

**PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE**  
 FY 2021 Base Budget Adjustments

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**Revenue Update**  
*2020 Interim*  
 Range Estimate – May 2020

Point Estimate Used for Budgeting Expected in Mid-June

- Determine the Final Budget Adjustment Amounts


*S.B. 3001 Shifted Appropriations from FY20 to FY21*

*FY21 Range Indicates a Range of (\$600k) to (\$1.3b)*

**Range Revenue Forecast May 2020**  
 Executive Appropriations Committee  
 May 13, 2020  
 In Thousands of Dollars

a	b		c		d		e		f		g		h		i	
	May Consensus Ranges		May Consensus Ranges		May Consensus Ranges		May Consensus Ranges		Difference from February Consensus		Difference from February Consensus		Targets		Targets	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
1 General Fund (GF)	2,558,000	2,736,000	2,457,000	2,716,000	(240,000)	(62,000)	(464,000)	(205,000)								
2 Sales and Use Tax	2,044,000	2,193,000	1,971,000	2,180,000	(213,000)	(64,000)	(398,000)	(189,000)								
3 Education Fund (EF)	3,978,000	4,212,000	5,494,000	5,930,000	(1,199,000)	(965,000)	17,000	453,000								
4 Individual Income Tax	3,577,000	3,754,000	5,048,000	5,380,000	(1,060,000)	(883,000)	124,000	456,000								
5 Corporate Tax	344,000	397,000	402,000	496,000	(133,000)	(80,000)	(88,000)	6,000								
6 GF/EF Total	6,536,000	6,949,000	7,951,000	8,646,000	(1,439,000)	(1,026,000)	(447,000)	248,000								
7 Transportation Fund (TF)	582,000	625,000	589,000	654,000	(68,000)	(25,000)	(100,000)	(35,000)								
8 GF/EF/TF Total	7,118,000	7,574,000	8,540,000	9,300,000	(1,507,000)	(1,051,000)	(547,000)	213,000								
9 GF/EF Net Final Payments					(599,000)	(186,000)	(1,287,000)	(592,000)								

Notes: 1) The Range Forecast does not include revenue changes passed in the 2020 GS or subsequent special sessions.  
 2) Estimates are based upon limited data and will be updated as data quality improves.  
 3) Net final payments includes a shift of \$840 million from FY20 to FY21.  
 4) Ranges estimates are based on select GF/EF sources.

  
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## Subcommittee Meeting

### 2020 Interim | Directions for Appropriations Subcommittees

#### *Executive Appropriations Motion*

- Develop Budget Reduction Scenarios
  - Reduce FY 2021 Base Budget Amounts by 2%, 5%, and 10%
    - Includes Enrollment Growth for PED
  - Group Items in 2/5/10 Scenarios Based on General Priority (Easiest to Hardest)
  - No Need to Prioritize within Tranche
- Assume All New Funding for FY 2021 is Rescinded to Cover Shortfall
  - A Desired New Item/Program Offset by Additional Base Budget Reductions

#### *Goal, Why Public Education?*

- Determine Thoughtful, Targeted, Adjustments
  - Across-the-Board Cuts Last
- Participation of All Budget Areas
  - Excluding Public Education = Higher Reductions in Other Budgets (Up to 30%)
- Caucuses & Leadership Teams
  - EAC Chairs, Majority/Minority Leadership, Caucuses will Take Subcommittee Recommendations, Refine, & Develop a Budget
- No Direction on Subsequent Meetings
- Special Session in Mid June



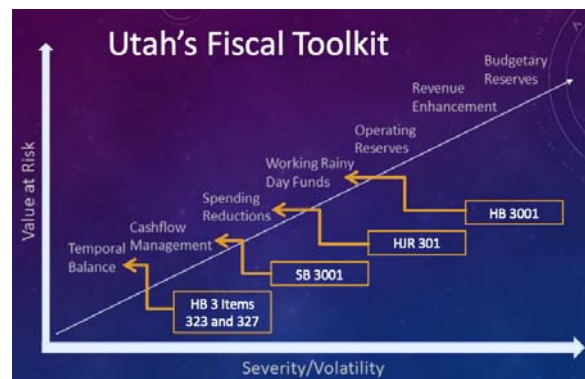
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## Fiscal Management

