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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Brad C. Smith
Chief Executive Officer

DATE: December 5, 2014

INFORMATION: Common Data Committee Report

Background:

Annually, the Common Data Committee is tasked with estimating the tax revenues from the Basic Tax Rate and the number of WPUs which need to be funded for the following fiscal year. This information is included in the Governor's budget and is used by the Legislative Fiscal Analyst's office to determine the amounts which need to be appropriated by the Legislature to fund new growth in students and increases to the value of the WPU. This group is made up of representatives from the USOE Finance Section, USBE Internal Audit Section, Governor's Office of Management and Budget, Legislative Fiscal Analyst, State Tax Commission and local education agencies (LEAs). As of the first week in November, this group completed its estimates for FY 2015/16.

Key Points:

The results of the CDC estimates and process for determining those estimates will be reported to the Finance Committee.

Anticipated Action:

The Finance Committee will receive the CDC report.

Contact: Bruce D. Williams, Associate Superintendent, 801-538-7514

Level of Analysis	Oct 2013*	Oct 2014	Growth 13-14		Proj Oct 2014**	Accuracy	Proj Oct 2015	Proj Growth 14-15	
State	611,740	622,153	10,413	1.70%	622,813	0.11%	630,104	7,951	1.28%
District	556,840	560,718	3,878	0.70%	556,236	-0.80%	562,694	1,976	0.36%
Charter	54,900	61,435	6,535	11.90%	66,577	8.37%	67,410	5,975	8.97%

* Original state (612,551) and district enrollment (557,651) adjusted downward to reflect exclusion of YIC students

** Projections based on assumption that all "fast track" charter schools would open

Minimum School Program & School Building Program Appropriated Budgets							
2016 BUDGET REQUEST							
FY 2015 Revised Appropriated				FY 2016 BUDGET REQUEST			
1	2	3	4	5	6	7	8
	Fiscal Year 2015 Appropriation		Fiscal Year 2016 REQUEST		BUDGET Fiscal Year 2015 Enrollment Growth Adjustments		
Section 1: Total Minimum School Program Revenue							
Total Revenue Sources	Changes	Amount	Changes	Amount	Changes	Amount	Percent
A. State Revenue							
1. Education Fund		\$2,621,355,200		\$2,621,355,200	\$0	\$0	0.0%
a. Education Fund, One-time		(13,900,000)		(13,900,000)	0	0	0.0%
2. Uniform School Fund		30,000,000		30,000,000	0	0	0.0%
a. Uniform School Fund, One-time		22,000,000		22,000,000	0	0	0.0%
3. USF Restricted - Interest & Dividends Account		37,580,700		37,580,700	0	0	0.0%
B. Transfers to Education Fund, One-time		(58,902,600)		(58,902,600)	0	0	0.0%
C. Beginning Nonlapsing Balances		65,152,500		65,152,500	0	0	0.0%
D. Closing Nonlapsing Balances		(6,249,900)		(6,249,900)	0	0	0.0%
Subtotal State Revenue:	\$0	\$2,697,035,900	\$0	\$2,697,035,900	\$0	\$0	0.0%
D. Local Property Tax Revenues							
1. Basic Levy		\$296,709,700	\$8,462,619	\$305,172,319	\$8,462,619	\$8,462,619	2.9%
2. Voted Local Levy		258,867,000		269,043,475	0	10,176,475	3.9%
3. Board Local Levy		81,489,000		83,768,637	0	2,279,637	2.8%
4. Board Local Levy - Reading Levy		15,000,000		15,000,000	0	0	0.0%
Subtotal Local Revenue:	\$0	\$652,065,700	\$8,462,619	\$672,984,431	\$8,462,619	\$20,918,731	3.2%
Total Revenue:	\$0	\$3,349,101,600	\$8,462,619	\$3,370,020,331	\$8,462,619	\$20,918,731	0.6%

