



# MINIMUM SCHOOL PROGRAM ENROLLMENT GROWTH & WPU VALUE ESTIMATES

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE  
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ISSUE BRIEF

**SUMMARY**

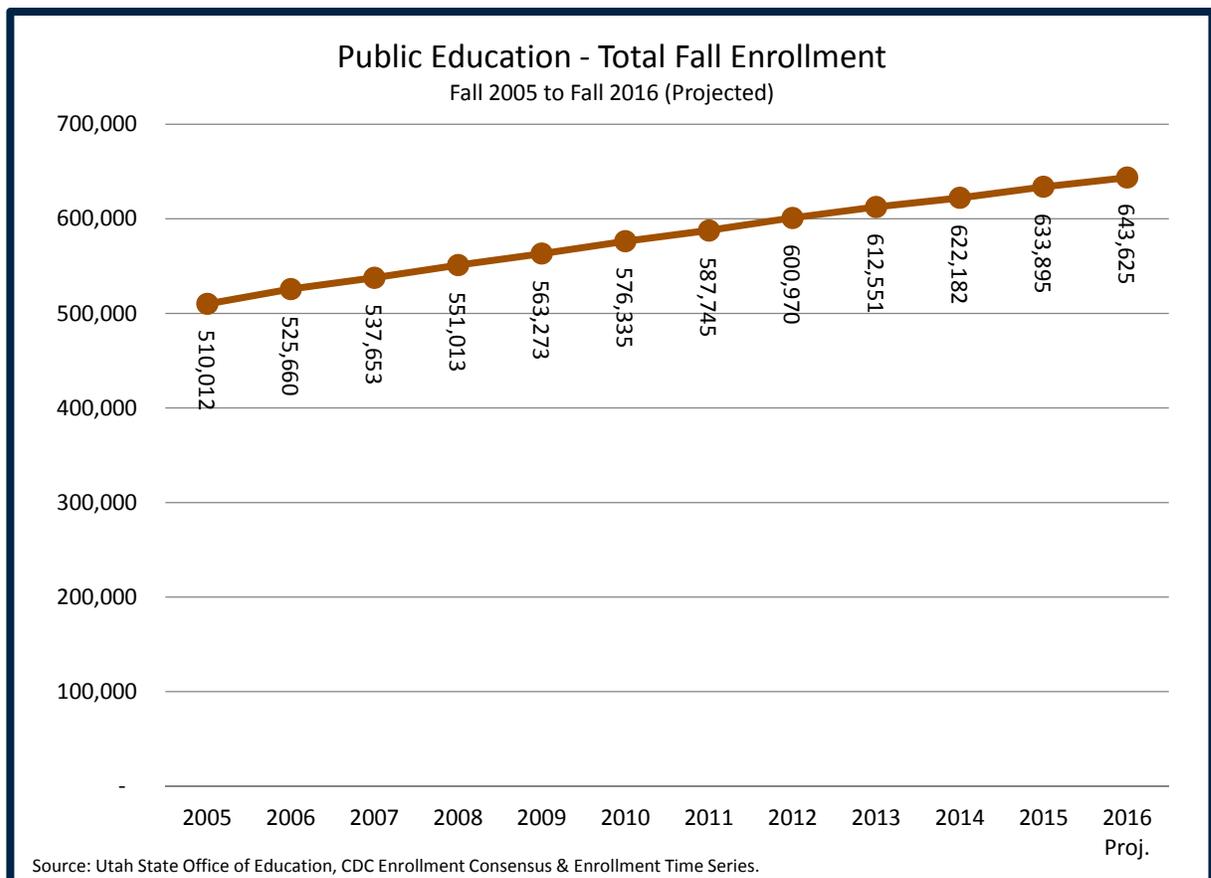
This brief contains enrollment growth and WPU Value cost estimates for the Minimum School Program (MSP) based on the number of projected students in fall 2016 (FY 2017). Estimates indicate that an additional 9,730 students will likely enroll in Utah’s public schools next fall. The number of additional Weighted Pupil Units (WPU) is estimated at 18,812, with the total cost estimated at approximately \$90.7 million ongoing and \$3.7 million one-time in FY 2016.

