



Office of the Legislative Fiscal Analyst

Jonathan Ball, Legislative Fiscal Analyst

W310 State Capitol Complex | Salt Lake City, UT 84114 | Phone: 801.538.1034

Memorandum

To: Executive Appropriations Committee

From: Senator Lincoln Fillmore, Senate Chair
Representative Steve Eliason, House Chair
Representative Steve Waldrip, House Vice-Chair
Public Education Appropriations Subcommittee

Date: December 7, 2022

Re: Report on 2022 Statutory and Intent Language Study Items by the Public Education Appropriations Subcommittee

The subcommittee worked on the following study items during the 2022 interim. These items include follow-up work on the Education Funding Study started during the 2021 interim, including the scale of small school district operations and equity pupil funding. In addition to these statutory study items, the subcommittee was tasked with studying future one-time uses of the Public Education Economic Stabilization Account. The following subsections outline each component and recommendations from the subcommittee work.

I. Education Funding Study

During the 2021 General Session, the Legislature passed [Senate Bill 142](#), “Public Education Funding Amendments” which requires the Public Education Appropriations Subcommittee (subcommittee) to evaluate certain public education funding proposals and make recommendations to the Executive Appropriations Committee (EAC). Building off the [Education Funding Study](#) commissioned by the State Board of Education and published in stages throughout 2020, the subcommittee was tasked with the following during the 2022 Interim:

- Continue study initiated during the 2021 interim to address distribution of revenues to school districts of differing sizes and property values to ensure adequate long-term equalization of public education funds through tested or new approaches (called Scale of Small District Operations).
- Address the Related to Basic Programs of the Minimum School Program to optimize coherence, stability, continuous improvement, and balance with Basic Program funds and address methods to support schools in developing and implementing effective practices, possibly through a competitive grant program.

Recommendation: Scale of Small School District Operations

The State Board of Education is currently engaged with a research contractor completing an extension to the original study based on intent language approved by the Legislature during the 2022 General Session. Final recommendations from the contractor are scheduled to be presented to the State Board of Education and the Legislature in January 2023. The subcommittee voted to support the following:

- Have the subcommittee chairs and staff will continue to monitor the progress and outcomes of the State Board of Education study;
- Request that the subcommittee chairs establish a small working group of subcommittee members to review the report findings and develop an implementation proposal for the 2023 General Session; and
- Delay the final reporting of recommendations to the Executive Appropriations Committee until the 2023 General Session or by December 2023 depending on timing constraints associated with the completion of the funding study.

Recommendation: Equity Pupil Funding

The subcommittee reviewed two additional tax rates established during the 2018 General Session, namely the Equity Pupil Tax Rate and the WPU Value Tax Rate. These rates generated additional revenue through state weighted pupil unit (WPU) formulas, allowing the Legislature to fund certain education budget priorities. After five years of implementation (FY 2019 to FY 2023) the subcommittee was tasked with reviewing the WPU Value Rate and whether local school boards should continue to levy the rate, and may recommend an increase, repeal, or continuance of the rate. ([53F-2-301](#)) The subcommittee voted on the following:

- Do not interfere with the expiration of the Equity Pupil Tax Rate which ends at the conclusion of FY 2023 under current statute;
- Evaluate the impact of Voted & Board Local Levy equalization during the 2027 interim and determine in the Equity Pupil Tax Rate should be reimplemented;
- Continue the WPU Value Rate as outlined in statute; and,
- Amend statute to direct state fund proceeds from the WPU Value Rate to be split equally between the Teacher and Student Success Account and the Local Levy Growth Account.

The subcommittee also discussed the future of continued efforts in property tax equalization and voted in support of the following:

- Increase equity pupil funding each year, with the goal of allocation an additional \$108 million without raising taxes.

Further discussion of this goal and annual cost estimates will be discussed during the 2023 General Session.

Recommendation: Related to Basic School Program

The subcommittee did not have sufficient time to complete all the Phase II study items. Subcommittee members voted to continue the study on the Related to Basic School

Programs for the 2023 interim and provide final recommendations to the Executive Appropriations Committee in December 2023.

II. Public Education Economic Stabilization Restricted Account

In addition to the above statutory items, the Legislature passed intent language during the 2022 General Session directing the subcommittee to study the following:

- 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. (House Bill 475, Use of Public Education Stabilization Account One-time Funding)

Recommendation

Subcommittee members voted to support the following framework to evaluating future one-time allocations from the stabilization account:

- Charge the subcommittee with reviewing all one-time funding item requests each session and categorize them into two priority lists based on source, namely, one for items to be funded from the General/Income Tax/Uniform School Fund and one for items to be funded from the stabilization account; and,
- Direct the State Board of Education to develop a simple and short survey to allow LEAs to report how general distribution grants provided from the stabilization account were spent and report to the Public Education Appropriations Subcommittee after the close of each fiscal year.