



PUBLIC EDUCATION ECONOMIC  
STABILIZATION RESTRICTED ACCOUNT:  
USE OF ONE-TIME FUNDING

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Public Education Appropriations Subcommittee

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History & Overview

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2022 Interim | PED Economic Stabilization Restricted Account



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## Public Education Economic Stabilization Account 2022 Interim | Implementation & Funding

### Account Requirements

- Created in H.B. 357 (2020 General Session)
- Account Funding & Deposit Limit
  - 15% of Ongoing EF/USF Revenue Growth
  - Other Appropriations as Designated
  - 11% of Uniform School Fund Appropriations to the Minimum School Program
- 3 Year Review of Percentages
- Use of Account Balance
  - One-time Appropriations to PED System
  - Ongoing Balance When EF/USF Revenues are Insufficient to Fund:
    - Ongoing Appropriations for PED System (Base)
    - Enrollment Growth
    - Inflation Adjustment

### Account Funding

- \$248.1 M Ongoing in FY 2023, Includes:
  - \$127.1 M Ongoing FY 2022
  - \$121.0 M Ongoing FY 2023
  - 11% Limit = \$427.8 M
    - Based on Final USF Appropriations in FY 2023
    - 58.0% of Limit Funded



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## Stabilization Account Uses – One-Time Appropriations 2022 Interim | 2021 and 2022 General Sessions

2021 General Session Fiscal Year 2021		2022 General Session Fiscal Year 2023	
Program	Amount	Program	Amount
Supplemental Educator COVID Stipend	\$121,000,000	Public Education Capital & Technology	\$91,500,000
Other One-time Items	\$6,100,000	Small Schools Critical Capital Needs Fund	\$80,000,000
<b>Total</b>	<b>\$127,100,000</b>	Educator Professional Time	\$64,000,000
		Early Literacy Outcomes	\$9,480,000
		Charter School Funding Base	\$5,000,000
		English Language Learner Software	\$4,500,000
		UPSTART	\$4,000,000
		Small District Base Funding	\$3,600,000
		Students Experiencing Homelessness - Teen Centers	\$3,500,000
		Period Products in Schools	\$2,300,000
		Innovation in Civics Education Pilot Program	\$1,500,000
		<b>Subtotal</b>	<b>\$269,380,000</b>
		Balances from Educator Covid Stipend	(\$20,784,200)
		Balances from Educators in High Need Schools	(\$509,000)
		Unappropriated	\$13,200
		<b>Total</b>	<b>\$248,100,000</b>



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## Session Review & Intent Language

2022 Interim | PED Economic Stabilization Restricted Account

### Session Actions & Discussion

- Bulk of FY 2023 Allocations Made in Two Bills
  - H.B. 396, Paid Professional Hours for Educators
    - \$64.0 M for Additional Time
  - H.B. 475, Use of Public Education Stabilization Account One-time Funding
    - \$91.5 M for Public Education Capital & Technology
    - \$50.0 M for Small School District Capital Projects
    - \$30.0 M for USDB Buildings
- Concern About Creating Ongoing Expectations from a One-time Source
- Wanted to Avoid a “General Distribution”
- What guardrails should the Legislature create to direct future distributions from the restricted account?

### Intent Language

- H.B. 475 – Included Language Directing Study

*The Legislature intends that the Public Education Appropriations Subcommittee:*

*(a) Receive input from the State Board of Education, Governor, and local education agencies regarding the distribution of one-time allocations from the Public Education Economic Stabilization Restricted Account to school districts and charter schools; and*

*(b) Report the subcommittee’s recommendations to the Executive Appropriations Committee by December 1, 2022.*



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## Subcommittee Study: Future Use of Stabilization Account Balance

2022 Interim | Public Education Appropriations Subcommittee



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## Subcommittee Study: Issue & Questions

