

PUBLIC EDUCATION BUDGET OVERVIEW

Understanding State & Local Perspectives

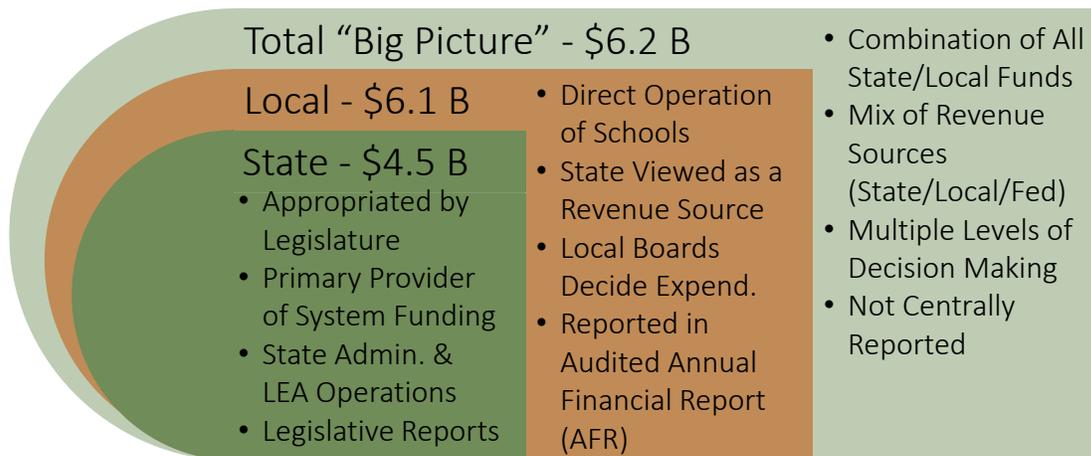


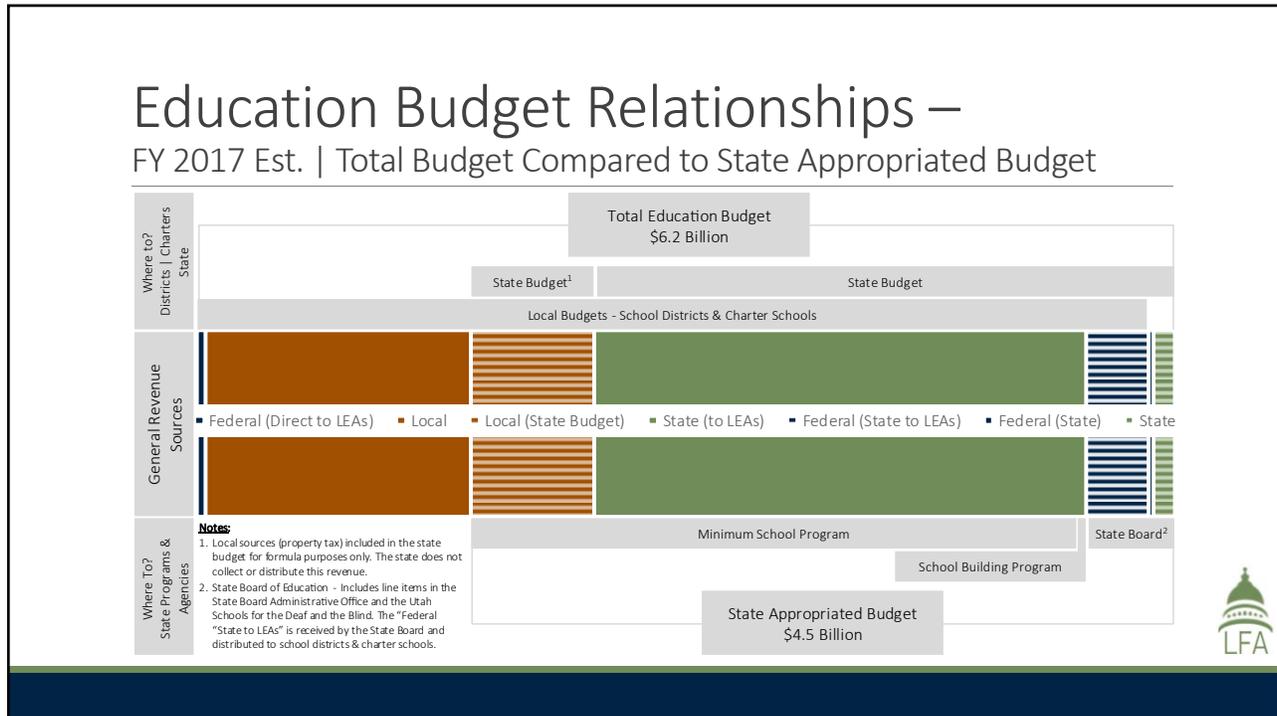