Section 2: Revenue & Expenditure Details by Program

Part A: Basic School Program -- WPU Programs (Above-the-Line)

<i>Primary WPU Value:</i>		\$2,972		\$2,972		-	0.00%
<i>Add-on WPU Value:</i>		\$2,726		\$2,726		-	0.00%
<i>Basic Rate:</i>	<i>Actual 6-23-2014</i>	<i>0.001419</i>	<i>Est. 10-29-2014</i>	<i>0.001416</i>		<i>(0.000003)</i>	<i>-0.2%</i>
Sources of Revenue (Also in Total Revenue Above)	Changes	Amount	Changes	Amount	Changes	Amount	Percent
A. State Revenue							
1. Education Fund		\$2,076,971,300		\$2,076,971,300	\$0	\$0	0.0%
a. Education Fund, One-time		(22,000,000)		(22,000,000)	0	0	0.0%
2. Uniform School Fund		30,000,000		30,000,000	0	0	0.0%
a. Uniform School Fund, One-time		22,000,000		22,000,000	0	0	0.0%
B. Local Property Tax Revenue - Basic Levy		296,709,700	8,462,619	305,172,319	8,462,619	8,462,619	2.9%
C. Transfers to Education Fund, One-time		(54,504,000)		(54,504,000)	0	0	0.0%
D. Beginning Nonlapsing Balances		54,504,000		54,504,000	0	0	0.0%
E. Closing Nonlapsin Balances		0		0	0	0	n/a
Total Basic School Program Revenue:		\$2,403,681,000	\$8,462,619	\$2,412,143,619	\$8,462,619	\$8,462,619	0.4%
Expenditures by Program	WPU	Funding	WPU	Funding	WPU	Amount	Percent
A. Regular Basic School Program							
1. Kindergarten	29,215	\$86,827,000	28,319	\$84,164,100	(896)	(2,662,900)	-3.1%
2. Grades 1-12	555,130	1,649,846,400	562,824	1,672,712,900	7,694	22,866,500	1.4%
3. Necessarily Existent Small Schools	9,357	28,492,100	9,357	28,492,100	0	0	0.0%
4. Professional Staff	53,041	157,637,800	53,751	159,747,900	710	2,110,100	1.3%
5. Administrative Costs	1,505	4,472,900	1,505	4,472,900	0	0	0.0%
Subtotal Regular Program:	648,248	\$1,927,276,200	655,756	\$1,949,589,900	7,508	\$22,313,700	1.2%
B. Restricted Basic School Program							
1. Special Education -- Regular -- Add-on WPUs	72,991	\$198,973,400	75,134	\$204,815,200	2,143	5,841,800	2.9%
2. Special Education -- Regular -- Self-Contained	14,285	42,455,000	13,925	41,385,100	(360)	(1,069,900)	-2.5%
3. Special Education -- Pre-School	9,753	28,985,900	9,878	29,357,400	125	371,500	1.3%
4. Special Education -- Extended Year Program	429	1,275,000	429	1,275,000	0	0	0.0%
5. Special Education -- State Programs	2,907	8,639,600	2,934	8,719,800	27	80,200	0.9%
Subtotal Special Education:	100,365	\$280,328,900	102,300	\$285,552,500	1,935	\$5,223,600	1.9%
6. Career & Technology Education -- District Add-on	29,705	\$80,975,800	30,085	\$82,011,700	380	1,035,900	1.3%
7. Class Size Reduction	38,958	\$115,783,200	39,457	\$117,266,200	499	1,483,000	1.3%
Subtotal Restricted Program:	169,028	\$477,087,900	171,842	\$484,830,400	2,814	\$7,742,500	1.6%

