



**S2 HB 110 and
the WPU VALUE RATE**

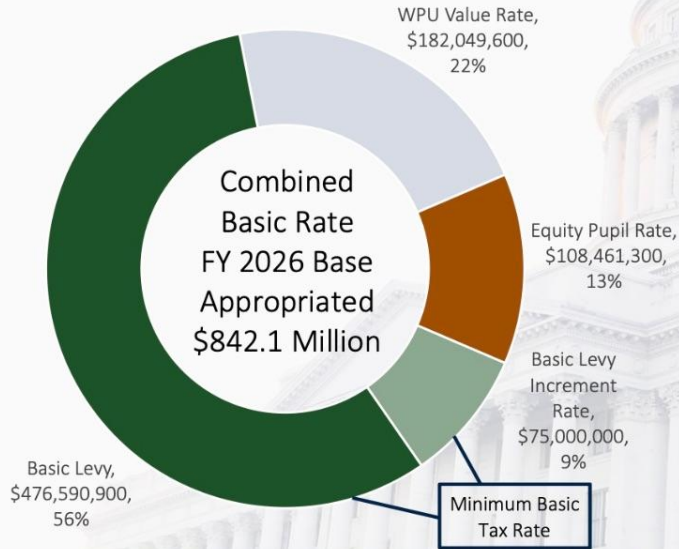
WPU= Weighted Pupil Unit

- **Weighted Pupil Unit (WPU)** the fundamental metric used to determine funding for the state's basic school program. Each year, the Utah Legislature establishes a specific dollar amount for the WPU, which is then multiplied by the number of weighted pupil units to calculate the total funding allocated to the basic school program.
- The **WPU Value Rate**- tax rate set by the Utah State Tax Commission to generate a predetermined amount of revenue, known as the WPU value amount.

$$\text{The WPU value rate} = \frac{\text{Legislative set WPU VALUE}}{\text{total taxable value of property in the state}}$$

Basic Levy – Uniform Statewide Property Tax

FY 2026 | Basic School Program



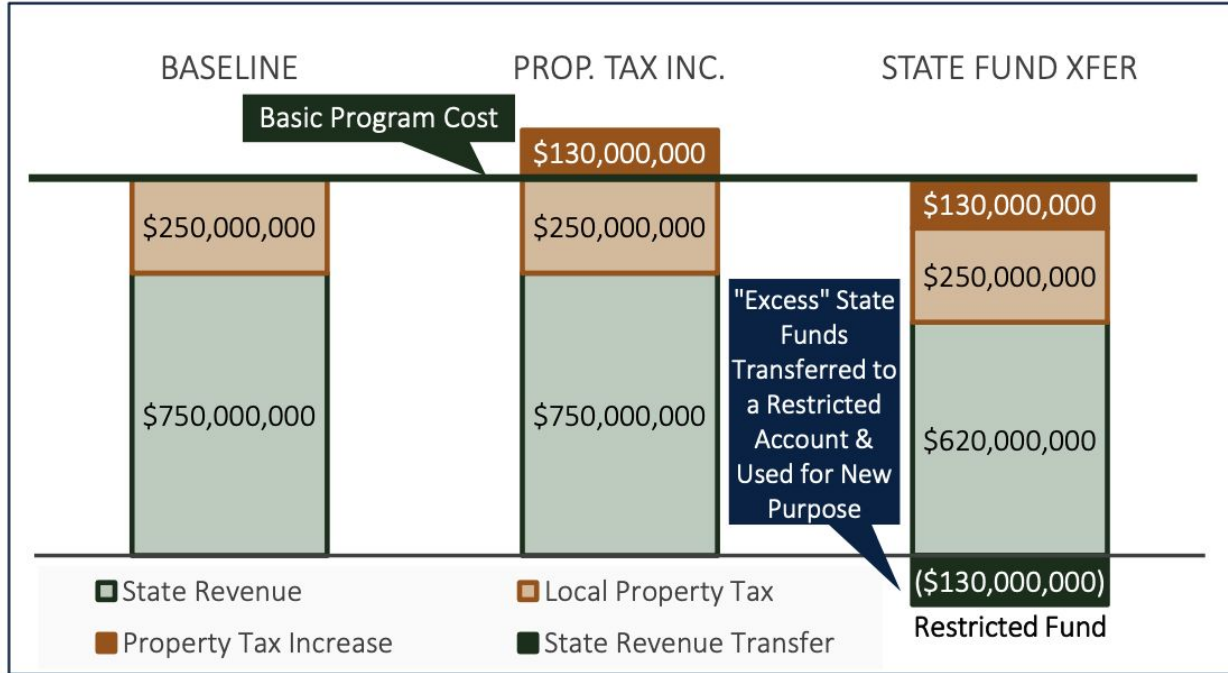
In order to qualify for receipt of the state contribution toward the basic program and its contribution toward its costs of the basic program, each school district shall impose a minimum basic tax rate per dollar of taxable value . . . (53F-2-301)