### 2022 GS | Public Education Appropriations Subcommittee


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*Issue*

- A New Approach to Funding Public Education
  - Significant Amounts of One-time Funding
    - \$248.1 M (FY 23) | \$427.8 M (Cap)
  - Opportunity to “Re-Think” Items are Funded
- How can the Legislature structure spending the one-time funding in a coordinated and thoughtful way?
- One-time Funding Should:
  - Support Functions that are Easily Reduced or Delayed in Economic Downturns
  - Target Areas of Need and Fit Varying Demands Across the System
  - Benefit Students, Teachers, & LEAs Generally

*Stakeholder Questionnaire*

- Chairs Approved an Online Questionnaire to Receive Stakeholder Input
- Questionnaire Sent to Multiple Stakeholders
  - State Board of Education | State Superintendent
  - USBA | USSA | UASBO
  - Governor’s Office
  - Utah Education Association | Charter Associations
  - University & Non-Profit Organizations
- Received About 20 Responses
  - Mix of Districts, Charters, State Level, and Non-Profit Responses
  - Questions & Response Highlights



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### Question 1:

*What principles should the Legislature use to determine the distribution and allowable uses of one-time stabilization funding?*

**Highlights:**

- Clarity, simplicity, flexibility, and impact on disproportionately impacted populations
  - Prioritize equity ensure funding is available to low-income schools first
  - School size, location, and scale
  - Base amount then per-pupil distribution
  - Local control
- Align with LEA needs and Data
  - Allow LEAs maximum flexibility to meet local priorities, but LEAs may not use funds to pay for salaries and wages for FTE.
  - Autonomy to determine how one-time funds can be best used
  - Unrestricted funds as much as possible
  - Structure carefully so districts don’t game the rules to justify other/later property tax increases when funds run out.
  - Local control
- Best outcome for children – not just for what we term formally as education, but other things like safety.
  - Areas of significant need, policy priority, or where funding gaps exist/deferred expenses
  - Local control and some state control for systemic issues
- Fund a concept instead of a specific item, i.e. employee retention
  - Engage with the State Board, Governor, and LEA associations each interim to identify 1 or 2 critical issues to target funds
  - And, local control

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## Question 2a:

*Outside of general distributions for instructional materials, technology, employee bonuses/contract time, or capital projects, how can one-time funds be strategically used to support the public education system and specifically student academic outcomes?*

### Highlights:

- Schools, Students, and Teachers
  - Support curriculum, instructional material upgrades for classrooms and media centers
  - Literacy training, supplemental instruction (afterschool, peer tutoring, etc.), student incentives (scholarships, 529 deposits, etc.)
  - Establish competitive innovation grant program managed by the State Board of Education for LEAs to propose practices/experiments to improve outcomes
  - We need to be funding things that help with in-person instruction, professional development, and coaching.
- School Safety and Environment
  - Earthquake safety and ensure physically safe environments
  - Ensure buildings, renovations, etc. are sustainable and environmentally friendly
  - Finance clean energy upgrades, solar panels, electric buses, improve air quality
- Support educator recruitment by supporting the T.H. Bell Scholarship endowment
  - Educator professional development, support prospective teachers (tuition waivers, apprenticeships, etc.)
- We prefer to stay within these bounds, the listed categories are appropriate, no need to look for other areas
- Support for full-day kindergarten – meeting space and supply demands
- Allow LEAs to shift funds to meet changing needs, Unrestricted, Flexibility
  - Mitigate Title I distribution changes due to census data impacts, help hardest hit LEAs
  - Districts can free up funds that directly affect student achievement

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## Question 2b:

*Of the above listed items (instructional materials, technology, employee bonuses/contract time, capital projects), what are the top three for need and impact to education?*

### Highlights:

Expenditure categories by number of respondents:

- Capital Projects – 16
- Employee Time – 8
- Technology – 8
- Instructional Supplies and Materials – 6
- Teacher Compensation – 5
- Charter and Small School Base Funding – 3
- Early Literacy – 3
- Professional Development – 2
- Single Responses:
  - Tuition Credits for Teachers
  - School Nurses and Counselors
  - Teacher Support