R. Benjamin Leishman, Fiscal Analyst

January 2018

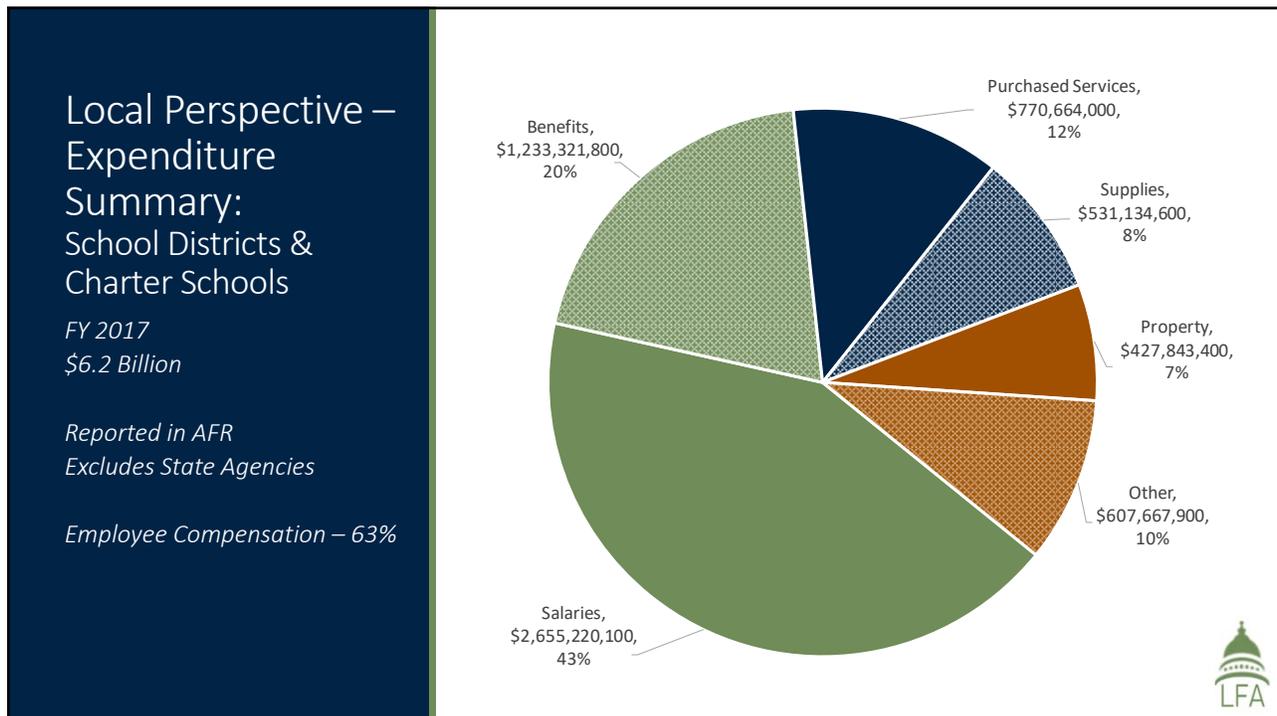
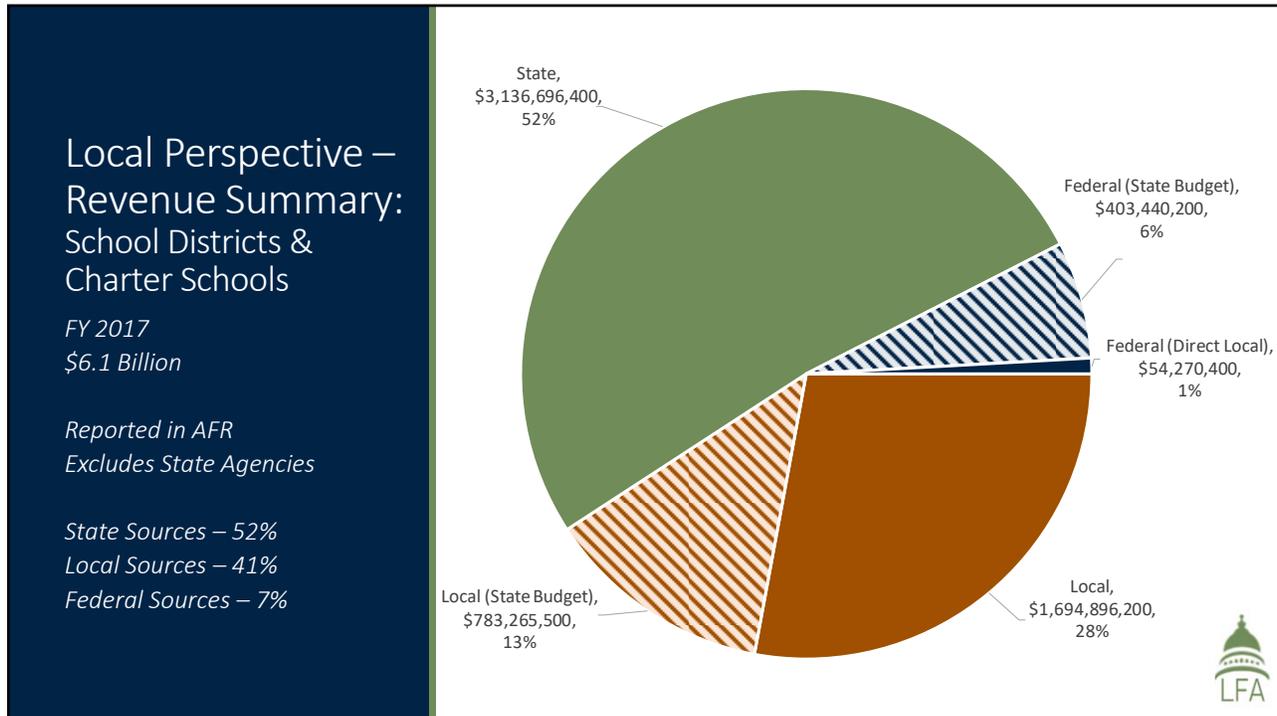
Public Education Budget – What is it Exactly?

