Public Education Budget Overview
Understanding State & Local Perspectives

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Public Education Budget – What is it Exactly?
FY 2017 Est. | Size of Budget Differs Depending on Perspective

Total “Big Picture” - $6.2 B

Local - $6.1 B
- Direct Operation of Schools
- State Viewed as a Revenue Source
- Local Boards Decide Expend.
- Reported in Audited Annual Financial Report (AFR)

State - $4.5 B
- Appropriated by Legislature
- Primary Provider of System Funding
- State Admin. & LEA Operations
- Legislative Reports

Combination of All State/Local Funds
Mix of Revenue Sources (State/Local/Fed)
Multiple Levels of Decision Making
Not Centrally Reported
Education Budget Relationships –
FY 2017 Est. | Total Budget Compared to State Appropriated Budget

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Total Education Budget $6.2 Billion</th>
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<td>Federal (Direct to LEAs)</td>
<td>State Appropriated Budget $4.5 Billion</td>
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<td>Local (State Budget)</td>
<td>School Building Program</td>
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<td>State (to LEAs)</td>
<td>State Board of Education</td>
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<td>Federal (State to LEAs)</td>
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<td>Federal (State)</td>
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<td>State</td>
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Local Budgets - School Districts & Charter Schools

- General Revenue Sources
  - State Budget

Where To?
- State Programs & Agencies
  - Minimum School Program
  - School Building Program

Notes:
1. Local sources (property tax) included in the state budget for formula purposes only. The state does not collect or distribute this revenue.
2. State Board of Education - Includes line items in the State Board Administrative Office and the Utah Schools for the Deaf and the Blind. The “Federal "State to LEAs” is received by the State Board and distributed to school districts & charter schools.

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
Local Perspective – Revenue Summary: School Districts & Charter Schools

FY 2017
$6.1 Billion

Reported in AFR
Excludes State Agencies

State Sources – 52%
Local Sources – 41%
Federal Sources – 7%

Local Perspective – Expenditure Summary: School Districts & Charter Schools

FY 2017
$6.2 Billion

Reported in AFR
Excludes State Agencies

Employee Compensation – 63%
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)
State Perspective: Public Education by Major Area

FY 2018
$4.8 Billion

Minimum School Program & School Building Program – Direct to LEAs

Most of State Board of Education Amount “Passed-Through” to LEAs

State Perspective: Public Education by Major Expenditure Category

FY 2018
$4.5 Billion

Other Charges/Pass Through – Funding Sent to School Districts & Charter Schools
State Perspective: Minimum School Program Expenditure Flexibility

FY 2018
$4.0 Billion

Unrestricted – Local Boards Determine Expenditures to Fulfill Statutory/Local Priorities

Semi-Restricted – Local Boards Determine Expenditures within Categories (i.e. SpEd, CTE)

Restricted – Funds Must be Used for Program/Purpose Appropriated

Budget History: Appropriations Compared to Fall Enrollment

FY 2018
Total - $4.8 Billion
State - $3.4 Billion

Enrollment – 652,347
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
State Budget: Allocation by Area of Expenditure

FY 2018 Appropriated

$16.2 Billion

State Budget: State Revenue Sources Only - Allocation by Area of Expenditure

FY 2018 State Fund Appropriations

General, Education, & Uniform School Funds

$6.7 Billion
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)
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)

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
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
QUESTIONS?