- Target Revenue [Base Bill] = \$842.1 M ▲ \$53.3 M
 - Rate Applied to \$587.3 B Statewide Taxable Value
 - ▲ \$45.4 M
 - Includes \$21.8 M in “Newt New Growth” of Properties
 - Includes \$31.5 M WPU Value Rate Increase
 - Tied to 4.0% WPU Value Increase in Base [Limit]
 - Estimated Basic Rate = 0.001463
 - 0.001408 Prior-Year Budgeted Revenue + New Growth
 - 0.000055 WPU Value Rate to Generate
 - ▲ from 0.001408 in FY 2025
- WPU Value Rate – Index Revenue to WPU Value Change
 - Maintain State/Local Mix Funding Share in Prior Year
 - FY 2025 Mix = 18.6% Local
- Utah’s Primary Property Tax Equalization Formula
 - Basic Levy Revenue Applied to Cost of District WPU’s First
 - State Funds Pay Difference

Leveraging the Basic Rate

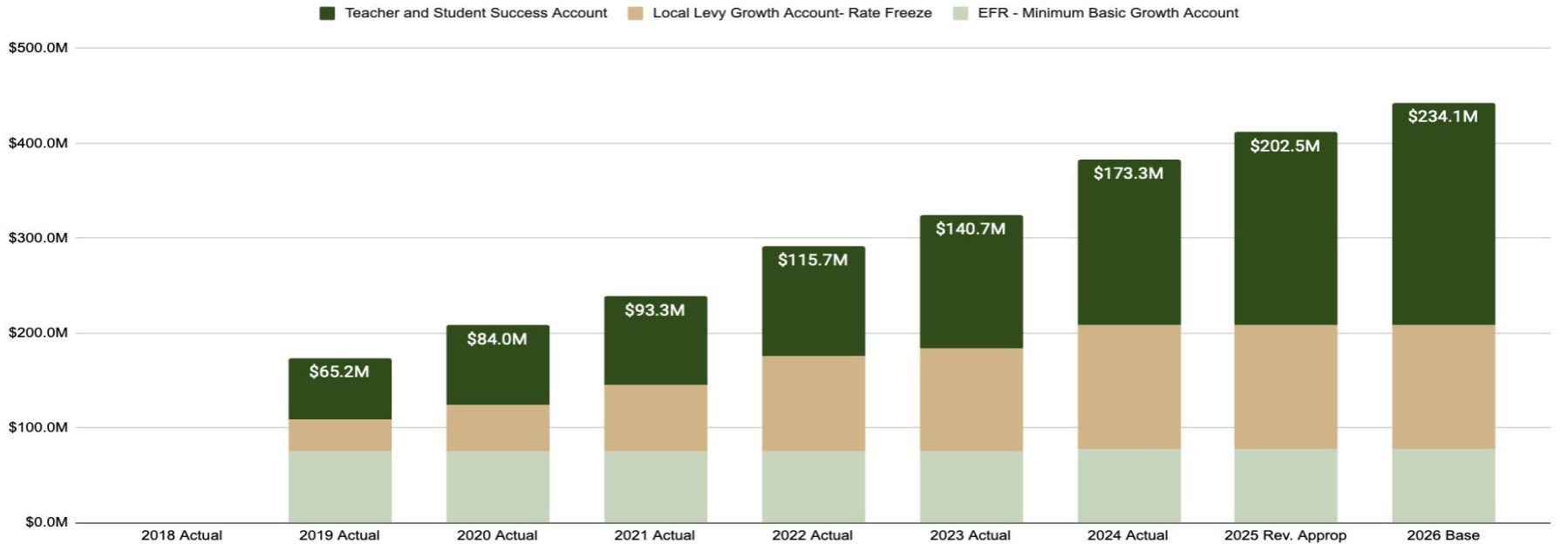
2025 GS | Basic Rate Adjustments

Local Revenue to State Revenue
Equalization
▼



- No Change in Basic Program Costs
- Shift State/Local Funding Mix
 - Property Tax Increase
 - Locals Pay Higher Proportion of WPU Costs
- "Excess" State Funds to Restricted Account
 - Equalization
 - Teacher & Student Success

Teacher and Student Success Account Annual Budgets



Budget Line Item	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Rev. Approp	2026 Base
<u>EFR - Minimum Basic Growth Account</u>		\$75.0M	\$75.0M	\$75.0M	\$75.0M	\$75.0M	\$77.6M	\$77.6M	\$77.6M
<u>Local Levy Growth Account- Rate Freeze</u>		\$33.4M	\$49.0M	\$70.1M	\$100.1M	\$108.5M	\$131.1M	\$131.1M	\$131.1M
<u>Teacher and Student Success Account</u>		\$65.2M	\$84.0M	\$93.3M	\$115.7M	\$140.7M	\$173.3M	\$202.5M	\$234.1M
Total	\$0.0M	\$173.5M	\$207.9M	\$238.4M	\$290.8M	\$324.1M	\$382.1M	\$411.3M	\$442.8M

