PUBLIC EDUCATION
BUDGET OVERVIEW
Understanding State & Local Perspectives

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January 2019

Education Budget
2019 GS | State & Local Revenue Projections

Office of the Legislative Fiscal Analyst
State Revenue:

Estimated General & Education Fund

December 3, 2018

Total - $1.1 Billion
Ongoing - $565.0 Million
One-time - $521.0 Million

Recent Tax Commission Reports (TC-23) Indicate Slowing Income Tax Collections

Revenue Estimates Revised in Late February

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The Basic Levy:

FY 2020 Estimated Revenue

Statute Provides for Certain Increases in Basic Levy Property Tax Revenue

- **Basic Levy** - $14.9 M from “Net New Growth in Properties” historically used to offset the state cost of enrollment growth.
- **Equity Pupil** - $12.8 M (Est.) Difference between the traditional “Basic Tax Rate” and the rate floor of 0.0016.
- **WPU Value** - $4.7 M (Est.) for each 1% increase in WPU Value set by the Legislature

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Crosswalk from Revenue Estimates to Available GF/EF Revenue - December 3, 2018
(In millions of dollars)

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<tbody>
<tr>
<td><strong>Basic Levy</strong></td>
<td>$333,073,800</td>
<td>$14,962,300</td>
<td>$0</td>
<td>$0</td>
<td>$348,036,100</td>
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<td><strong>Basic Levy Increment Rate(2)</strong></td>
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<td><strong>Equity Pupil Tax Rate</strong></td>
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<td><strong>WPU Value Rate(1)</strong></td>
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<td><strong>Total</strong></td>
<td>$462,841,100</td>
<td>$14,962,300</td>
<td>$12,880,600</td>
<td>$4,700,000</td>
<td>$490,684,000</td>
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Notes:
(1) The WPU Value rate adjusts with the percent increase in the WPU Value as determined by the Legislature. The adjustment is based on the rate of state/local funding in the prior year (FY 2019 is 85/15 split). For FY 2020, the property tax increase would be approximately $4.7 million for each 1% increase. The “FY 2020 Total” amount is not included in the “FY 2020 Total” as the Legislature has yet to determine the WPU Value increase for FY 2020 to calculate the final tax impact amount.
(2) Statute allows the Basic Rate to collect property tax revenue on the net new growth of properties in the state. “Net New Growth” is an amount calculated by the Tax Commission each year. Historically, this revenue has accrued to the Basic School Program and offset the state cost for enrollment growth each year. The net new growth amount for the Basic Levy Increment Rate has accrued to the Basic School Program since the creation of that rate in FY 2016.
Education Budget Histories

2019 GS | History of Appropriations to Support Public Education

Budget History:
Appropriations Compared to Fall Enrollment
FY 2008 to 2019
Total - $5.2 Billion
State - $3.6 Billion
Enrollment – 660,028
Budget History:
Appropriations Compared to Fall Enrollment
FY 2011 to 2019
Year Over Year Percent Change

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<tr>
<th>Year Over Year Percent Change</th>
<th>FY 2011 to 2019</th>
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<td>8.0%</td>
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Public Education: Funding Compared to Enrollment
Year Over Year Percent Change | FY 2011 to 2019

State Funding
Enrollment
Linear (State Funding)
Linear (Enrollment)

Budget Comparisons – Public Education
2019 GS | Perspectives on Funding Change

Year Over Year Change
Public Education: Annual Increase in Appropriations
State Funds Only | FY 2011 to FY 2019

Allocation of New Funding by Session
Public Education: Allocation of “New” Discretionary Funds
State Funds Only | 2012 General Session to 2018 General Session

Total Change FY11 to FY19 - $1.22 Billion
Total Change 2012 to 2018 GS - $1.5 Billion
Education Budget Perspectives
FY 2018 & FY 2019 | Total vs. Local vs. State Budgets

Education Budget Relationships
FY 2019 Est. | Total Budget Compared to State Appropriated Budget

- Total Education Budget
  - $7.1 Billion (FY19 Estimated)
- Local Budgets - School Districts & Charter Schools
  - $6.2 Billion (FY18 Reported)
- General Revenue Sources
- 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.