Minimum School Program & School Building Program Appropriated Budgets								
2016 BUDGET REQUEST								
FY 2015 Revised Appropriated FY 2016 BUDGET REQUEST								
1	2	3	4	5	6	7	8	
	Fiscal Year 2015 Appropriation		Fiscal Year 2016 REQUEST	BUDGET		Fiscal Year 2015 Enrollment Growth Adjustments		
Total Expenditures Basic School Program:	817,276	\$2,404,364,100	827,598	\$2,434,420,300		10,322	\$30,056,200	1.3%
T H E L I N E								

Minimum School Program & School Building Program Appropriated Budgets							
2016 BUDGET REQUEST							
FY 2015 Revised Appropriated				FY 2016 BUDGET REQUEST			
1	2	3	4	5	6	7	8
	Fiscal Year 2015 Appropriation		Fiscal Year 2016 REQUEST		Fiscal Year 2015 Enrollment Growth Adjustments		
Part B: Related to Basic School Program -- Non-WPU Programs (Below-the-Line)							
Sources of Revenue (Also in Total Revenue Above)							
	Changes	Amount	Changes	Amount	Changes	Amount	Percent
A. State Revenue							
1. Education Fund		\$467,888,100		\$467,888,100		\$0	0.0%
a. Education Fund, One-time		8,100,000		8,100,000		0	0.0%
2. USF Restricted -- Interest & Dividends Account		37,580,700		37,580,700		0	0.0%
B. Transfers to Education Fund, One-time		(4,398,600)		(4,398,600)		0	0.0%
C. Beginning Nonlapsing Balances		10,648,500		10,648,500		0	0.0%
D. Closing Nonlapsing Balances		(6,249,900)		(6,249,900)		0	0.0%
Total Related to Basic School Program Revenue:	\$ -	\$513,568,800	\$ -	\$513,568,800	0	\$0	0.0%
Expenditures by Program							
	Changes	Amount	Changes	Amount	Changes	Amount	Percent
A. Related to Basic Programs							
1. To and From School -- Pupil Transportation	2,929,400	71,978,000	2,929,400	72,913,714		935,714	1.3%
2. Guarantee Transportation Levy		500,000		500,000	0	0	0.0%
3. Flexible Allocation -- WPU Distribution		23,106,600		23,106,600	0	0	0.0%
Subtotal Related to Basic Programs:	\$2,929,400	\$95,584,600	\$2,929,400	\$96,520,314	\$0	\$935,714	1.0%
B. Special Populations							
1. Enhancement for At-Risk Students	992,100	24,376,400	992,100	24,693,293	0	316,893	1.3%
2. Youth-in-Custody	810,300	19,909,000	810,300	20,167,817	0	258,817	1.3%
3. Adult Education	398,000	9,780,000	398,000	9,907,140	0	127,140	1.3%
4. Enhancement for Accelerated Students	276,000	4,424,700	276,000	4,482,221	0	57,521	1.3%
5. Concurrent Enrollment	377,300	9,270,600	377,300	9,391,118	0	120,518	1.3%
6. Title I Schools In Improvement -- Paraeducators		300,000		300,000	0	0	0.0%
Subtotal Special Populations:	\$2,853,700	\$68,060,700	\$2,853,700	\$68,941,589	\$0	\$880,889	1.3%
C. Other Programs							
1. School LAND Trust Program	8,870,700	37,580,700	8,870,700	37,580,700	0	0	0.0%
2. Charter School Local Replacement	13,531,600	98,286,600	4,459,591	102,746,191	0	4,459,591	4.5%
3. Charter School Administrative Costs	965,100	6,657,800	83,200	6,741,000	0	83,200	1.2%
4. K-3 Reading Improvement Program		15,000,000		15,000,000	0	0	0.0%
5. Educator Salary Adjustments	3,429,511	163,380,511	6,859,022	166,810,022	0	3,429,511	2.1%
6. Teacher Salary Supplement Restricted Account		5,000,000		5,000,000	0	0	0.0%
7. Library Books & Electronic Resources		550,000		550,000	0	0	0.0%
8. Matching Fund for School Nurses		882,000		882,000	0	0	0.0%
9. Critical Languages & Dual Immersion	300,000	2,315,400	300,000	2,315,400	0	0	0.0%
10. Year-Round Math & Science (USTAR Centers)		6,200,000		6,200,000	0	0	0.0%
11. Early Intervention		7,500,000		7,500,000	0	0	0.0%
12. Beverley Taylor Sorenson Arts Learning Program		2,000,000		2,000,000	0	0	0.0%
Subtotal Other Programs:	\$27,096,911	\$345,353,011	\$20,572,513	\$353,325,313	\$0	\$7,972,302	2.3%
D. One-time Funding Items							
1. Teacher Supplies & Materials	0	5,000,000	0	5,000,000	0	0	0.0%
2. Beverley Taylor Sorenson Arts Learning Program	0	3,000,000	0	3,000,000	0	0	0.0%
3. Early Intervention-Enhanced Kindergarten Program	0	0	0	0	0	0	n/a
4. State Capitol Field Trips	0	0	0	0	0	0	n/a
4. Statewide Computer Adaptive Testing	0	0	0	0	0	0	n/a
Subtotal One-time Programs:	\$0	\$8,000,000	\$0	\$8,000,000	\$0	\$0	0.0%
Total Expenditures Related to Basic School Program:	\$32,880,011	\$516,998,311	\$26,355,613	\$526,787,216	\$0	\$9,788,905	1.9%