**STUDENT ENROLLMENT GROWTH**

Growth in student enrollment will result in additional WPUs as provided in certain statutory formulas. These additional WPUs increase the cost of the Basic School Program and the Voted & Board Local Levy Programs. In addition to the WPU related costs, the Legislature has historically adjusted certain programs in the Related to Basic School Program (below-the-line) for estimated student enrollment growth impacts.

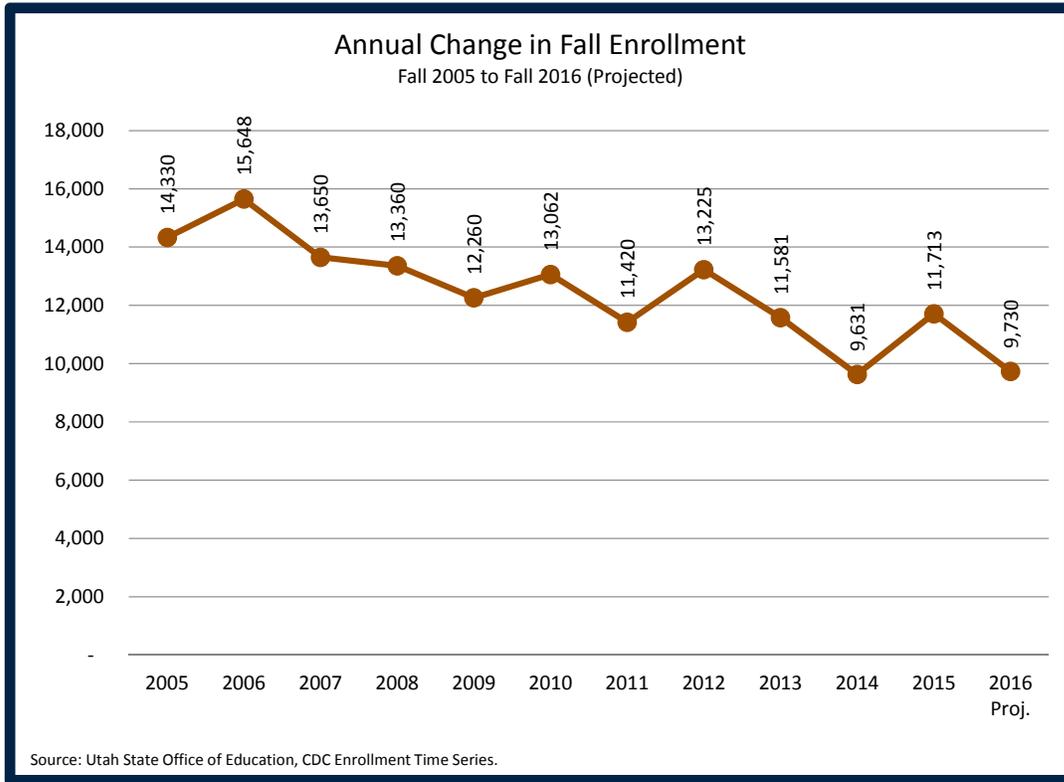
Each fall, public schools conduct a student enrollment count on the first school day of October. This past October, Utah’s public schools enrolled 633,895 students, an increase of 11,713 students. This growth represents a 1.9 percent increase over fall 2014. The chart below (Figure 1) shows the total public school student enrollment since fall of 2005. Since this time, student enrollment has increased by 123,883 students, an increase of approximately 25 percent.