### 2020 Interim | Utah's Fiscal Toolkit

#### *What About Rainy-Day Funds?*

- Rainy-Day Funds (or Budget Reserves) Are a Budgetary Tool
  - Part of the Plan – “Mid to Late Storm”
  - Only One-Time Funding – Won’t Fix Ongoing Structure/Economic Changes
- Education Fund Budget Reserve
  - Balance = \$555 M (FY21 Est.)
  - More Restrictive than General Fund Budget Reserve – 63J-1-313
    - Only to Resolve an Education Fund “Operating Deficit”
    - Appropriations Exceed Revenue Estimates (Usually End of Year)

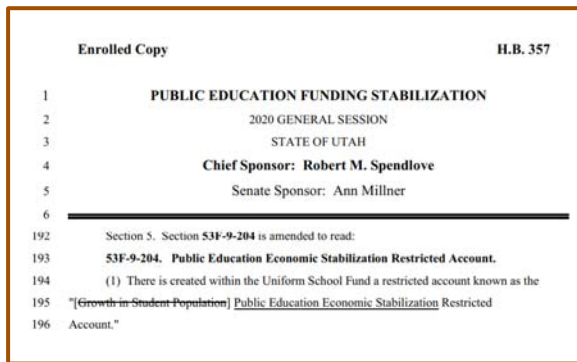


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## Public Education Funding Stabilization 2020 Interim | PED's Working Rainy-Day

### What About the \$75 Million?

- HB 357 – 2020 General Session
  - Created the Stabilization Account
  - Funded with \$75 M Ongoing
    - Balance Expended One-time in FY21
- Initial Funding Unlikely
  - See EAC Motion
- Structure in Place for Future
  - Working Rainy-Day Reserves Generally Don't Work for Current-Year Budget Fixes
    - Balance Generally Spent on One-time Projects



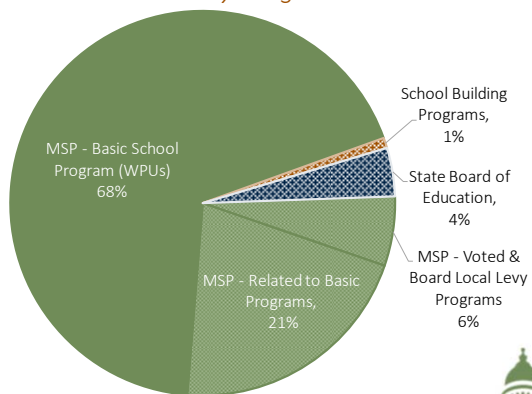
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## Where do State Funds Go? FY 2021 Base | State Appropriated Public Education Budget

- Total State Funds = \$3.8 Billion for Public Education
  - More than 96% of State Funds Go to Local Education Agencies
    - All MSP & School Building Program Funding
    - Part of State Board of Education Funding
- Base Budget Reduction Targets

	2% Target	5% Target	10% Target
Ongoing Base \$3.8 Billion:	\$76,000,000	\$190,000,000	\$ 380,000,000