Minimum School Program & School Building Program Appropriated Budgets							
2016 BUDGET REQUEST							
FY 2015 Revised Appropriated				FY 2016 BUDGET REQUEST			
1	2	3	4	5	6	7	8
	Fiscal Year 2015 Appropriation		Fiscal Year 2016 REQUEST		BUDGET Fiscal Year 2015 Enrollment Growth Adjustments		
Part C: Voted & Board Local Levy Programs							
Revenue Sources	Changes	Amount	Changes	Amount	WPU Changes	Amount	Percent
A. State Revenue							
1. Education Fund	(\$23,094,900)	\$76,495,800	(\$23,094,900)	\$76,495,800	\$0	\$0	0.0%
B. Local Property Tax Revenue					0	0	n/a
1. Voted Local Levy	37,920,800	258,867,000	10,176,475	269,043,475	0	10,176,475	3.9%
2. Board Local Levy	11,910,900	81,489,000	2,279,637	83,768,637	0	2,279,637	2.8%
3. Board Local Levy -- Reading Improvement Program		15,000,000		15,000,000	0	0	0.0%
C. Beginning Nonlapsing Balances					0	0	n/a
D. Closing Nonlapsing Balances					0	0	n/a
Total Voted & Board Leeway Revenue:	\$ 26,736,800	\$431,851,800	\$ (10,638,788)	\$444,307,912	\$0	\$12,456,112	2.9%
Expenditures by Program	Changes	Amount	Changes	Amount	WPU Changes	Amount	
<i>Guarantee Rate (per 0.0001 Tax Rate per WPU):</i>		\$27.92		\$30.11			
A. Voted and Board Local Levy Programs							
1. Voted Local Levy Program	\$20,326,200	\$319,610,000	\$28,778,967	\$348,388,967	\$0	\$28,778,967	9.0%
2. Board Local Levy Program	6,410,600	97,241,800	6,700,735	103,942,535	0	6,700,735	6.9%
3. Board Local Levy - Reading Improvement Program		15,000,000		15,000,000	0	0	0.0%
Total Expenditures Voted & Board Leeway Programs:	\$ 26,736,800	\$431,851,800	\$ (10,638,788)	\$467,331,502	\$0	\$35,479,702	8.2%
Minimum School Program Total:		\$3,353,214,211		\$3,428,539,018	10,322	\$75,324,807	2.2%
Section 3: School Building Programs (Not Included in MSP Totals Above)							
Revenue Sources	Changes	Amount	Changes	Amount	Changes	Amount	Percent
A. State Revenue							
1. Education Fund		\$14,499,700		\$14,499,700		\$0	0.0%
Total One-Time Revenue:		\$14,499,700		\$14,499,700		\$0	0.0%
Expenditures by Program	Changes	Amount	Changes	Amount	Changes	Amount	
A. Capital Outlay Programs							
1. Foundation		\$12,610,900		\$12,610,900		\$0	0.0%
2. Enrollment Growth		1,888,800		1,888,800		0	0.0%
Total Expenditures School Building Programs:		\$14,499,700		\$14,499,700		\$0	0.0%