Figure 1

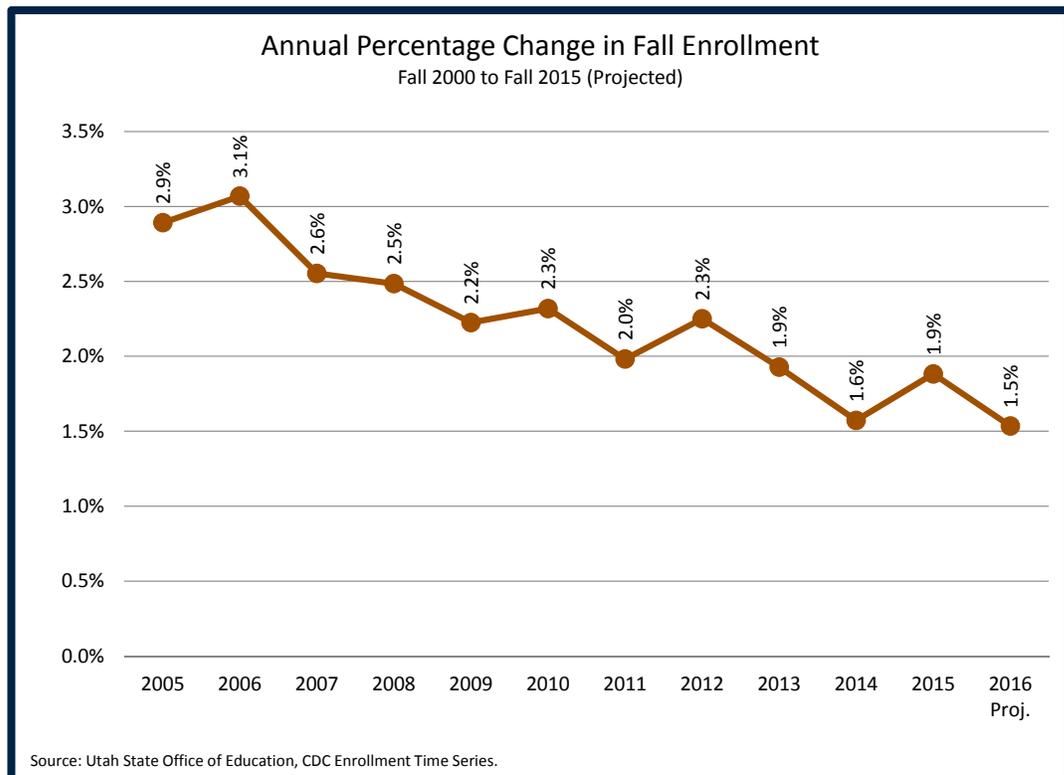


The following charts show the year-over-year change in the number of students (Figure 2) and the percent increase (Figure 3).