Teacher and Student Success Account YoY Growth

29% 11% 24% 22% 23% 17% 16%

Teacher and Student Success Account Cumulative Growth

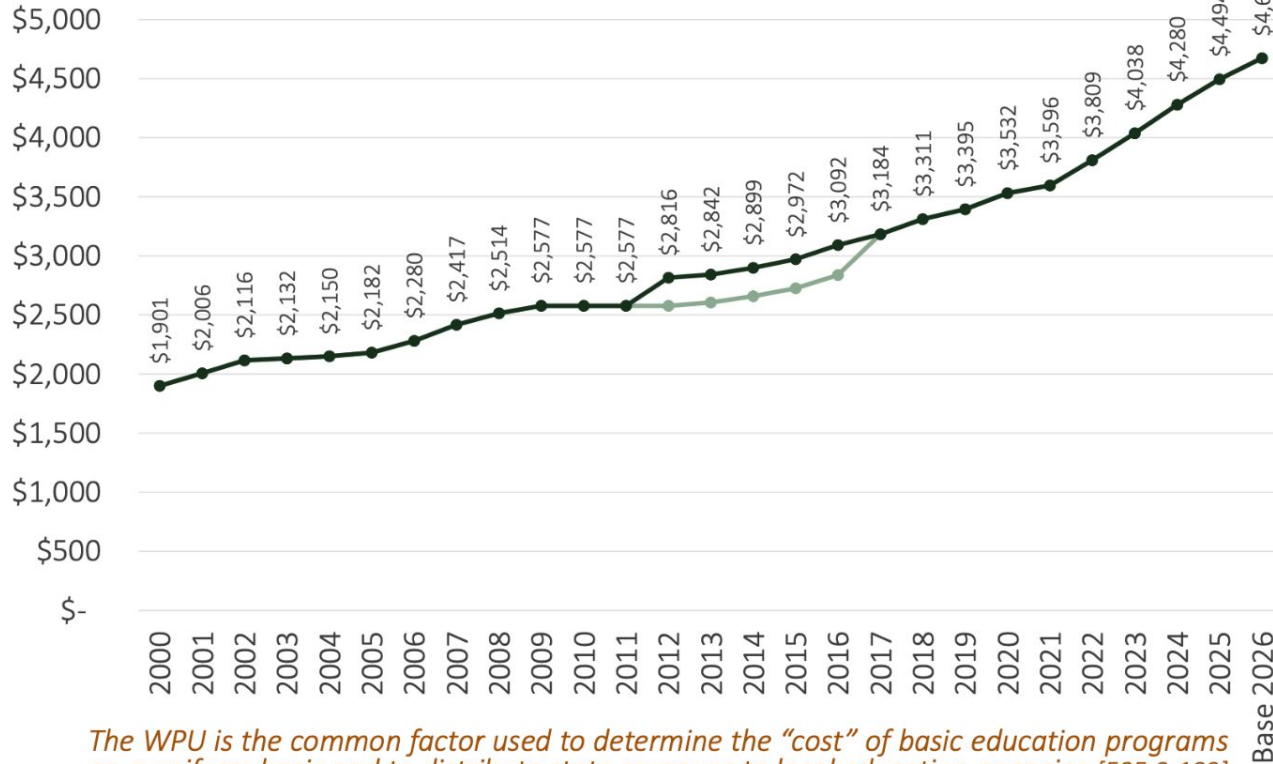
29% 43% 78% 116% 166% 211% 259%

- 2 HB 110 Uncouples the statute that lets the legislature force local school boards to increase their property taxes without going through Truth in Taxation or voter approval
- In 7 years, the TSSA fund has grown to 200 million a year and will be compounded by at least 32 million every year with no end in sight.
- It does not take any money from the schools and the TSSA fund will continue to be funded til 2027 at least 260 million a year ongoing.
- Student Enrollment is declining- we don't need to continue to compound \$ into the TSSA fund which was instituted to get more money into the schools while we had a lot of growth over the past 7 years when we also froze the rate. We unfroze the rate because we realized that these programs have served their purpose.
- This will not affect the WPU amount or the ability for local school boards to increase their tax rates.
- We already account for inflation and growth in the WPU, and even with the decline in enrollment rates, we have instituted a hold harmless where the schools will not lose money with a decline in students.

WPU Value Rate and the Teacher and Student Success Account

- Since 2019 we have built up the annual revenue transfer to the TSSA to \$197million for FY2025 from an initial \$65
- Will add an ongoing \$31.5 million this year-even more if the Legislature approves an increase in the WPU as was requested in PED Apropriations
- Bringing the total for FY2026 to \$228 million
- FY 2027 will raise to \$260 million of ongoing TSSA funding

WPU Value History FY 2000 to FY 2026 Base Budget



The WPU is 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 [53F-2-102]