FY 2017 Est. | Size of Budget Differs Depending on Perspective





- ## Public Education Budget – Local Perspective
- ### Budgets & Financial Reporting by Local Education Agencies (LEAs)
- State & Federal Funds
 - Education & Uniform School Funds
 - Federal Grants
 - Appropriated to State Board of Education & "Passed Through" to LEAs
 - Additional Local & Federal Funds
 - Local Property Tax Revenue
 - Federal Grants Direct to LEAs
 - Local Governing Boards Determine Expenditures
 - Budgets Adopted in June
 - State Funds Dispersed Monthly
 - Financial Reporting
 - Revenues & Expenditures Annually
 - Due to State Board of Education – Oct. 1
 - Annual Financial Report
 - Total Revenues & Expenditures
 - Independent Annual Audit
 - Based on U.S. Department of Education Chart of Accounts
 - Comparability Across States
 - Different Than State Budget Categories
 - Annual Program Report
 - Data by Major Program
 - Detail on State Restricted Programs
- 



Public Education Budget – State Perspective

Budgets & Financial Reporting by the State

- Legislative Appropriations
 - State General, Education, & Uniform School Funds
 - Federal Funds
 - Restricted Revenues
 - Certain Local Property Tax Revenue
 - Not Collected by State Used in Formulas
- Appropriated to the State Board of Education
 - Majority “Passed-Through” to Locals – State & Federal Funding
 - Direct Support for State Agencies & Programs
 - State Administrative Office & Utah Schools for the Deaf and the Blind
- Budget Determined by Legislature
 - Approved by Governor
- Financial Reporting – Data Reported Multiple Times Annually
 - Legislative Reports
 - Appropriations Report
 - Compendium of Budget Information
 - State Division of Finance
 - Comprehensive Annual Finance Report (CAFR)
 - Audited by the Office of the State Auditor



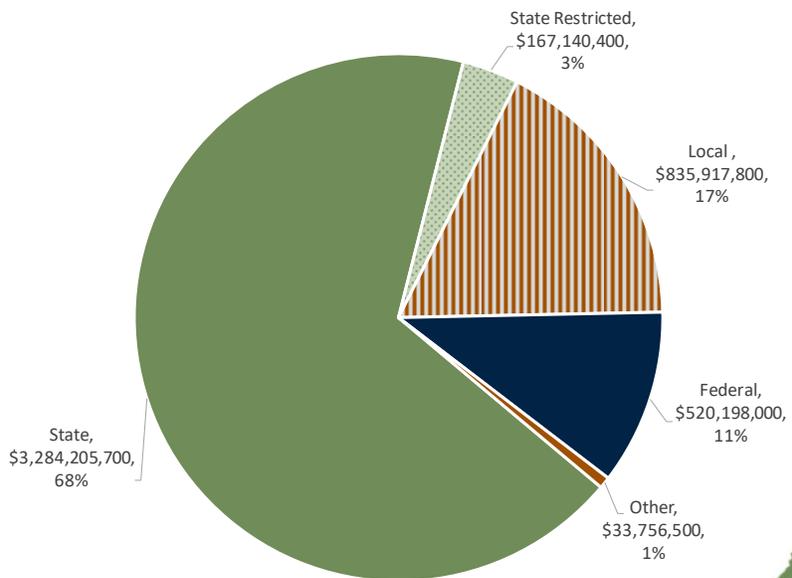
State Perspective: Public Education by Major Source