**Figure 2**



**Figure 3**



**ENROLLMENT GROWTH PROJECTIONS**

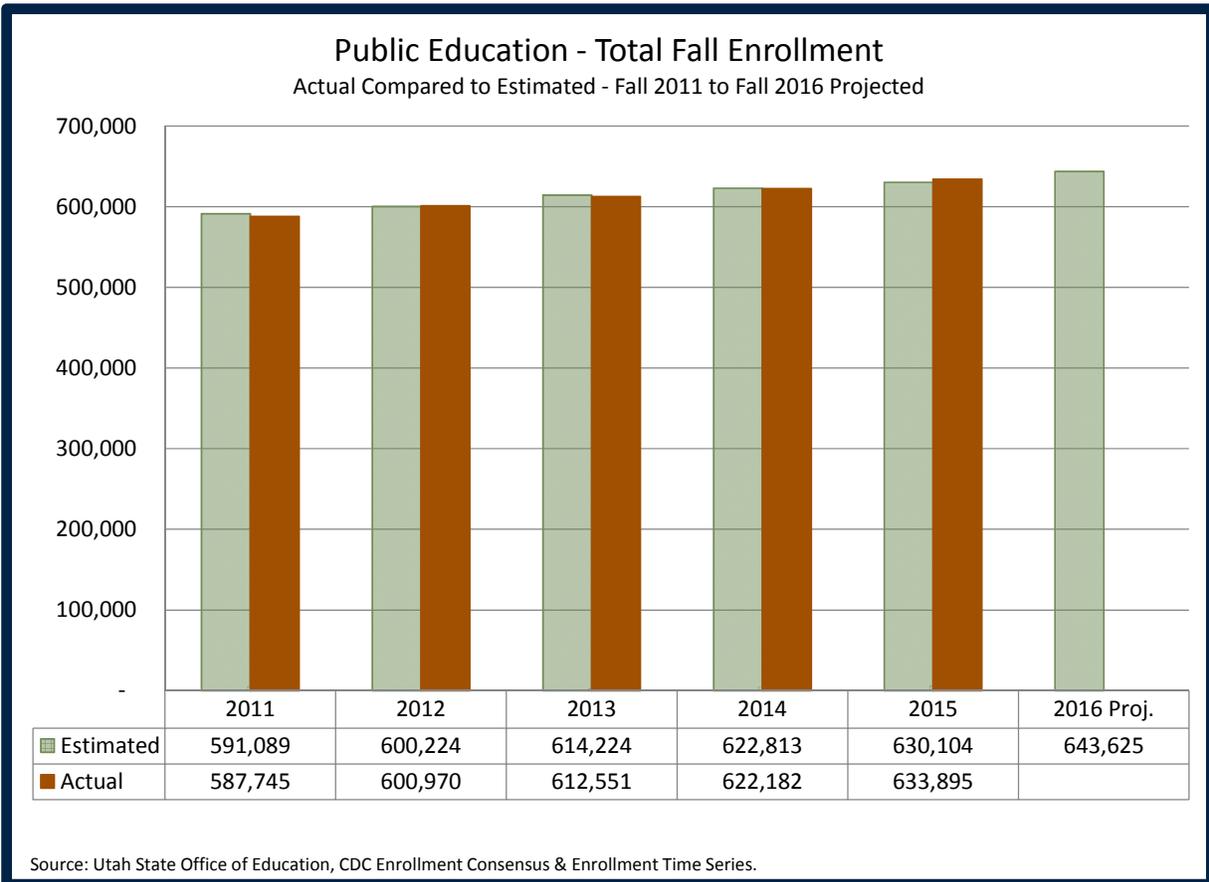
Following each fall enrollment count, an informal group called the Common Data Committee (CDC) establishes a consensus projection for student enrollment for the next school year. The CDC includes representatives from the Legislative Fiscal Analyst (LFA), Governor’s Office of Management and Budget, and the Utah State Office of Education (USOE).

***Estimates Compared to Actuals***

Historically, the number of students projected each year is very close to the actual number of students that enroll in the fall. Figure 4 shows the estimated number of students compared to the actual headcount for each of the past five years. In three years the estimate was slightly higher than actual experience and in two years the estimate was slightly lower.

The new-year enrollment projection is also used to estimate growth WPUs for the Basic School Program. The variance between estimate and actual may result in the Basic School Program being over or under funded. The enrollment estimate produced last fall for 2015 was under by 3,791 students. The budgetary impact of this underestimate is discussed below in the “Enrollment Growth Cost Estimate” section.

**Figure 4**



**ENROLLMENT GROWTH COST ESTIMATE**

Two CDC participants, the USOE and the LFA, use prior year enrollment data and the fall enrollment projection to develop independent estimates of the number of WPUs based on statutory formulas. Again, through a consensus process, the CDC develops a consensus estimate of the total number of WPUs by program for the next school year.

Based on current projections, as illustrated in the preceding charts, student enrollment is anticipated to increase by approximately 1.53 percent in fall 2016 (FY 2017). This is an increase of 9,730 students, for a total enrollment of 643,625.

