



Memorandum

To: Executive Appropriations Committee

From: Ben Leishman, Finance Manager
Office of the Legislative Fiscal Analyst

Date: December 9, 2024

Re: Public Education Funding Framework – Growth, Inflation, and Stabilization

I. Annual Public Education Funding Framework Adjustments

Statute, [53F-2-208](#) and [53F-9-204](#), requires the Executive Appropriations Committee to make certain budget determinations each December based on recommendations developed by the Legislative Fiscal Analyst (Analyst) in consultation with the State Board of Education (Board) and the Governor's Office of Planning and Budget (GOPB). The statute also provides that the budget determinations made by the committee be included in the annual base budget bill for Public Education. The Analyst has prepared the following recommendations for the committee to review. The funding source for each adjustment is the Income Tax Fund or the Uniform School Fund depending on the ongoing appropriation in each program.

A. Enrollment Growth

FY 2026 Ongoing Cost Estimate: \$21.4 Million

FY 2025 One-time Cost Estimate: \$3.5 Million

In Fall 2024, Utah's public schools enrolled 668,817 students, (1,064) fewer than projected last fall. We project a total statewide enrollment of 661,003 in Fall 2025, this is a further decrease of (7,814) students or (1.17) percent. This is the third year of enrollment decline. Projections indicate that enrollment will continue to decline over the next decade.

Converting Enrollment to Weighted Pupil Units

When applying enrollment, demographic, and other policy changes to the calculation of weighted pupil units (WPU) for the Basic School Program, the total number of WPU decreases from 943,655 to \$941,655, a decrease of 2,000 WPU.

WPUs are divided between primary student count programs and secondary student “add-on weighting” or support programs. Policy and formula changes impacting individual WPU programs can obscure anticipated WPU count reductions due to student enrollment declines, for example:

- Primary Count WPUs – Includes WPUs generated in the Kindergarten, Grades 1-12, and Special Education-Self Contained programs. While WPUs in the Grades 1-12 program decreased by (3,379), growth in Kindergarten at 2,386 WPUs and Special Education-Self Contained at 103 WPUs partially offset the Grades 1-12 decline, for a total decrease of 890 WPUs.
- Secondary Count WPUs – In most cases, secondary count WPUs declined for most programs for a total decrease of (1,110) WPUs. WPUs in the Special Education-Add-on, Professional Staff, and Foreign Exchange programs increased.

Figure 1 details WPU and cost changes for each WPU program in the Basic School Program, with the Primary Count WPU Programs listed in the first section of the table.

Non-WPU Program Changes

The statute governing the annual enrollment growth adjustment includes other non-WPU programs. (See: [53F-2-208](#)) The FY 2026 cost estimate includes a funding reduction for most of these programs at (1.17) percent. This reduction is equal to the projected decline in total student enrollment for FY 2026.

Certain programs included in the adjustment may have a corresponding statutory formula that drives the annual enrollment growth adjustment, including the Charter School Local Replacement, Concurrent Enrollment, Educator Salary Adjustment, Teacher Salary Supplement (Salary Supplement for Highly Needed Educators Program beginning in FY 2026), Statewide Online Education Program, and the Voted & Board Local Levy Programs. For example, the change in local property tax collections factors into the state cost for the Charter School Local Replacement and the Voted & Board Local Levy Programs. Similarly, the Concurrent Enrollment program uses the total number of statewide course credits earned as the basis of determining the annual growth adjustment, increasing 8.6 percent over the prior year.

These calculations complete the annual Enrollment Growth Adjustment. Figure 1 also details the estimated cost of these changes in FY 2026.

Recommendation 1: Enrollment Growth Adjustment

- Approve the allocation of approximately \$21.4 million ongoing in FY 2026 and \$3.5 million one-time in FY 2025 to implement estimated enrollment growth adjustments as outlined in Figure 1 in the 2025 Public Education Base Budget bill.

Figure 1: 2025 General Session Enrollment Growth Cost Estimate

FY 2025 Supplemental & FY 2026 Base Budget Estimates
Weighted Pupil Unit [WPU] & Funding Amount Changes

	FY 2025			FY 2026		
	Projected	Actual	Difference	Projected	Growth	% Change
District Schools	590,581	586,962	(3,619)	577,511	(9,451)	
Charter Schools	79,300	81,855	2,555	83,492	1,637	
Total Student Enrollment	669,881	668,817	(1,064)	661,003	(7,814)	1.17%