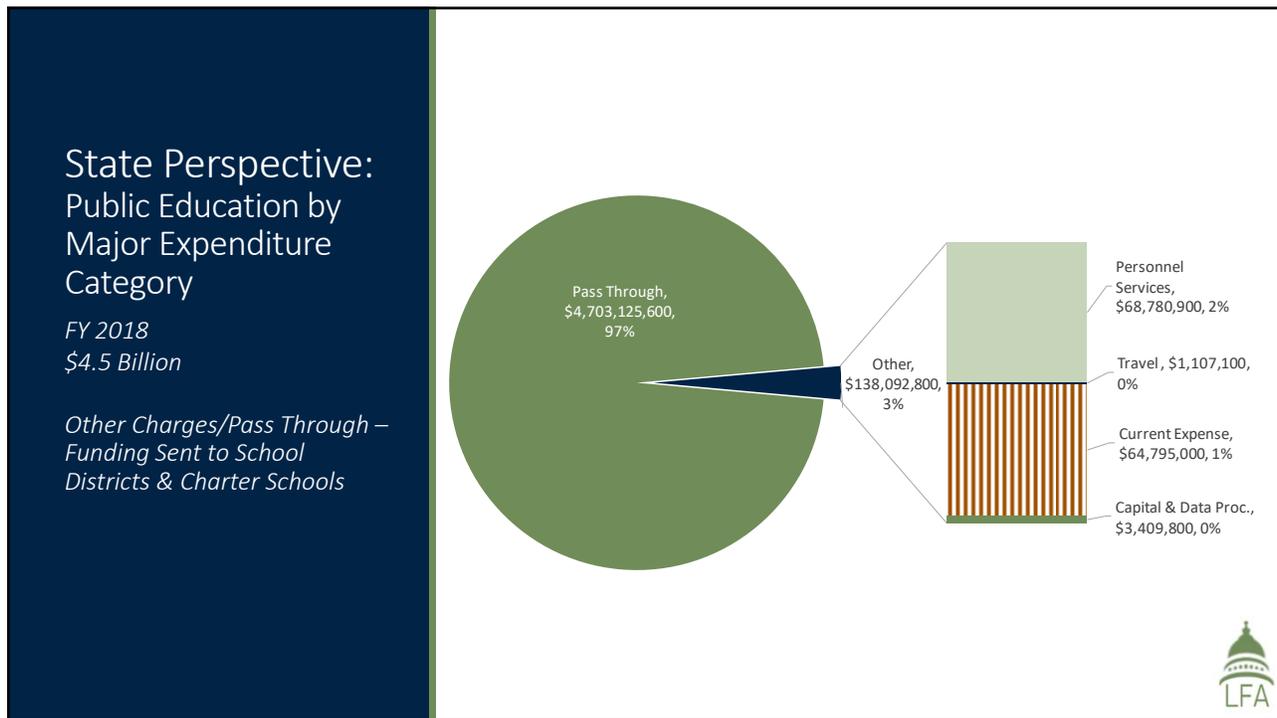
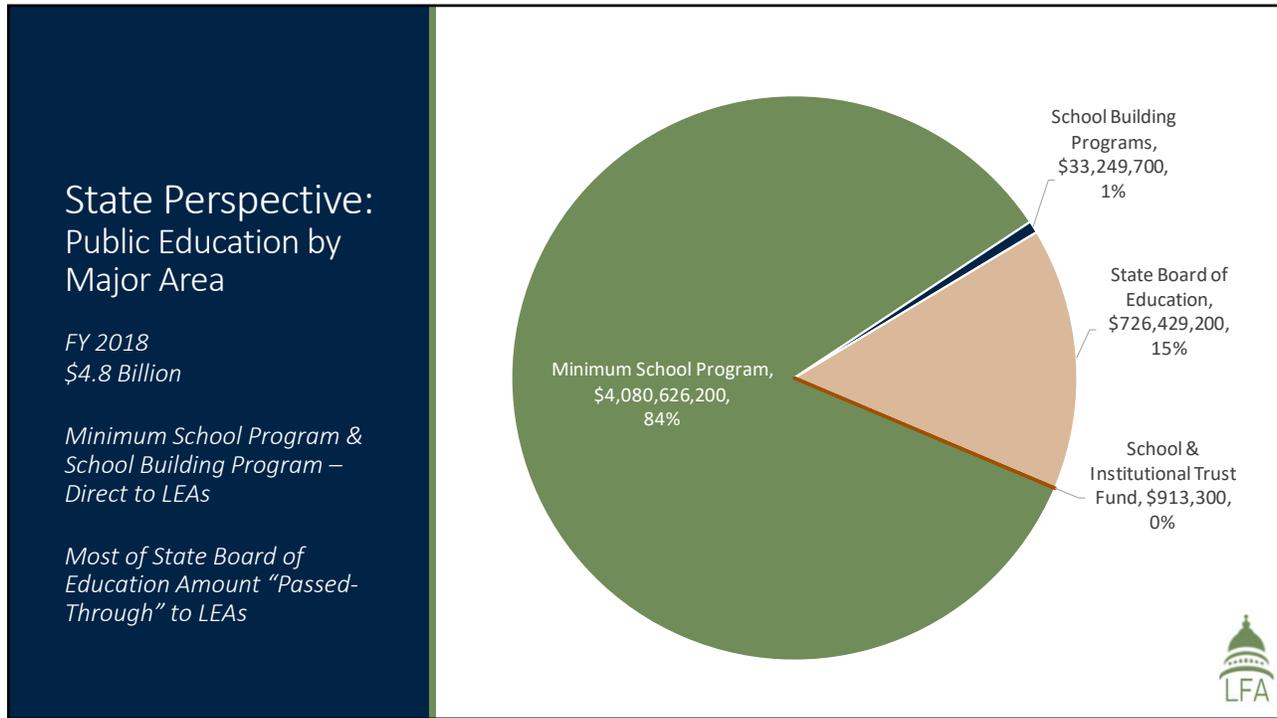
FY 2018
\$4.8 Billion