Figures 2 and 3 (on page 2) detail the annual year-over-year change in fall enrollment since 2005. The current growth pattern peaked in 2006 with a net increase of 15,648 new students. Although fall enrollment in Utah is still growing, the chart shows that growth is slowing.

***Cost Estimate – FY 2017***

Figure 5 shows the FY 2017 enrollment growth cost estimate by major program. This estimate makes adjustments to certain programs in the Minimum School Program to account for increased costs associated with having more students in the public education system.

Funding additional WPUs in the Basic School Program represents the largest cost. In FY 2017, an estimated increase of \$57.5 million will provide the FY 2016 WPU Value for each of the 18,812 new WPUs projected in fall 2016.

Statute requires school districts to levy the Basic Property Tax in order to participate in the Basic School Program. The revenue generated from this property tax is applied to the WPU costs in a school district. Estimates indicate that the property tax revenue from the Basic Levy is projected to generate an additional \$12.1 million. This increase reduces the state's cost for the Basic School Program. The total net estimated cost for statutory related enrollment growth costs is \$45.4 million.

Figure 5 also provides growth amounts for certain programs that have statutory formulas that require annual adjustment or have been increased by the Legislature on a discretionary basis. This includes programs in the Related to Basic School Program (below-the-line) at \$21.5 million ongoing. There is a supplemental impact for the Educator Salary Adjustment program estimated at \$3.7 million one-time, with a corresponding amount in the ongoing estimate for FY 2017.

The following estimate includes adjusting the Voted & Board Local Levy Programs for anticipated changes associated with increased enrollments and implementing the statutorily required increase in the state guarantee rate. The total estimated cost for these adjustments is \$23.9 million. This amount assumes that all unallocated funding to school districts in FY 2016 will be allocated and the state guarantee rate is changed in statute.

Figure 6 details the WPU changes by program. As mentioned previously, the estimate includes an additional 18,812 WPUs ranging from a decrease of 790 WPUs in the Kindergarten program to an increase of 13,979 in the Grades 1-12 program. The number of WPUs varies each year based on the number of qualifying students and applying the statutory formulas.

Figure 5

<b>FY 2017 Enrollment Growth Cost Estimate</b>		
Based on Fall 2016 Enrollment Projections		
<b>Program</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Basic School Program</b>		
Additional WPUs - Total of 18,812		\$57,442,700
Local Revenue Increase - Basic Rate		(12,094,500)
<b>Subtotal - Basic School Program</b>		<b>\$45,348,200</b>
<b>Related to Basic School Program</b>		
<i>Statutory</i>		
Pupil Transportation		\$1,160,200
Concurrent Enrollment		149,400
Charter School Local Replacement		14,809,800
Charter School Administrative Costs		722,700
Educator Salary Adjustment <sup>(1)</sup>	\$3,713,400	3,713,400
<i>Discretionary</i>		
Enhancement for At-Risk Students		\$392,900
Youth-in-Custody		320,900
Adult Education		157,600
Enhancement for Accelerated Students		69,700
<b>Subtotal - Related to Basic School Program</b>	<b>\$3,713,400</b>	<b>\$21,496,600</b>
<b>Voted &amp; Board Local Levy Programs</b>		
State Fund Impacts from Local Revenue Estimates		\$23,896,800
<b>Subtotal - Voted &amp; Board Local Levy Programs</b>		<b>\$23,896,800</b>
<b>Total Enrollment Growth Cost Estimate</b>	<b>\$3,713,400</b>	<b>\$90,741,600</b>
<b>Notes:</b>		
(1) ESA program growth contains two parts:		
a. A one-time appropriation in FY 2016 to cover costs associated with new qualifying teachers hired in fall 2015.		
b. A similar ongoing amount to continue providing these adjustments in FY 2017.		

