

PUBLIC EDUCATION BUDGET OVERVIEW

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE
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BUDGET BRIEF

BUDGET SUMMARY

Appropriations supporting Utah’s public schools represent the largest expenditure category in the state budget. In FY 2013, the Legislature appropriated a total of nearly \$3.7 billion to public education. As shown in Figure 1, approximately 69 percent of the total appropriation comes from state revenue sources – namely, the General, Education, and Uniform School Funds. Local property tax revenues from the Basic Levy and the Voted & Board Local Levies contribute 16 percent to the total. Federal funds contribute 13 percent, and finally, other small revenue sources contribute two percent to the total budget.

In FY 2009, the public education budget reached an all-time high of \$3.7 billion. With declining state revenues, the budget was reduced in FY 2010 and has slowly recovered in the years since. With the appropriated budget FY 2013, the budget has nearly recovered to the FY 2009 level. Figure 2 provides a break-down of appropriations by revenue source since FY 2009.

Enrollment

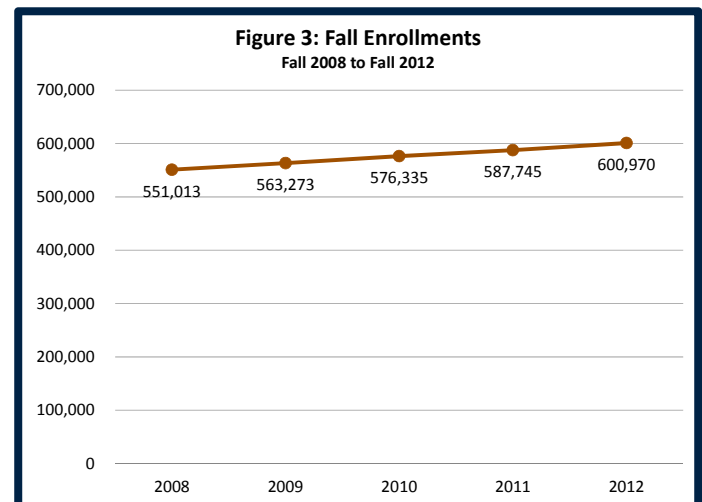
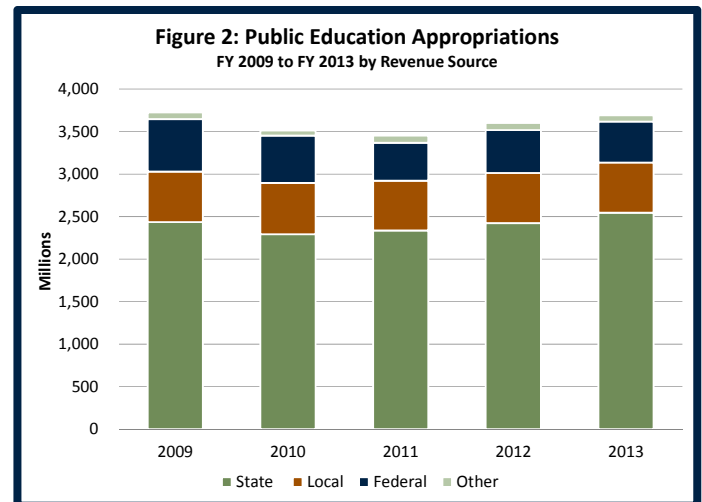
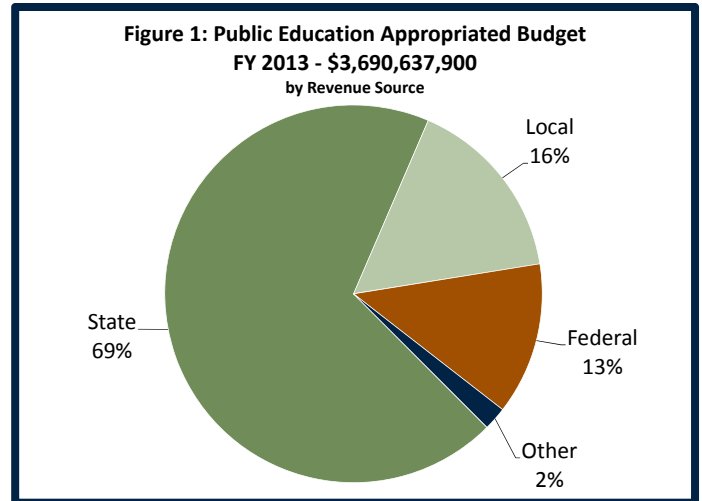
Although the budget has nearly recovered to pre-recession levels, the total number of students enrolled in Utah’s public schools has steadily increased. Figure 3 provides a five-year history of student enrollments.