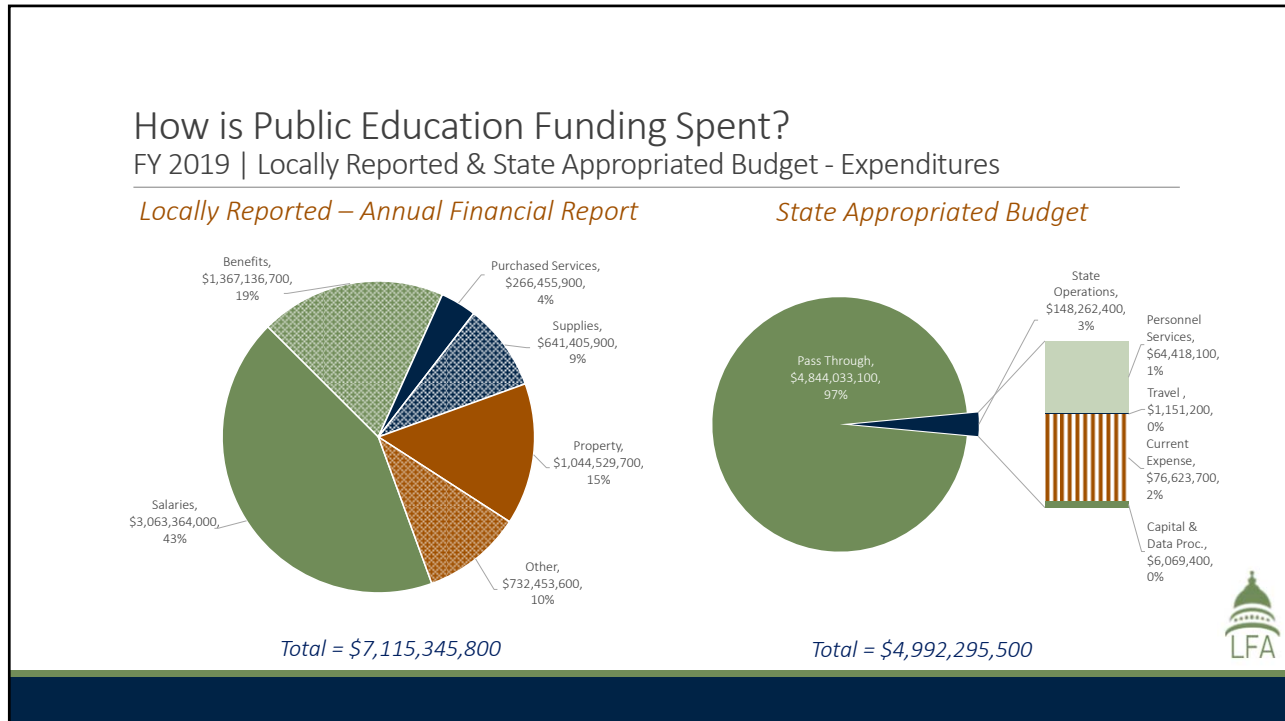
State Funds by Program



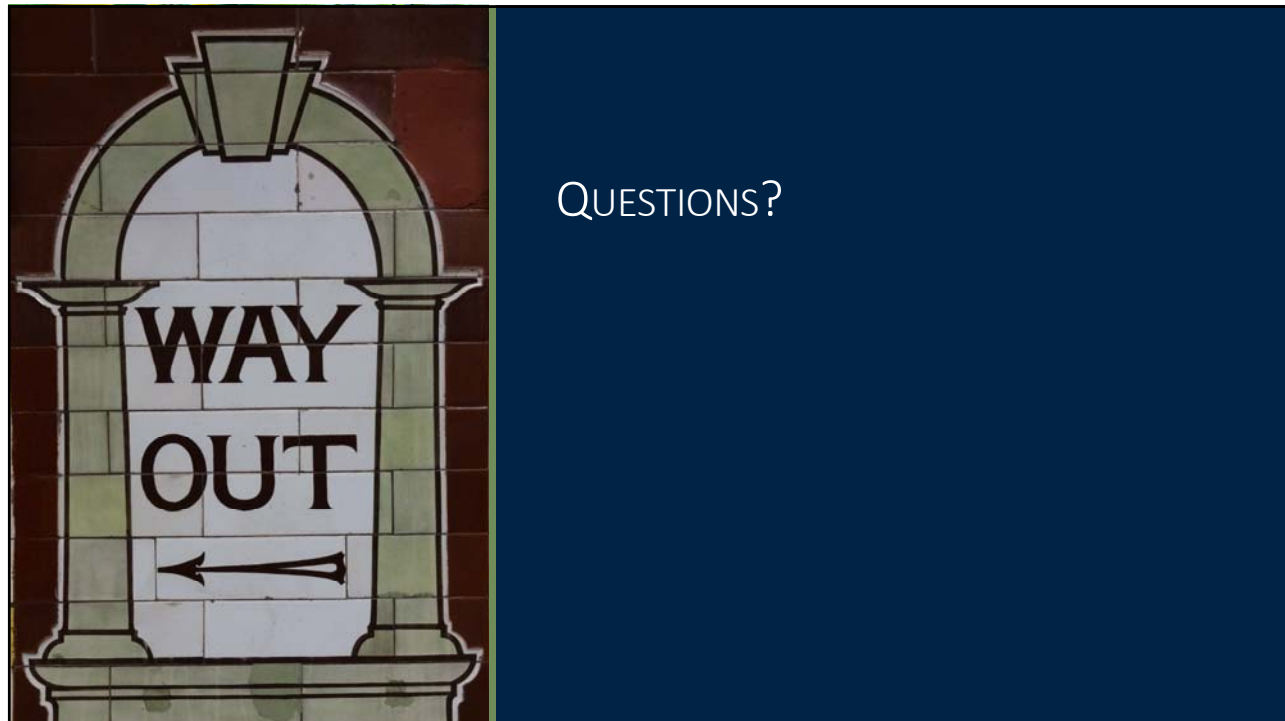
Total = \$3.8 Billion



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