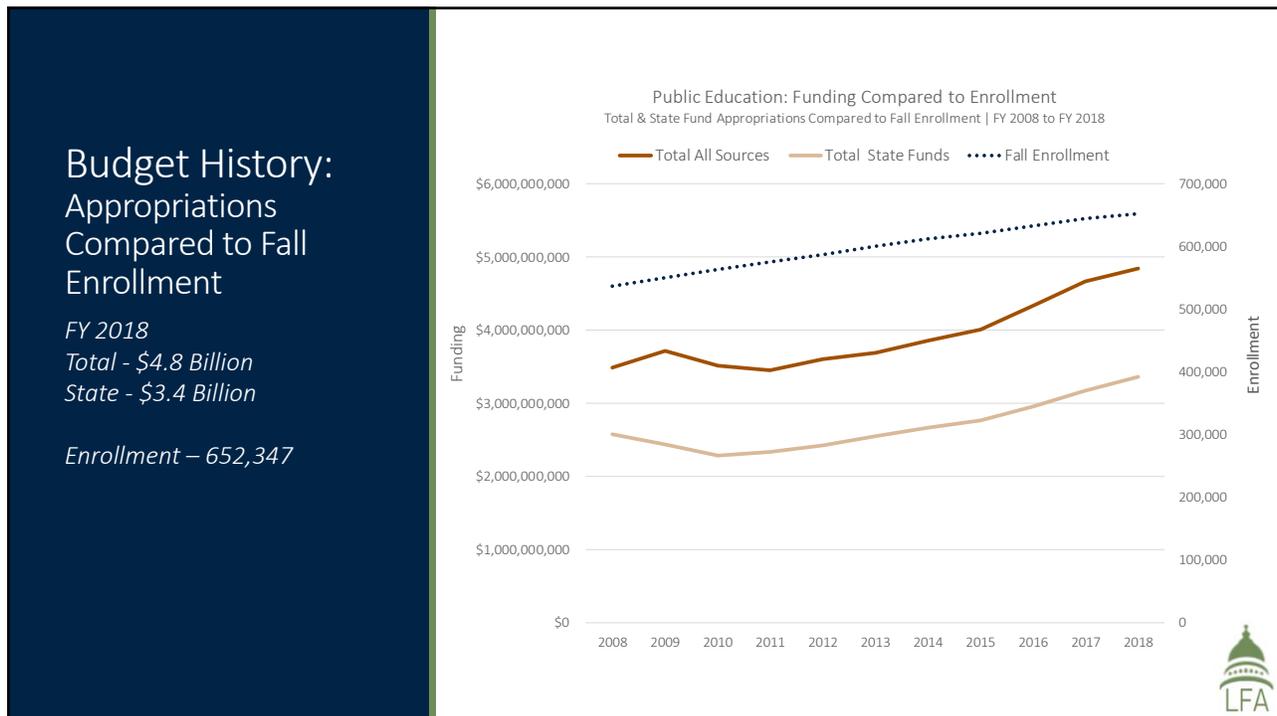
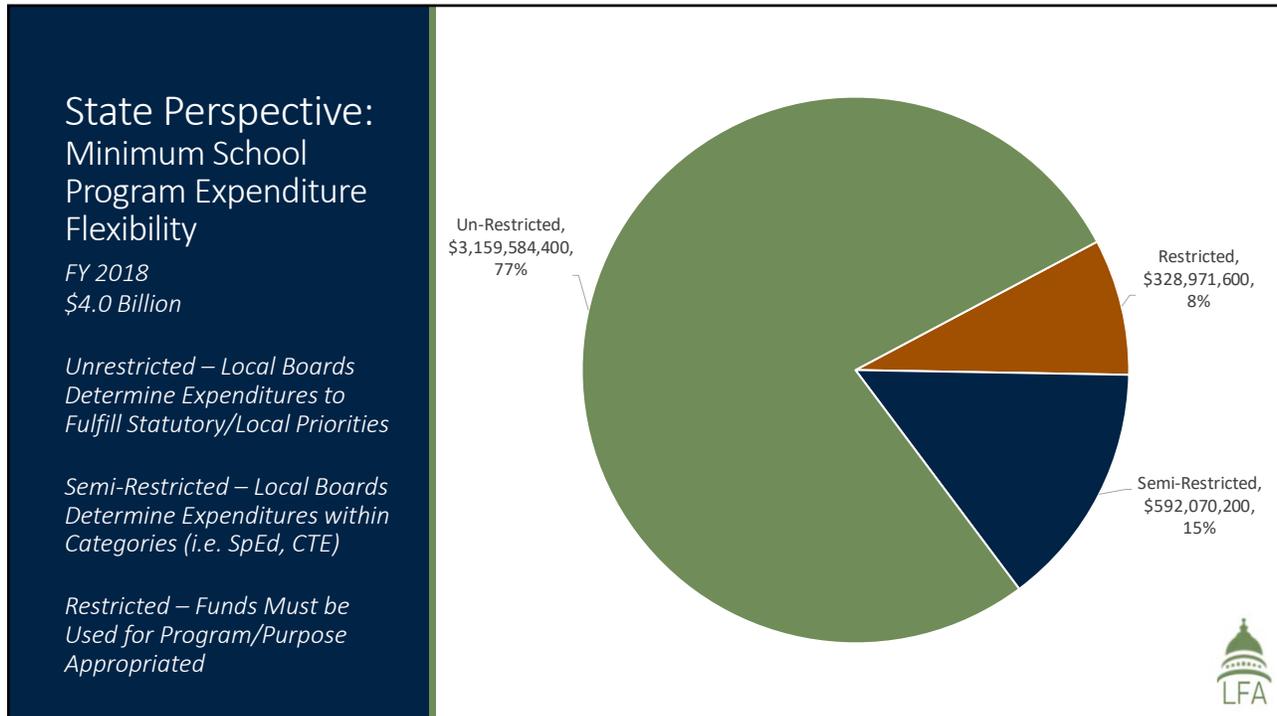
State – General, Education, & Uniform School Funds

