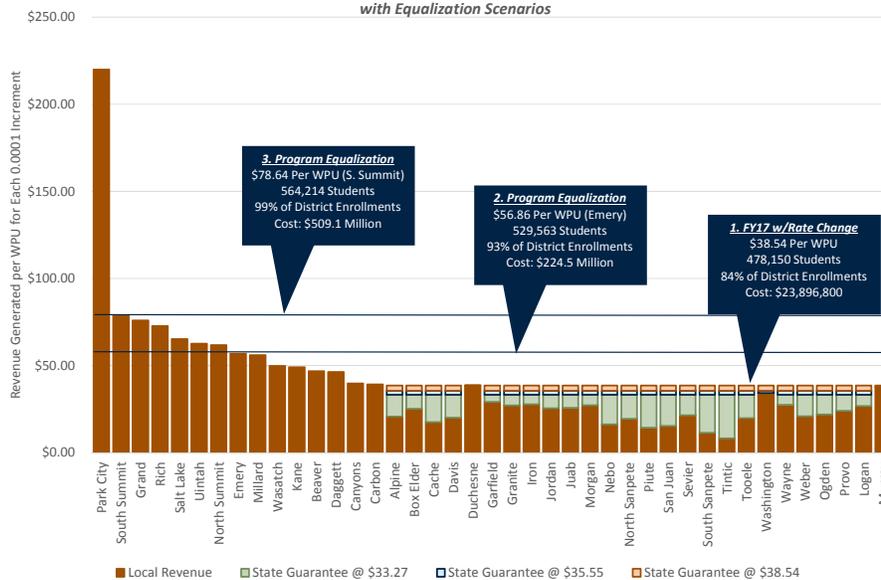


## Voted & Board Local Levy Programs

- State Supported Property Tax Guarantee Programs
  - Guarantees a Minimum Revenue Amount per WPU
  - FY 2016 - \$33.27 per WPU for each 0.0001 Tax Increment
  - Guarantee Up to 0.002 (0.0016 Voted & 0.0004 Board)
- Property Tax Must Generate Less than Guarantee Rate
- Original Program to Expand Educational Opportunities Above the Minimum Program
- State Guarantee Increases Each Year by Statute



Voted & Board Local Levy Programs - State Guarantee  
 Estimated Local Revenue Generated with a Tax Rate of 0.0001 per Weighted Pupil Unit  
 and Impact of the State Guarantee of \$38.54 per Weighted Pupil Unit  
 with Equalization Scenarios



# Budget Issues

*Voted & Board Local Levy  
Programs*

*FY 2016 & FY 2017 Issues  
for Consideration by the  
Legislature*

- State Guarantee Rate in FY 2016
  - Brief “Voted & Board Distribution of State Guarantee Funding”
  - Immediate Effective Date for Implementation in FY 2016