MINIMUM SCHOOL PROGRAM GROWTH & WPU VALUE ESTIMATES

EXECUTIVE APPROPRIATIONS COMMITTEE
STAFF: BEN LEISHMAN

ISSUE BRIEF

SUMMARY

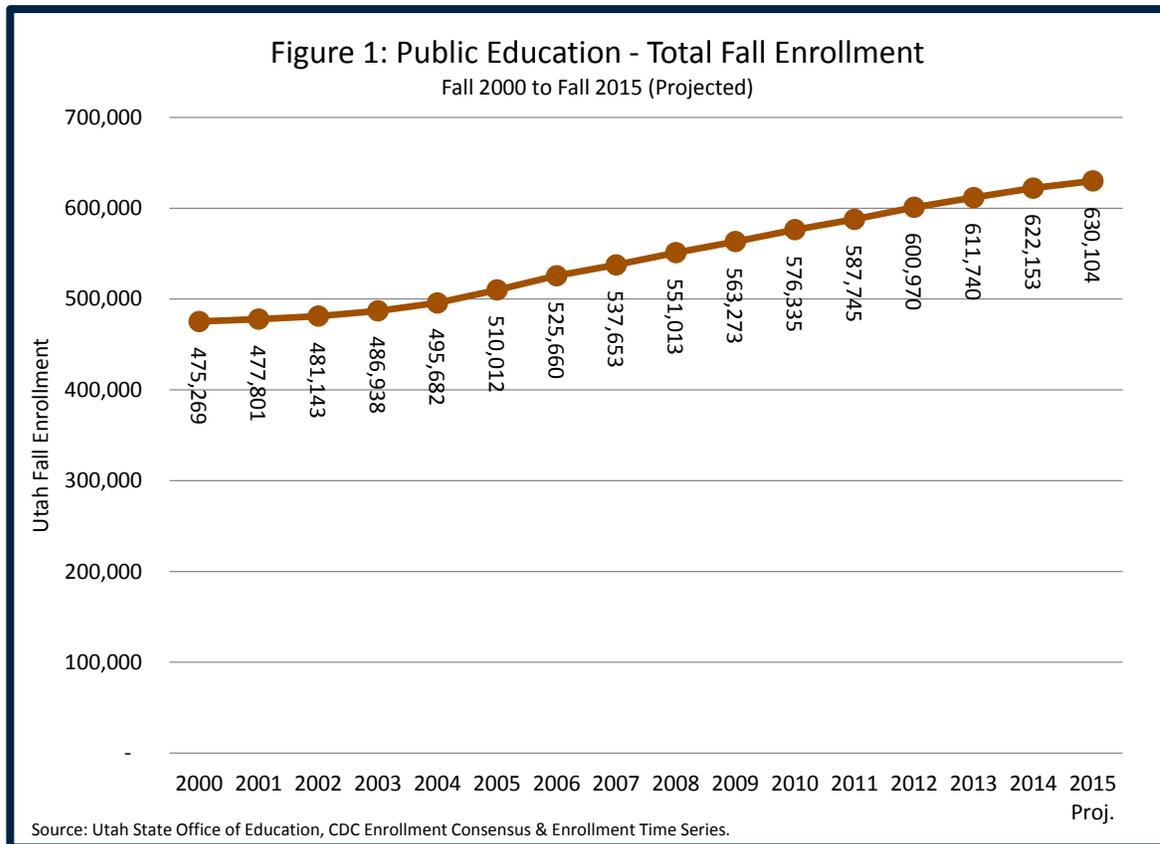
Several variables within the Minimum School Program (MSP) require annual adjustments by the Legislature. This brief contains preliminary cost estimates for projected student enrollment growth in fall 2015 (FY 2016) and a one percent increase in the Weighted Pupil Unit (WPU) Value.