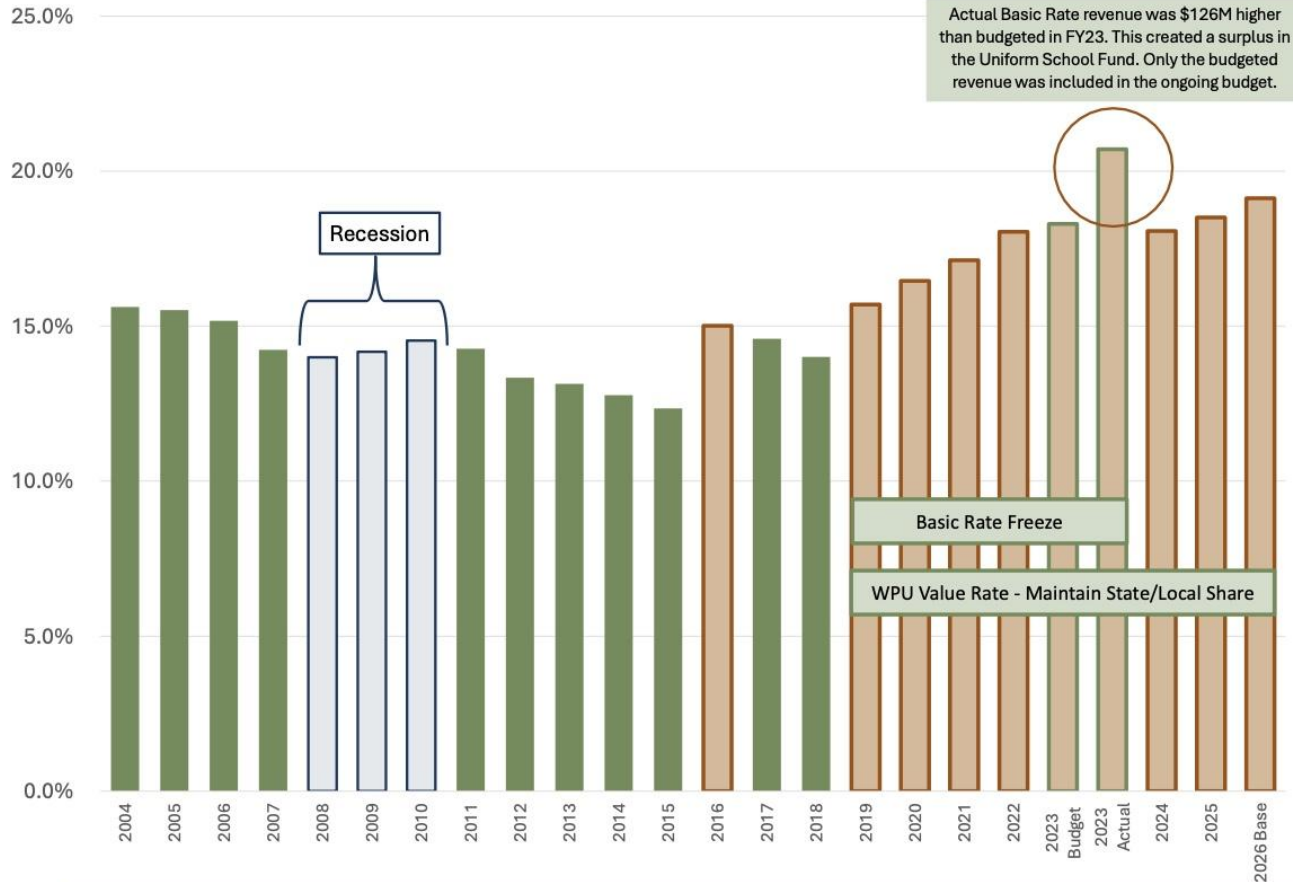
Basic School Program WPU Value History

- Base Budget
 - Value = \$4,674
 - 4% Increase
 - \$178.6 Million
- Cost for Each Additional 1% Increase in Value
 - \$43.6 Million
- WPU Value Has Not Decreased
 - Flat 2009-2013
 - 2012 Increase Due to Internal MSP Funding Shifts

Sub 2 HB 110

- HB 110 Sub 1 will **eliminate ONLY the WPU Value Rate increase** of approx. \$31.5 million compounded year over year
- **Student growth rates are declining - WPU Value Tax Rates should as well**
- HB 110 does not reduce current levels of TSSA funding
- The \$260 million for TSSA collected through FY 2027 will **remain constant** as part of the Basic Rate
- Property owners won't see a property tax increase in the State Basic Rate for FY 2027 going forward
- The State Basic Rate will return to the way it operated prior to FY 2019 – generating prior-year budgeted revenue plus growth from new taxable properties (**the same method used for all property taxes**)

Basic Rate Revenue as a Percent of Total Basic School Program FY 2004 to FY 2019



MSP Basic Rate

Revenue as a Percent of Total



- Basic Rate as a Percent of Total Basic Program Averaged 25% in Early 1980s
- Dropped to 12% in 2015
- Legislative Tax Adjustments (Orange)
- 2023 Revenue