**Statutory vs. Historical Cost Estimates**

Beginning in FY 2017, statute requires that the same methodology be used in determining WPUs for students attending school district schools and students attending charter schools. Figure 7 shows the number of WPUs when this “Historic” calculation method is used.

Prior to FY 2017, the base WPU count for a charter school was determined using a different methodology than WPUs in a school district school. Statute, 53A-17a-106, requires that WPUs be based on a methodology called “Prior-Year + Growth.” WPUs for charter schools were based on the higher of Prior-Year + Growth or the school’s October 1 fall enrollment count. The fall enrollment count is generally higher than Prior-Year + Growth.

In response to an audit finding by the State Auditor on the different methods, the Legislature allowed the State Board of Education to continue using the “higher of” methodology to determine charter school WPUs through FY 2015. This authority was provided in Senate Bill 272, “Charter School Funding Amendments” (2013 General Session). The authorization was extended again to include FY 2016 during the 2015 General Session.

Using the “higher of” methodology would require an additional 2,444 WPUs and cost an additional \$7.5 million.

Figure 6

<b>2016 General Session Estimated WPU Changes</b>			
FY 2017 - Statutory WPU Calculation			
All Local Education Agencies on Prior-Year + Growth			
<i>Basic School Program</i>	<b>FY 2016 WPUs</b>	<b>Growth WPUs</b>	<b>FY 2017 Total WPUs</b>
Kindergarten	28,319	(790)	27,529
Grades 1-12	562,824	13,979	576,803
Necessarily Existent Small Schools	9,357	0	9,357
Professional Staff	53,751	1,826	55,577
Administrative Costs	1,505	(15)	1,490
Special Education - Add-on	75,134	2,380	77,514
Special Education - Self-Contained	13,925	15	13,940
Special Education - Pre-School	9,878	360	10,238
Special Education - Extended Year Program	429	0	429
Special Education - State Programs	3,258	64	3,322
Career & Technical Education - Add-on	30,085	460	30,545
Class Size Reduction	39,457	533	39,990
<b>Total</b>	<b>827,922</b>	<b>18,812</b>	<b>846,734</b>

Figure 7

<b>2017 General Session Estimated WPU Changes</b>			
FY 2017 - Historic WPU Calculation			
Charters on Higher of Prior-Year + Growth or Fall Enrollment			
<i>Basic School Program</i>	<b>FY 2016 WPUs</b>	<b>Growth WPUs</b>	<b>FY 2016 Total WPUs</b>
Kindergarten	28,319	(441)	27,878
Grades 1-12	562,824	15,937	578,761
Necessarily Existent Small Schools	9,357	0	9,357
Professional Staff	53,751	1,963	55,714
Administrative Costs	1,505	(15)	1,490
Special Education - Add-on	75,134	2,380	77,514
Special Education - Self-Contained	13,925	15	13,940
Special Education - Pre-School	9,878	360	10,238
Special Education - Extended Year Program	429	0	429
Special Education - State Programs	3,258	64	3,322
Career & Technical Education - Add-on	30,085	460	30,545
Class Size Reduction	39,457	533	39,990
<b>Total</b>	<b>827,922</b>	<b>21,256</b>	<b>849,178</b>

**Impact of FY 2016 Enrollment Under-Estimate**

As mentioned in a previous section, the enrollment estimate produced last fall for 2015 was under by 3,791 students. When converted to WPUs, the total budgetary impact of this undercount is approximately \$17.4 million. Various programs within the Basic School Program were impacted based on the enrollment characteristics of these additional students. Figure 8 details the estimated impacts by program. The largest impact is in the Grades 1-12 program where these students are counted. Fewer kindergarten students enrolled than estimated, creating a surplus in that program.

In addition to the \$17.4 million impact on WPU programs, the Voted & Board Local Levy Programs was impacted by approximately \$1.2 million.