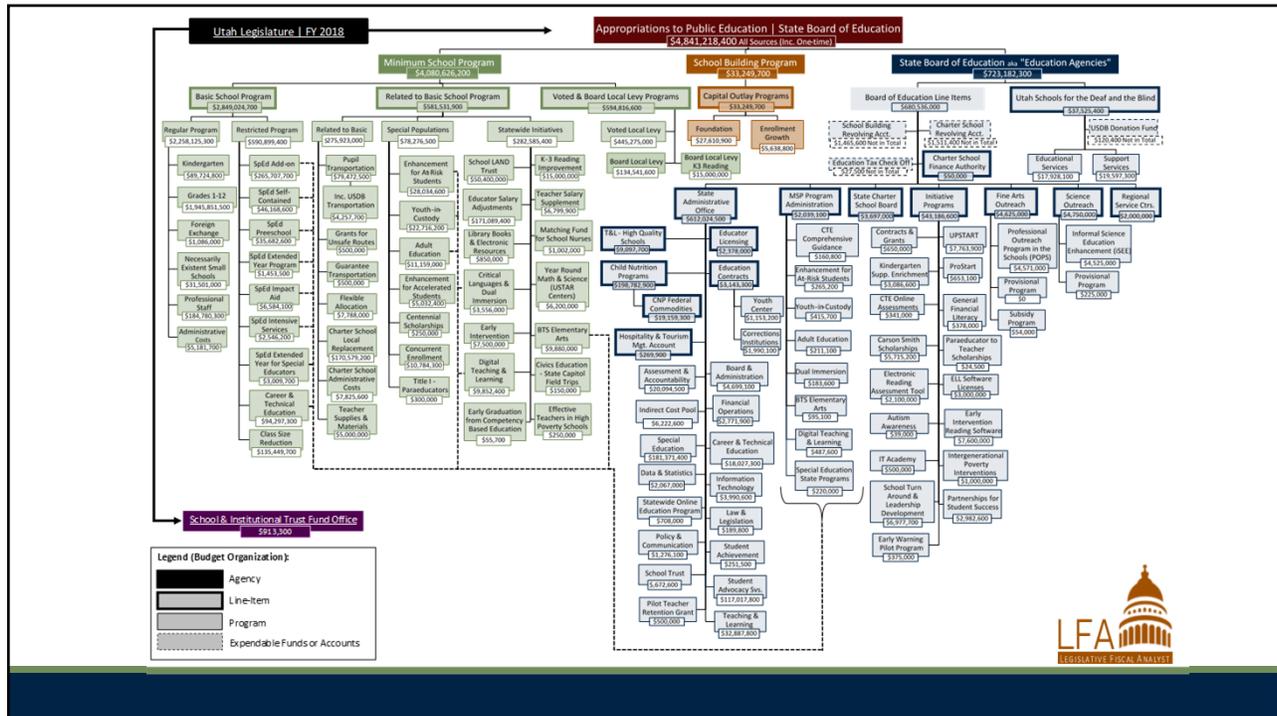
State Restricted – Minimum Basic Growth Account, Liquor Tax, School Trust

Local – Property Tax Revenue Factored into State Formulas (Revenue Stays w/District)