State Appropriated Budget
- $5.2 Billion (FY19)
Public Education Budget – Local Perspective
FY 2018 | 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

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**Local Perspective: Revenues As Reported by School Districts & Charter Schools**
FY 2018
$6.2 Billion

*Reported in AFR
*Excludes State Agencies

- **State Sources** – 55%
- **Local Sources** – 38%
- **Federal Sources** – 7%

- State, $3,365,982,700, 55%
- Federal, $453,615,200, 7%
- Local (State Budget), $813,817,800, 13%
- Local, $1,522,387,600, 25%
Local Perspective: Expenditures
As Reported by School Districts & Charter Schools
FY 2018
$6.8 Billion
Reported in AFR
Excludes State Agencies
Employee Compensation – 61%

Public Education Budget – State Perspective
FY 2019 | Budget & Financial Reporting by the State

- Legislative Appropriations
  - State General, Education, & Uniform School Funds
  - Federal Funds
  - Restricted Revenues
  - Certain Local Property Tax Revenues
    - Not Collected by State but 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
Revenues

FY 2019
$5.2 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
Expenditures

FY 2019
$5.2 Billion

Other Charges/Pass Through – Funding Sent to School Districts & Charter Schools

Pass Through, $5,020,292,900, 97%

Personnel Services, $72,698,400, 2%

Travel, $1,107,100, 0%

Current Expense, $70,093,000, 1%

Capital & Data Proc., $3,010,100, 0%

Other, $146,908,600, 3%
State Perspective:
Public Education Appropriations to Major Area

FY 2019
$5.2 Billion

Minimum School Program & School Building Program – Direct to LEAs

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

Total Public Education Budget

FY 2019
State Board of Education
School & Institutional Trust Fund Office
Agencies = Solid Color & White Text
Line Items = Shaded Color & Black Text
Programs = No Shading & Black Text
Public Education Appropriations Subcommittee 1/28/2019

Education Budget Comparisons
2019 GS | Public Education Budget in the State Budget

Public Education in the State Budget: Total Expenditures by Category
FY 2019
$16.9 Billion from All Revenue Sources
4.3% Increase from FY 2018
31% to Public Education

$16.9 billion
Public Education in the State Budget:
Expenditures from State Sources by Category
FY 2019
$6.4 Billion from State General, Education, & Uniform School Funds
9.0% Increase from FY 2018
Over 50% to Public Education (Portion of 8% Transfers/Other to Public Education Programs)

$7.3 b. GF/EF

Public Education 46%
Higher Education 15%
Social Services 15%
Debt Service 9%
Law Enforcement 8%
General Gov’t 4%
Transfers/Other 2%

Public Education in the State Budget:
Allocation of New Discretionary Funds
2018 GS
FY 2018 & FY 2019
$806 million from State Funding Sources
35% to Public Education
$279.8 million

$806 M GF/EF

Public Education 35%
Higher Education 11%
Social Services 11%
Criminal Justice 7%
Non-Ed Buildings/Debt Svc 7%
Gen. Gov’t/Other 7%
Formal Rainy-day Deposits 22%

Education = $459 M
Education Fund Distribution
Public & Higher Education | Since 1996 Constitutional Amendment

Distribution of the Education Fund
Public Education, Higher Education, & Other | FY 1995 to FY 2019

Education Fund Uses
FY 1995 to FY 2019
Based on Appropriation by the Legislature
Higher Education Operations & Buildings
Other Includes: Tax Commission, Office of Rehabilitation (Until FY 2017), and Corrections
Appropriations to Higher Education
FY 1995 to FY 2019

Mirrors Business Cycle
Build Up Prior to Recession in 2001-03 and 2009-11
Difference of 2003 vs. 2012

Education Fund in Higher Education
1995 to 2019

Education Fund in Higher Education
FY 2019 Est. | Share of General Fund and & Education Fund

Percent Share of HED Subcommittee Appropriations

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<tr>
<th>GP</th>
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<td>FY20 Gov</td>
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Questions?