Currently, a total of 600,970 students attend Utah public schools. This is an increase of 49,957 students over fall 2008 (FY 2009), a nine percent increase.

Additional enrollment information is available in the Issue Brief titled “Minimum School Program – Annual Adjustment Variables.”

Staffing

The public education budget also supports the employment of approximately 52,000 full-time equivalent (FTE) employees, of which, over 31,600 are licensed educators.



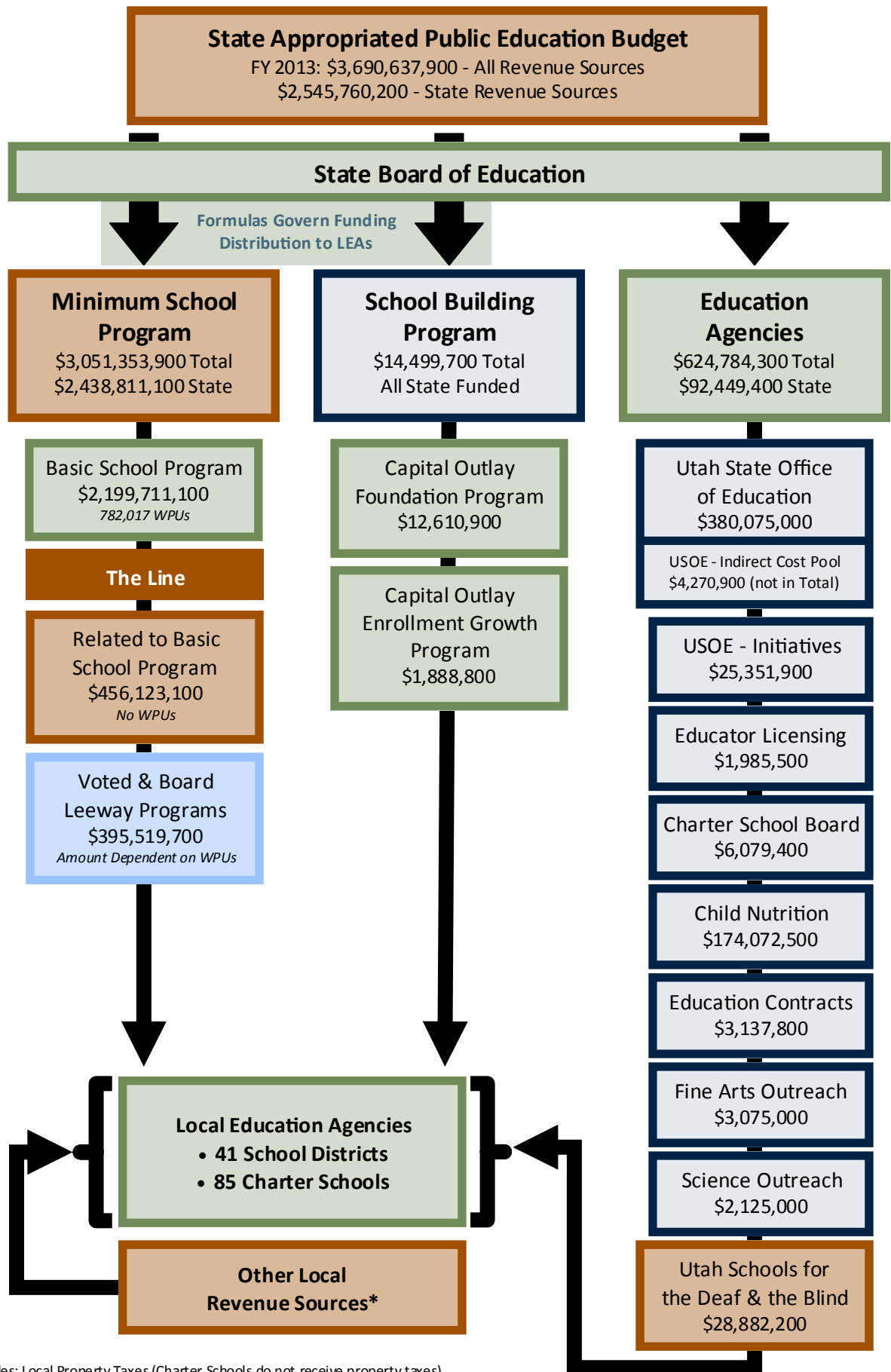
BUDGET ORGANIZATION

The Public Education Appropriations Subcommittee oversees the appropriation of revenues in three primary areas. These areas include programs that distribute funding to 126 Local Education Agencies (LEAs), made up of, 41 school districts and 85 charter schools. The budget also includes two state-level agencies. Each of these three categories is explained below:

- **Minimum School Program (MSP)** – provides general operating revenues to the LEAs. The majority of funding is distributed through the Basic School Program which provides a foundation for LEAs to provide an education program. Funding in the Basic School Program is distributed on a weighted-pupil basis. Supporting the Basic School Program is a Related to Basic School Program that includes several categorical programs. Finally, the MSP includes two property tax guarantee programs, namely the Voted & Board Leeways.
- **School Building Program (SBP)** – supports school districts in building construction and renovation efforts. School districts receive funding on a formula basis that targets funding to those school districts with lowered property tax yield per student.
- **Education Agencies** – administer and support the delivery of public education services in the LEAs. The public education budget includes two state-level agencies. First, the Utah State Office of Education (USOE) budget provides for the state level administration and support services. The USOE budget includes nine budgetary line-items: Utah State Office of Education, USOE Indirect Cost Pool, USOE Initiative Programs, Educator Licensing, State Charter School Board, Child Nutrition Programs, Education Contracts, Fine Arts Outreach, and Science Outreach. Second, the Utah Schools for the Deaf and the Blind (USDB) provides state-wide support and direct educational services for sensory-impaired students.

Budget Organization Flow Chart

The chart on page 3 details the current structure of the public education budget. The flow-chart shows each of the three primary budget areas and includes major sub-programs and funding levels.



*Includes: Local Property Taxes (Charter Schools do not receive property taxes), Fee Revenue, Interest Income, Federal & Private Grants, etc. Amounts vary by district and charter school.

BUDGET DETAIL OVERVIEW

The Legislature appropriated \$3,690,637,900 in FY 2013 to support the public education system. Of this amount, \$2,545,760,200 comes from the state Education and General Funds. Public Education is the largest recipient of state fund revenues, receiving 49 percent of the combined Education and General Fund appropriations in FY 2013.

Certain local property tax revenues are included in the state appropriated budget due to their relationship with state funded formula programs. These local property taxes include the Basic Levy in the Basic School Program, the Voted Local Levy and the Board Local Levy in the Voted & Board Local Levy Programs. In total, \$589.9 million in local revenue is included in the budget. The state does not collect this revenue; local school districts retain all local revenues. These local revenues are included in the total revenue available to fund a certain program. Local funds are used first towards a school district's program cost and the remainder is paid from state revenue sources.

Other major revenue sources contributing to the budget include Federal Funds at \$481.4 million, Dedicated Credits at \$40.4 million, and Interest and Dividends revenue earned off of the investment of the Permanent State School Fund at \$23.1 million.

Additional detail on the budget is available in the Budget Detail Tables below. The first table shows the general operating and capital budget. The second table shows free revenue transfers from the education budget back into the Education Fund. These free revenue transfers were made during the 2012 General Session and Special Session to fund one-time programs in the education budget and to correct the estimation errors discovered in the Minimum School Program.