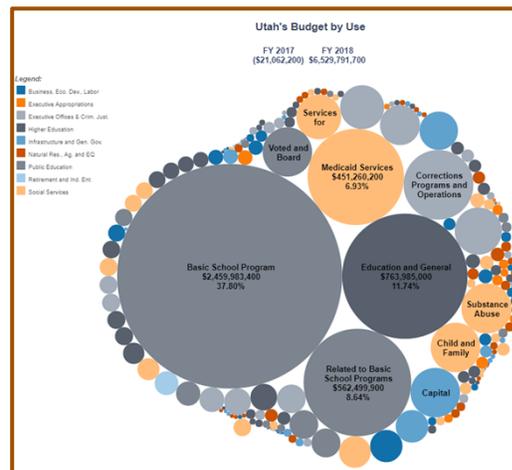


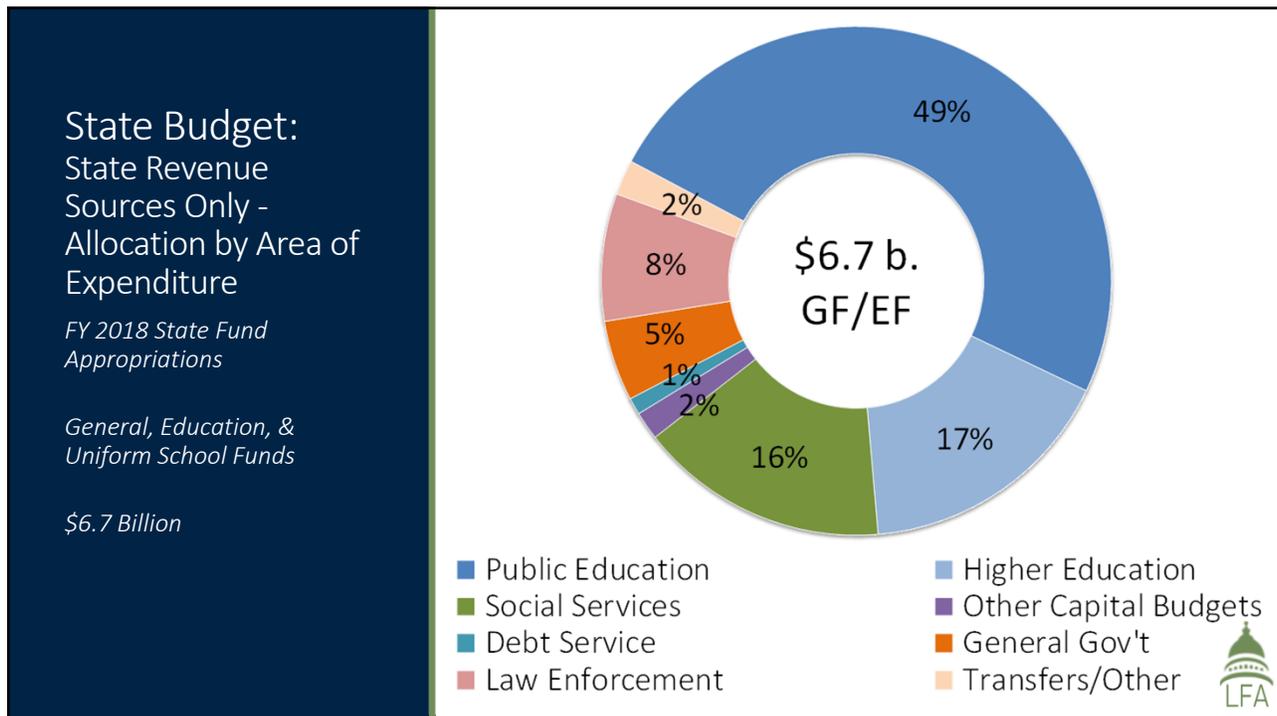
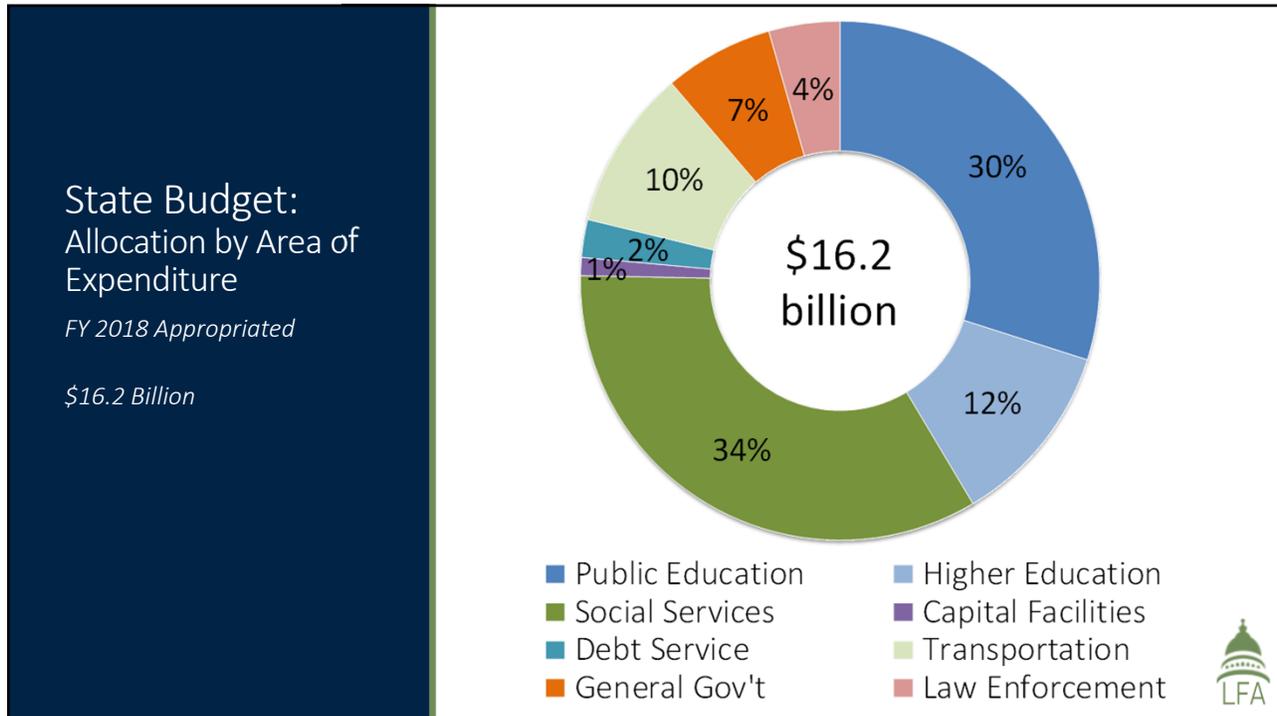


Budget Comparisons – Public Education

Public Education Budget Compared to Total State Budget

- Really Half of the State Budget?
- Perspective Matters:
 - 31% of Total Budget (All Sources)
 - 51% of State Fund Budget (General, Education, & Uniform School Funds)
- State Fund Appropriations to Minimum School Program
 - 25% of Total Budget
 - 47% of State Fund Budget





PUBLIC EDUCATION BASE BUDGET

2018 General Session | House Bill 1

Base Budget Bill:
 2018 GS | H.B. 1
Initial Appropriations for Fiscal Year 2019

Includes FY 2018 Ongoing Appropriations

- *Less One-time Funding*
- *Non-State Fund Adjustments*

Appropriates Nearly \$4.9 Billion (\$3.4 Billion State Funds)

Sets Initial WPU Value

- *\$3,311 (FY 2018 Value)*

LEGISLATIVE GENERAL COUNSEL
 Approved for Filing: R.M. Bradway
 01-03-18 2:34 PM

H.B. 1

PUBLIC EDUCATION BASE BUDGET AMENDMENTS
 2018 GENERAL SESSION
 STATE OF UTAH
Chief Sponsor: Daniel McCay
 Senate Sponsor: Lyle W. Hillyard

LONG TITLE

Committee Note:
 The Executive Appropriations Committee recommended this bill.