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### Question 3:

*What education-related purposes or uses should **not** receive stabilization funding?*

#### **Highlights:**

- Stick with the current priorities. Strongly question and investigate any new purposes.
- Prohibit the use of stabilization funds for private schools and extracurricular activities.
- Technology
- An LEA should never utilize the Economic Stabilization funds for any ongoing purpose.
- WE hope that these funds will not be allocated to LEAs for special legislative pet projects
- This funding should be unrestricted
  - Allow the LEA to determine the best need, LEAs have student academic outcomes as a priority in every decision
  - Allow LEAs maximum flexibility to meet local priorities
- Do not use funds to pay for salaries or wages of past, new, or existing FTEs (one-time funding is sometimes helpful to start a program if LEA is able to pick up funds)
  - Merit pay
  - Hiring for new positions, Some indicate limited FTEs maybe ok

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### Question 4:

*How do we avoid creating an ongoing expectation from the use of the one-time stabilization funds?*

#### **Highlights:**

- Target and reinforce by appropriating to one-time expenditures
  - Superintendents have a clear understanding that funds are one-time, we will continue to reinforce that reality
- Trust the LEA
  - Distribute the information and trust people to appropriate the funds
  - Emphasize and repeat through clear communication, emphasized and repeated
  - Expectations up front
- Don't fall into a consistent pattern
- Call the allocations grants to emphasize the one-time nature
- Label the funding one-time, explain the difference between one-time and ongoing to recipients
- This funding is an opportunity to innovate, instead of asking this question, we should be asking what can we do to get better student outcomes and better support for students, teachers, and families. Data should be collected on the impact of how funding is spent so that future investments can be made in strategies that yield high return
- We recommend statutory language that required LEAs to use the funding on one-time or short-term priorities
  - The project funded will make this clear, being transparent is always good

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## Question 5:

*What considerations should the Legislature make in the distribution of funding among LEAs or toward other-directed statewide purposes? In the case of a distribution to LEAs, what factors should be included in a distribution formula?*

### Highlights:

- Weighted Pupil Unit formula or Base Plus Formula (Mentioned by over half of respondents)
  - Please analyze spreadsheets before making final decisions as you have done well in the past
  - We like the base plus distribution method even if the base is differentiated
  - But, do not include online students in the formula
  - Small districts and charter school should receive a base, then distribute equally
- Equity/Equalization
  - Rural school needs are outpaced by the capacity of larger LEAs, the gap is getting wider
  - Small LEAs do not have the capacity to address many needs, capital, repairs, supplies
  - Equitable opportunities (NESS, At-Risk, Gifted)
  - If a grant program, ensure that Regional Service Agencies or a consortium of small LEAs can apply, make the application simple
- Effort
- Make distributions nonlapsing so LEAS can extend into the next year if needed
- Targeted
  - Title I or other form of low-income qualification
  - Student Growth, critical need, bonding capacity
  - Factors will depend on the nature of the issue being addressed
  - LEAs with the highest rates of students most impacted by COVID-19 learning disruptions, chronic absence, mobility.
  - Amplifying current projects/programs, early literacy, student success, etc.

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## Question 6:

*How should the use of funding be monitored and reported back to the state?*

### Highlights:

- As simple as possible – maybe a survey (Mentioned by over half of respondents)
  - LEAs can easily report back on how funds were expended
  - LEAs have various transparency requirements
  - A simple report, containing only the most essential information requests
  - LEAs should be able to document spending based on their own goals and needs
- Add to state compliance guide or annual list of assurances
  - LEAs have various transparency requirements to verify expenditures
  - Trust in the current processes and work to reduce replication
  - As simple as “what did you use the money for?”
  - We are overwhelmed with compliance, monitoring, and reporting
  - Annual summary of use, impact and expected outcomes or local effort to continue
- Some reporting provides LEAs the opportunity to show how they are spending taxpayer dollars and to what effect, statutory requirement that sunsets after 3-years, short survey
- No reporting requirement, rely on local boards, and LEA administration
  - We don’t understand why the use of this funding should be reported back to the state, this is only essential if the funding is required to be spend in a certain way
- Various
  - Have USBE do the work
  - Set up unique accounting process/procedures, tracking, and reporting
  - Submit detailed bids and bills, state manage payments honoring an LEAs request
  - Spot check and move on to the business of education, 3-year review cycles