STUDENT ENROLLMENT GROWTH

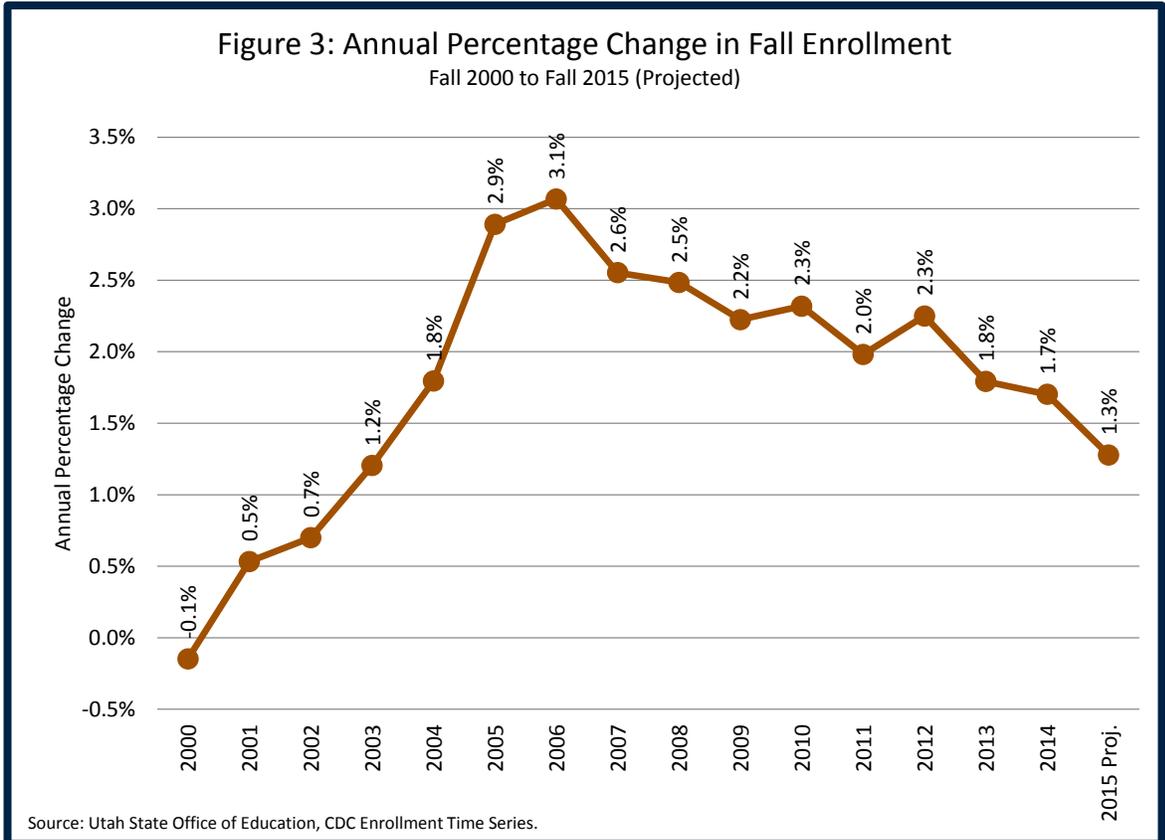
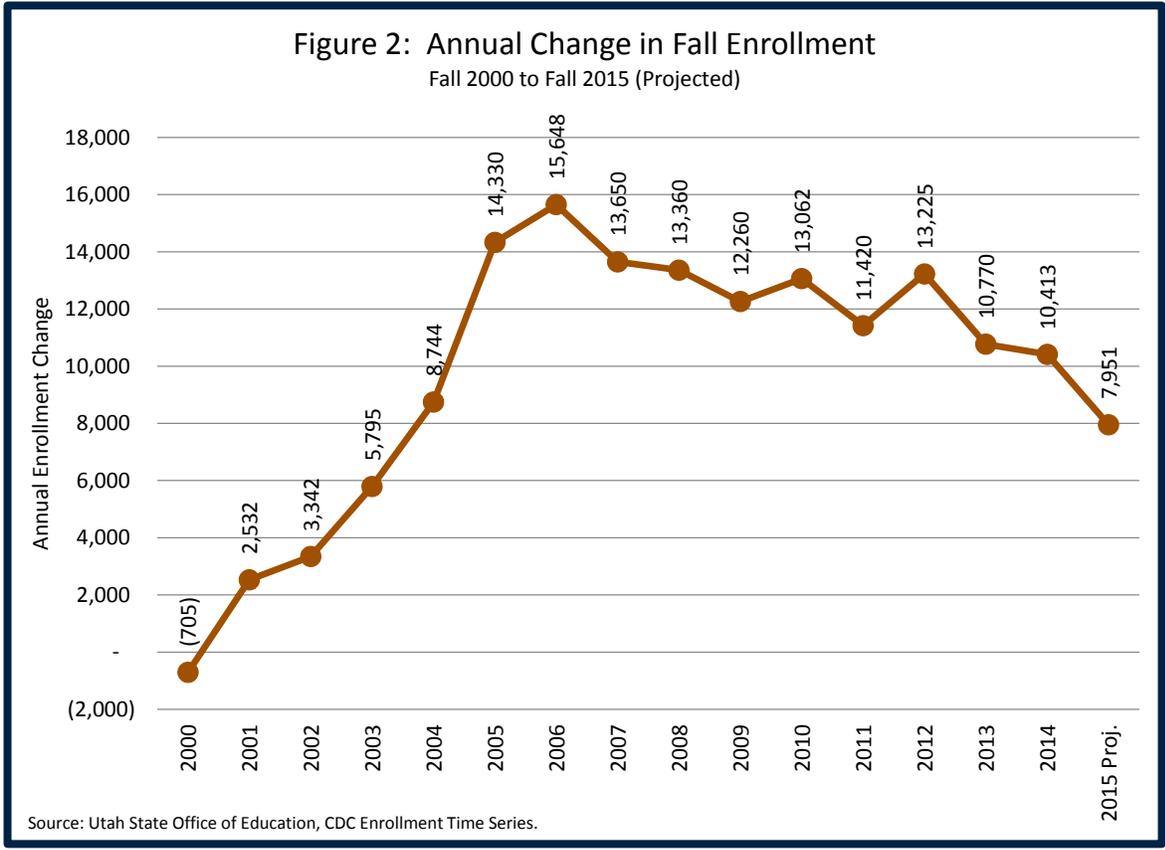
Each fall, public schools conduct a student enrollment count on the first school day of October. This past October, Utah’s public schools enrolled 622,153 students, an increase of 10,413 students. Last year at this time, we projected a total enrollment of 622,813, a difference of 660 students. Figure 1 provides a history of fall enrollment since 2000. Year-over-year enrollment has increased for the past 15 years.

Following each fall enrollment count, 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 (GOMB), and the Utah State Office of Education (USOE).

In fall 2015, the CDC projects that 630,104 students will enroll in Utah’s public schools. This is an increase of 7,951 students over the current enrollment, or approximately 1.3 percent.