The State Board of Education has used nonlapsing balances remaining in the Basic School Program at the end of FY 2015 to cover the above amounts. This action takes almost all the remaining “free” balances in the program. As a result, the ability to adjust program funding levels at year-end based on local property tax collections becomes difficult.

**Recommendation**

A combination of factors over the past several years has resulted in a reduction of available nonlapsing balances in the Minimum School Program, including better estimating methodologies and the transfer of large amounts back to the Education Fund for further appropriation. It is too early to tell if the enrollment under-estimate is an anomaly or the beginning of a trend. As a result, there may be some greater risk associated with the enrollment estimates for FY 2017.

The nonlapsing balances in the MSP are used as a safeguard against estimating error in both student enrollment growth and local property tax collections. With much of these available balances used to fix the current-year undercount, the Legislature may wish to appropriate funds to mitigate this future risk.

**WPU VALUE CHANGES**

In the Basic School Program, each WPU receives funding based on a WPU Value established by the Legislature. The cost of each program increases (or decreases) with changes in the value. An increase in the WPU Value will provide additional operating revenues to LEAs to cover increased costs. Increased costs will vary in each of the 41 school districts and over 100 charter schools. The Legislature does not mandate that increases in the WPU Value be used to fund specific cost increases such as increases in employee compensation, student services, or educational programs, but allows local governing boards to make these decisions.

The Legislature establishes a WPU Value for each fiscal year. Total funding for each Basic School Program is determined by multiplying the number of WPUs in the program by the appropriate WPU Value. The WPU Value remains at the prior-year appropriated amount until adjusted by the Legislature.

The WPU Value for most programs was set at \$3,092 in FY 2016. The WPU Value for the Special Education – Add-on and Career & Technical Education – Add-on programs is \$2,837. FY 2012 was the first year since the creation of the WPU in 1974 that the Legislature set two WPU Values.

Additional information on the history of the WPU can be found in the issue brief titled “Minimum School Program – The WPU and The Basic Levy.”

**Figure 8**

<b>Student Enrollment Undercount - Budgetary Impacts</b>	
Minimum School Program - FY 2016	
<b>Program</b>	<b>FY 2016</b>
<b>Basic School Program</b>	
Kindergarten	\$3,909,000
Grades 1-12	(19,493,400)
Professional Staff	(1,018,000)
Special Education - Add-on WPUs	(42,300)
Special Education - Self Contained	10,900
Special Education - Preschool	(746,600)
Special Education - Extended Year	4,300
Special Education - State Programs	3,400
<b>Total Enrollment Growth Cost Estimate</b>	<b>(\$17,372,700)</b>

**One Percent WPU Value Increase**

Estimates indicate that it will cost approximately \$28.0 million for each one percent increase in the WPU Value. This amount includes both WPU programs in the Basic School Program and certain programs in the Related to Basic School Program historically adjusted with the WPU Value.

Figure 9 details the various programs included in the cost estimate. The Basic School Program estimate includes a one percent increase to both WPU Values.

The totals in Figure 9 are based on the estimated FY 2017 ongoing appropriations in each program with adjustments for student enrollment growth. Other adjustments made during the 2016 General Session may increase or decrease this estimate.

**Figure 9**

<b>One-Percent WPU Value Increase Estimate</b>	
Minimum School Program - FY 2017	
<b>Program</b>	<b>FY 2017</b>
<b>Basic School Program</b>	
One-Percent WPU Value - All Programs	\$26,032,700
<b>Subtotal - Basic School Program</b>	<b>\$26,032,700</b>
<b>Related to Basic School Program</b>	
Pupil Transportation	\$758,300
Concurrent Enrollment	97,700
Enhancement for At-Risk Students	256,800
Youth-in-Custody	209,700
Adult Education	103,000
Enhancement for Accelerated Students	45,600
<b>Subtotal - Related to Basic School Program</b>	<b>\$1,471,100</b>
<b>Total Enrollment Growth Cost Estimate</b>	<b>\$27,503,800</b>