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## Question 7:

*What additional comments would you like the subcommittee to consider?*

### **Highlights:**

- The stabilization funds are a crucial part of Amendment G, and the one-time expenditure in years when the ongoing funding is not needed is extremely valuable. Thank you!
- We appreciate the relationships we have had over the past several years and the work that has been done in this area. Thank you!
- These one-time funds can be a great asset to LEAs if they are allowed to be used to address each LEA’s greatest needs. Flexibility in how we spend the funds is key when it comes to one-time funds.
- There is so much need and this funding will not supply all of it, but I would like to concentrate on safety for children with a focus on strong environmental practices and mental health support.
- Please put more trust and faith in our state’s teachers and school leaders. The subcommittee should consider that LEAs are working in the best interest of their students and trust them to make appropriate decisions. Reduce reporting and streamline any process when possible.
- Your zip code shouldn’t determine your opportunities.
- The subcommittee should be thinking about the state’s long-term goals in education and how this funding can lay a foundation for achieving these outcomes. The funding is an opportunity.
- The state has an interest in ensuring that K-12 capital projects are efficiently managed and that they meet standards. We support the role of the Capital Projects Evaluation Panel to evaluate projects, adhere to standards, provide technical assistance, and a future review of outcomes to determine if any standards should be statutorily required for all projects.

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# 3 Subcommittee Discussion: Stabilization Account Uses

2022 Interim | Public Education Appropriations Subcommittee



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## Review of Funding Uses

### 2022 GS | PED Economic Stabilization Account Study

#### 2022 General Session Actions

- Paid Professional Hours for Educators
  - FY 23 – \$64.0 M for up to 32 hours Educator-directed time, coordinated with school principal
  - Future Years – 10% of Stabilization Funds
    - \$24.8 M based on current balance
    - About \$16.0 M for 8 hours Statewide
- Targeted & General Distribution
  - Established a Base+ Distribution Formula
    - Potential Model for Future General Allocations
  - Created the Small School District Capital Projects Fund to Help Build/Renovate Schools
    - \$50.0 M to Establish the Fund
    - Allocations Recommended by Capital Projected Evaluation Panel & Approved by State Board

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Program	Amount
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Small Schools Critical Capital Needs Fund	\$80,000,000
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## Where do we go from here?

### 2022 GS | PED Economic Stabilization Account Study

#### Questions and Discussion

- Professional Hours for Teachers
  - Instead of 32 hours, as funded in FY 2023, future distributions will provide approximately 1.5 days or 12 hours.
    - Is there a minimum number of hours the Legislature would like to provide?
- Small School District Capital Projects Fund
  - The initial \$50.0 M allocation to the fund is a static appropriation and will be used over time.
    - What should trigger additional deposits into the fund? A minimum fund balance? Number of approved projects?
    - What priority should future deposits have in the use of one-time Stabilization funding?
- Future Distributions
  - Other than not using funds for ongoing purposes, what other expenditures should be limited?
    - Should recipient entity, say LEA vs contractor, play a role in the prioritization of use?
  - How can funding support school innovation and best practices?
    - For example, transition grants monitored by the State Board to allow LEAs time to redirect current funding to new objectives.
  - How can the State Board or the Governor’s Office assist in developing your recommendation on the future use of funds?



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SUBCOMMITTEE  
DISCUSSION &  
QUESTIONS

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