



Motions on Interim Study Items

Public Education Appropriations Subcommittee | October 15, 2024

Summary

Over the course of the 2024 Interim, the Public Education Appropriations Subcommittee studied how the public education budget functions at the state and local levels, reviewed and discussed recently discovered issues in property tax equalization programs, and conducted reviews of line item performance measures and nonlapsing balances. For review by the subcommittee, the following motions are drafted based on staff recommendations for each study area. If approved, these motions provide direction to staff to incorporate changes as directed by the subcommittee in the Public Education Base Budget Bill or other appropriate legislation or intent language.

Line Item Performance Measures

Measures for 2025 Base Budget

Motion 1: I move to approve the approve the Line Item Performance Measures as outlined in the document “Proposed Public Education Line Item Performance Measures – FY 2026” dated October 15, 2025 for inclusion in the Public Education Base Budget Bill.

Context: Statute, [63J-1-903\(2\)](#), directs all state agencies, including the State Board of Education, to develop performance measures to include in an appropriations act for each fiscal year. These measures provide information to policy makers to help determine program effectiveness in meeting program objectives by reporting final outputs or outcomes of each measure in a given fiscal year. Typically, agencies provide 1-3 measures for each line item appropriated by the Legislature.

Links:

[Measures approved for FY 2025 in the 2024 Public Education Base Budget.](#)

[Proposed Public Education Line Item Performance Measures - FY 2026](#)

Public Education Budget Process

Data Reporting

Motion 2: I move to direct legislative staff, in consultation with the subcommittee chairs, to draft statutory language for the Public Education Base Budget bill to amend [53F-2-208, Cost of Adjustments for Growth and Inflation](#), to include a requirement for the State Board of Education to develop rules to ensure all data necessary to prepare cost estimates for enrollment growth and inflation outlined in statute are available by October 15 of each year.

Context: During the 2024 General Session, the Legislature passed intent language directing the State Board of Education to develop procedures necessary to calculate the budget adjustments for enrollment growth and inflation before October 15 of each year. This statutory change formalizes the requirement and



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procedures outlined in the intent language. The State Board reported that they have developed procedures for implementation.

Links:

[Funding Public Education – State Level, June 18, 2024 \[See Slide 23\]](#)

[State Board of Education Memorandum – Student Enrollment Count/Data Submission Procedures, August 7, 2024.](#)

Prior-Year Plus Growth Risk Mitigation

Motion 3: I move to request the State Board of Education to report to the subcommittee during the 2025 General Session unanticipated costs or savings as a result of FY 2025 mid-year weighted pupil unit adjustments and the application of statutory prior-year plus growth provisions.

I further move to recommend to the Executive Appropriations Committee to include in the FY 2026 budget a contingent one-time appropriation from the Public Education Economic Stabilization Account to fund unanticipated mid-year weighted pupil adjustments in the coming fiscal year.

***Context:** Nonlapsing balances in the Minimum School Program typically fund the increased cost associated with mid-year weighted pupil adjustments. These costs occur when the local property tax contribution of local school districts is over-estimated or the number of students enrolled is under-estimated. A contingent one-time appropriation will provide a mechanism for the State Board of Education to fund these unanticipated costs in a more transparent manner to the Legislature. The cost of the FY 2024 mid-year adjustment was approximately \$50.0 million. If the FY 2026 cost is lower than the amount appropriated, the Legislature could provide direction to the State Board of Education on how to use remaining one-time funds or hold the funds for use in a subsequent fiscal year.*

Links:

[Funding Public Education – State Level, June 18, 2024 \[See Slides 25-27\]](#)

Property Tax Equalization – Voted & Board Local Levy Programs

Application of Hold Harmless on District-Determined Tax Increment Changes

Motion 4: I move to direct staff, in consultation with the subcommittee chairs, to prepare statutory language to amend [53F-2-601, State Guarantee Funding](#) to clarify that district-determined tax increment changes among discretionary property tax levies (Voted, Board, and Capital) do not qualify for the state guarantee hold harmless and that the hold harmless only applies to the proportional decreases of the certified tax levy for both the Voted and Board tax rates.



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Context: District-determined changes in Voted or Board tax rates (i.e. shifting tax increments from the Voted rate to the Capital rate) can trigger state guarantee hold harmless provisions. Statute provides that the state guarantee “may not be reduced for the sole reason that the levy (rate) is reduced by changes in the certified tax rate.” School districts have opted to shift tax increments among the various discretionary levies to meet local budget needs or have not applied the required certified tax rate reduction on a proportional basis to all discretionary levies, again triggering the state guarantee hold harmless. This motion clarifies that the hold harmless only applies to the proportional decrease in a tax rate required by the certified tax rate process.

Links:

[Voted & Board Local Levy Programs – Equalization Through the State Guarantee Rate, June 18, 2024 \[See Slide 19\]](#) Also posted to the August 20, 2024 subcommittee meeting.

Length of State Guarantee Hold Harmless

Motion 5: I move to request that staff, in coordination with the State Board of Education and the Governor’s Office of Planning and Budget, develop scenarios for the subcommittee to review during the 2025 General Session on the length of the state guarantee hold harmless. Specifically, estimates to eliminate or reduce the hold harmless to two years, apply the hold harmless to 20 tax increments regardless of Voted or Board tax rate for the two-year scenario, and how to phase out the current hold harmless.

Context: Some indicators suggest that the current 6-year hold harmless is too long and costs approximately 30 percent (\$85.3 million). Eliminating or reducing the length of the hold harmless may simplify the state guarantee formula, make district allocations more predictable, and increase the state guarantee rate for all participating school districts.

Links:

[Voted & Board Local Levy Programs – Equalization Through the State Guarantee Rate, June 18, 2024 \[See Slide 20\]](#) Also posted to the August 20, 2024 subcommittee meeting.



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2025 Public Education Base Budget Bill

Base Budget Bill

Motion 6: Under Join Rule 3-2-101 and 3-2-402, I move to authorize legislative staff to include in the base budget bill for the Public Education Appropriations Subcommittee the following:

1. The interim study item changes adopted earlier today and in this interim;
2. Ongoing General, Income Tax, and Uniform School Fund appropriations as defined in the current year's appropriations acts;
3. Federal Fund, Dedicated Credit, Restricted fund, and account amounts that are the lesser of current year ongoing appropriations or agency budget requests; and
4. Adjustments to nonlapsing balances, transfers, and other dependent amounts as calculated.

In consultation with the Co-Chairs of the Public Education Appropriations Subcommittee, staff may make any technical changes necessary, including balancing between state revenue sources to balance the overall budget.