General Operating & Capital Budgets

Public Education						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
General Fund	3,750,000	3,750,000	0	3,750,000	0	3,750,000
General Fund, One-time	0	1,920,000	0	1,920,000	(1,920,000)	0
Uniform School Fund	19,000,000	16,000,000	0	16,000,000	0	16,000,000
Uniform School Fund, One-time	12,000,000	45,000,000	0	45,000,000	(45,000,000)	0
Education Fund	2,383,756,291	2,494,640,200	0	2,494,640,200	(339,300)	2,494,300,900
Education Fund, One-time	4,676,600	(15,550,000)	0	(15,550,000)	15,750,000	200,000
Federal Funds	469,446,000	481,445,400	(1,900)	481,443,500	(400)	481,443,100
Dedicated Credits Revenue	6,606,900	40,353,300	(33,510,200)	6,843,100	0	6,843,100
Federal Mineral Lease	3,358,600	3,064,200	0	3,064,200	0	3,064,200
General Fund Restricted	0	5,000	(10,000)	(5,000)	5,000	0
GFR - Autism Awareness Account	0	0	5,000	5,000	0	5,000
GFR - Land Exchange Distribution Account	302,400	222,500	12,700	235,200	0	235,200
GFR - Substance Abuse Prevention	497,000	497,000	0	497,000	0	497,000
Interest and Dividends Account	26,256,700	23,136,000	3,247,300	26,383,300	2,862,700	29,246,000
Liquor Tax	32,039,300	0	34,814,900	34,814,900	2,436,400	37,251,300
Professional Practices Subfund	2,168,700	2,189,300	0	2,189,300	0	2,189,300
Local Revenue	616,165,400	589,942,800	0	589,942,800	0	589,942,800
Transfers	2,641,200	3,161,000	496,700	3,657,700	(277,500)	3,380,200
Transfers - Interagency	2,232,800	0	787,500	787,500	(787,500)	0
Transfers - Medicaid	687,500	1,065,000	(375,000)	690,000	1,065,000	1,755,000
Beginning Nonlapsing	72,250,100	14,591,100	51,382,300	65,973,400	0	65,973,400
Beginning Nonlapsing - Basic Prog	6,300,000	0	0	0	0	0
Beginning Nonlapsing - Related to Basic	4,000,000	0	0	0	0	0
Closing Nonlapsing	(111,473,400)	(14,591,100)	(51,382,300)	(65,973,400)	0	(65,973,400)
Lapsing Balance	(2,578,300)	(203,800)	0	(203,800)	0	(203,800)
Total	\$3,554,083,791	\$3,690,637,900	\$5,467,000	\$3,696,104,900	(\$26,205,600)	\$3,669,899,300
Agencies						
MSP - Basic School Program	2,109,927,966	2,199,711,100	0	2,199,711,100	0	2,199,711,100
MSP - Related to Basic School Programs	475,376,277	456,123,100	3,247,300	459,370,400	(12,437,300)	446,933,100
MSP - Voted and Board Local Levy Programs	392,222,648	395,519,700	0	395,519,700	0	395,519,700
School Building Programs	14,399,700	14,499,700	0	14,499,700	0	14,499,700
State Board of Education	562,157,200	624,784,300	2,219,700	627,004,000	(13,768,300)	613,235,700
Total	\$3,554,083,791	\$3,690,637,900	\$5,467,000	\$3,696,104,900	(\$26,205,600)	\$3,669,899,300
Categories of Expenditure						
Personnel Services	40,326,900	43,049,900	723,600	43,773,500	(99,300)	43,674,200
In-state Travel	583,400	692,400	(53,500)	638,900	0	638,900
Out-of-state Travel	377,500	344,900	4,700	349,600	0	349,600
Current Expense	28,407,500	47,849,100	(4,946,900)	42,902,200	(4,489,100)	38,413,100
DP Current Expense	1,050,200	754,900	190,000	944,900	12,700	957,600
DP Capital Outlay	1,099,300	1,783,600	(1,004,400)	779,200	0	779,200
Capital Outlay	3,000	0	0	0	0	0
Other Charges/Pass Thru	3,482,235,991	3,596,163,100	10,553,500	3,606,716,600	(21,629,900)	3,585,086,700
Total	\$3,554,083,791	\$3,690,637,900	\$5,467,000	\$3,696,104,900	(\$26,205,600)	\$3,669,899,300
Other Data						
Budgeted FTE	607	602	(102)	500	(1)	499
Actual FTE	546	0	0	0	0	0
Vehicles	70	71	(68)	3	(2)	1
Weighted Pupil Units	764,725	782,017	0	782,017	0	782,017

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Free Revenue Transfers

Public Education - Transfers to Free Revenue						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
Beginning Nonlapsing - Basic Prog	0	23,157,700	(23,157,700)	0	0	0
Beginning Nonlapsing - Related to Basic	0	3,837,900	(3,837,900)	0	0	0
Beginning Nonlapsing - USOE	0	500,000	(500,000)	0	0	0
Beginning Nonlapsing - Voted and Board	0	18,004,400	(18,004,400)	0	0	0
Total	\$0	\$0	\$0	\$0	\$0	\$0
Line Items						
Education Fund - PED	0	45,500,000	(45,500,000)	0	0	0
Total	\$0	\$45,500,000	(\$45,500,000)	\$0	\$0	\$0
Categories of Expenditure						
Transfers	0	45,500,000	(45,500,000)	0	0	0
Total	\$0	\$45,500,000	(\$45,500,000)	\$0	\$0	\$0
Change in Fund Balances	\$0	(\$45,500,000)	\$45,500,000	\$0	\$0	\$0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.