Figures 2 and 3 provide a historical look at the year-over-year change in student enrollment since 2000. Although fall enrollment in Utah is still growing, the chart shows how the annual rate of change is slowing.



Enrollment Growth Cost Estimate

Growth in student enrollment will result in additional Weighted Pupil Units (WPU) as provided in certain statutory formulas. Two CDC participants, the USOE and the LFA, develop independent WPU conversion estimates. Then, the CDC uses these estimates to develop a consensus estimate of the total number of WPUs by program for the next school year.

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.

Figure 4 provides detail on estimated enrollment growth costs for the 2015 General Session. The following bullets explain each:

Program	Statute		Historical
	FY 2015	FY 2016	FY 2016
Basic School Program (WPU)		\$25,000,000	\$30,000,000
Related to Basic School Program (Below-the-Line)	\$3,200,000	10,000,000	10,000,000
Voted & Board Local Levy Programs		23,000,000	23,000,000
Subtotal	\$3,200,000	\$58,000,000	\$63,000,000
Basic Property Tax Levy Revenue Increase (Offset)		(8,400,000)	(8,400,000)
Total Estimate	\$3,200,000	\$49,600,000	\$54,600,000

- *Basic School Program* – Additional WPUs increase the cost of the Basic School Program. Estimates indicate that an additional 8,380 WPUs will be needed at a cost of approximately \$25 million ongoing.
 - *Historical* – Prior to FY 2016, WPUs for charter schools were determined on a different basis than WPUs in a school district. Statute, 53A-17a-106, requires that WPUs be based on prior-year Average Daily Membership (ADM) plus a growth factor, commonly called “Prior-Year + Growth.” WPUs for charter schools were based on the higher of Prior-Year + Growth or October 1 Fall Enrollment. In response to an audit finding by the State Auditor on the different methods, the Legislature allowed the State Board of Education to continue to use 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).
Using the “higher of” methodology would require an additional 1,942 WPUs and cost an additional \$5 million ongoing.
- *Related to Basic School Program (Below-the-Line)* – Certain categorical programs in the Related to Basic School Program are adjusted each year for enrollment growth based on statutory reference or historic precedent. These programs include the following: Pupil Transportation, Concurrent Enrollment, Charter School Local Replacement, Charter School Administrative Costs, Educator Salary Adjustments, Enhancement for At-Risk Students, Youth-in-Custody, Adult Education, and Enhancement for Accelerated Students. The cost of making enrollment growth adjustments to these programs is approximately \$10 million ongoing and a one-time supplemental of \$3.2 million for the Educator Salary Adjustment program.

- *Voted & Board Local Levy Programs* – Additional WPUs also increases the cost of the Voted & Board Local Levy Programs. The State guarantees that if a school district implements these property tax levies that it will receive a minimum amount of revenue per WPU for each tax increment. The Legislature establishes a guarantee rate in statute. In FY 2016, statute requires that this guarantee rate increase from \$27.92 to \$30.11 per WPU/Tax Increment. The cost estimate for the additional WPUs and the change in the guarantee rate is estimated at \$23 million ongoing.
- *Basic Property Tax Revenue Offset* – Statute requires that school districts levy the Basic Property Tax in order to participate in the Minimum School Program. The revenue generated from this property tax is applied to the WPU costs of a school district. The CDC estimates that the Basic Levy will generate approximately \$8.4 million more in FY 2016 than estimated in FY 2015. This increase in revenue lowers the cost to the State in order to fund the additional WPUs.

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 95 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 board 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 \$2,972 in FY 2015. The WPU Value for the two “Add-on” WPU programs, namely Special Education and Career & Technical Education is lower at \$2,726.

One Percent WPU Value Increase

Estimates indicate that it will cost approximately \$25 million for every 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.

The totals are based on the estimated FY 2015 ongoing appropriations in each program with adjustments for student enrollment growth in FY 2016. Other adjustments made during the 2015 General Session may increase or decrease this estimate.