General Description:
 This bill appropriates funds for the support and operation of public education for the fiscal year beginning July 1, 2018, and ending June 30, 2019.

Highlighted Provisions:
 This bill:

- provides appropriations for the use and support of school districts, charter schools, and state education agencies;
- sets the value of the weighted pupil unit (WPU) initially at \$3,311 for fiscal year 2019;
- sets the estimated minimum basic tax rate at .001498 to generate an estimated \$408,073,800 in local property tax revenue to support the Basic School Program for fiscal year 2019;
- provides appropriations for other purposes as described; and
- provides intent language.

Money Appropriated in this Bill:
 This bill appropriates \$4,883,213,600 in operating and capital budgets for fiscal year 2019, including:

- \$5,959,700 from the General Fund;



Base Budget Bill - Highlights

2018 GS | House Bill 1

- Amends Statute
- Sets Minimum Basic Tax Rate & Target Revenue:
 - Estimated Rate – 0.001498
 - Target Revenue – \$408.1 Million (Prior-Year Collections + New Growth)

47 *Be it enacted by the Legislature of the state of Utah:*
 48 Section 1. Section **53A-17a-135** is amended to read:
 49 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**
 50 (1) As used in this section, "basic levy increment rate" means a tax rate that will
 51 generate an amount of revenue equal to \$75,000,000.
 52 (2) (a) To qualify for receipt of the state contribution toward the basic program and as a
 53 school district's contribution toward the school district's costs of the basic program, each local
 54 school board shall impose a minimum basic tax rate per dollar of taxable value that generates
 55 [~~\$399,041,300~~] \$408,073,800 in revenues statewide.
 56 (b) The preliminary estimate for the [~~2017-18~~] 2018-19 minimum basic tax rate is
 57 [~~.001596~~] .001498.
 58 (c) The State Tax Commission shall certify on or before June 22 the rate that generates



Base Budget Bill – Highlights

2018 GS | House Bill 1

- Organization
 - Budget: Public Education
 - Agency: State Board of Education – Minimum School Program
 - Line Item: “Item 1” Minimum School Program – Basic School Program
- Revenues by Source
 - Appropriating “From”, Source, and Amount
- Schedule of Programs
 - Where Funds “Go” by Unit

84	PUBLIC EDUCATION	
85	STATE BOARD OF EDUCATION - MINIMUM SCHOOL PROGRAM	
86	ITEM 1 To State Board of Education - Minimum School Program - Basic School Program	
87	From Education Fund	2,287,033,700
88	From Uniform School Fund	27,500,000
89	From Local Revenue	408,073,800
- 3 -		
H.B. 1		
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90	From Beginning Nonlapsing Balances	25,487,700
91	From Closing Nonlapsing Balances	(25,487,700)
92	Schedule of Programs:	
93	Kindergarten (27,099 WPU's)	89,724,800
94	Grades 1 - 12 (587,693 WPU's)	1,954,884,000
95	Foreign Exchange (328 WPU's)	1,086,000
96	Necessarily Existent Small Schools (9,514 WPU's)	31,501,000
97	Professional Staff (55,808 WPU's)	184,780,300
98	Administrative Costs (1,565 WPU's)	5,181,700



Base Budget Bill: Subcommittee Action 2018 GS | H.B. 1

*Subcommittee Action
Required to Change
Base Bill*

- Approve All Bill Items:
 - All Funding Items
 - Statutory Changes for Basic Levy Rate & Revenue
 - Performance Measures

- Include Three Technical Changes:
 - Youth Impact Appropriation
 - General Fund Restricted – Swap Underage Drinking Accounts
 - Digital Teaching & Learning Balances

- More Detail Available in COBI
 - See “Issues” Tab



Base Budget Bill – Performance Measures 2018 GS | House Bill 1

- Intent Language
 - Line Item
 - Tied to Appropriation

- Includes Measures Approved on November 8, 2017

- State Board of Education Provides Supplemental Information
 - Data to Inform Targets

314	<u>ITEM 9 To State Board of Education - Educator Licensing</u>	
315	<u>From Education Fund</u>	<u>2,634,600</u>
316	<u>From Dedicated Credits Revenue</u>	<u>34,500</u>
317	<u>From Professional Practices Restricted Subfund</u>	<u>20,800</u>
318	<u>From Revenue Transfers</u>	<u>(317,500)</u>
319	<u>Schedule of Programs:</u>	
320	<u> Educator Licensing</u>	<u>2,372,400</u>
321	<u>The Legislature intends that the State Board of Education report on or before September</u>	
322	<u>30, 2018, to the Public Education Appropriations Subcommittee on the following performance</u>	
323	<u>measures for the Educator Licensing line item:</u>	
324	<u>(1) background check response and notification of local education agency within 72</u>	
325	<u>hours (target = 100%);</u>	
326	<u>(2) teachers in a Utah local education agency who hold a standard level 1, 2, or 3</u>	
327	<u>license (target = 95%); and</u>	
328	<u>(3) teachers in a Utah local education agency who have demonstrated preparation in</u>	
329	<u>assigned subject area (target = 95%).</u>	





QUESTIONS?