Programs	WPUs			Amount		
	FY 2025 Approp.	Growth Change	FY 2026 Base	FY 2025 Approp.	FY 2026 Base	Difference
Basic School Program - WPU Statutory Adjustments			WPU Value:	\$4,494	\$4,494	
<i>Primary WPU Programs</i>						
Kindergarten	39,217	2,386	41,603	\$176,241,200	\$186,963,900	\$10,722,700
Grades 1-12	607,978	(3,379)	604,599	\$2,732,253,100	\$2,717,067,900	(\$15,185,200)
Enrollment Growth Contingency	0	0	0	\$19,101,000	\$19,101,000	\$0
Special Education - Self Contained	11,588	103	11,691	\$52,076,500	\$52,539,400	\$462,900
Subtotal Primary WPU Programs	658,783	(890)	657,893	\$2,979,671,800	\$2,975,672,200	(\$3,999,600)
<i>Secondary "Add-on" WPU Programs [Adjusted for Demographic Change or Statutory Formula]</i>						
Foreign Exchange Students	405	2	407	\$1,820,100	\$1,829,100	\$9,000
Necessarily Existent Small Schools	10,661	0	10,661	\$48,910,500	\$48,910,500	\$0
Professional Staff	57,457	153	57,610	\$258,211,800	\$258,899,300	\$687,500
Special Education - Add-on	101,350	637	101,987	\$455,466,900	\$458,329,600	\$2,862,700
Special Education - Pre-School	11,306	(132)	11,174	\$50,809,200	\$50,216,000	(\$593,200)
Special Education - Extended Year Program	457	(5)	452	\$2,053,800	\$2,031,300	(\$22,500)
Special Education - Impact Aid	2,060	(24)	2,036	\$9,257,600	\$9,149,800	(\$107,800)
Special Education - Extended Year for Special Educators	909	0	909	\$4,085,000	\$4,085,000	\$0
Students At-Risk WPU Add-on	28,823	(905)	27,918	\$129,530,600	\$125,463,500	(\$4,067,100)
Career & Technical Education - Add-on	29,087	(340)	28,747	\$130,717,000	\$129,189,000	(\$1,528,000)
Class Size Reduction	42,357	(496)	41,861	\$190,352,400	\$188,123,300	(\$2,229,100)
Subtotal Secondary "Add-on" WPU Programs	284,872	(1,110)	283,762	\$1,281,214,900	\$1,276,226,400	(\$4,988,500)
Total Basic School Program	943,655	(2,000)	941,655	\$4,260,886,700	\$4,251,898,600	(\$8,988,100)
Breakdown: Enrollment Decline Adjustments		(1,887)		\$3,396,756,300	\$3,388,276,100	(\$8,480,200)
Breakdown: WPU Enhancements		(113)		\$845,029,400	\$844,521,500	(\$507,900)

Non-WPU Statutory Adjustments						
<i>Related to Basic School Program</i>						
To & From School Pupil Transportation				\$130,775,200	\$129,245,100	(\$1,530,100)
At-Risk Students - Gang Prevention (One-time in FY25)				\$2,400,000	\$0	\$0
Youth-in-Custody				\$33,043,600	\$32,657,000	(\$386,600)
Adult Education				\$18,570,900	\$18,353,600	(\$217,300)
Enhancement for Accelerated Students				\$7,183,700	\$7,099,700	(\$84,000)
Dual Immersion				\$7,646,900	\$7,557,400	(\$89,500)
Concurrent Enrollment				\$20,669,900	\$22,447,500	\$1,777,600
Educator Salary Adjustments				\$424,050,300	\$443,118,200	\$19,067,900
Teacher Salary Supplement				\$26,036,200	\$26,036,200	\$0
Charter School Local Replacement				\$263,073,100	\$302,909,000	\$39,835,900
<i>Statewide Property Tax Guarantee</i>						
Voted & Board Local Levy Programs [State Funds Only]				\$289,730,600	\$289,730,600	\$0
<i>Initiative Programs - In State Board Line Items</i>						
Carson Smith Scholarships (?)				\$8,617,700	\$9,017,700	\$400,000
Statewide Online Education Program				\$9,214,700	\$10,578,500	\$1,363,800
Total Non-WPU Statutory Adjustments				\$1,241,012,800	\$1,298,750,500	\$60,137,700

Total Estimated Funding Change						\$51,149,600
<i>Revenue Changes</i>						
Basic Levy Offset [Net New Property Tax Growth]						(\$21,823,600)
Charter School Local Levy Account						(\$7,943,900)
<i>FY 2024 Supplemental Adjustment [One-time]</i>						
Educator Salary Adjustments				\$3,493,700		
Estimated FY 2025 Enrollment Growth Cost [Net]:				\$3,493,700		\$21,382,100

B. Inflationary Adjustment – WPU Value Increase

FY 2026 Ongoing Cost Estimate: 4% at \$180.0 Million

Statute, [53F-2-208](#), further directs the Legislature to provide an annual inflationary adjustment to WPUs and certain categorical programs within the public education budget. The statute requires that this inflationary adjustment be based on a rolling five-year average as recommended by the Analyst and approved by the committee. In December 2020, the committee determined to base the adjustment on the Consumer Price Index for All Urban Consumers: All Items Less Food & Energy, as published by the Bureau of Labor Statistics. The inflation factor is based on the rate as of September of the current year (2024) and the previous four years. Figure 2 provides the five-year rolling average.

Figure 2: Public Education Funding Stabilization - Annual Inflationary Adjustment

5-Year Rolling Average (September) | FY 2026

	2020	2021	2022	2023	2024	Average
CPI-U Less Food & Energy	1.7%	4.0%	6.6%	4.1%	3.3%	4.0%

Note: CPI for Urban Consumers: All Items Less Food & Energy, Seasonally Adjusted, as Reported by the Bureau of Labor Statistics

After the enrollment growth adjustments, the estimated cost to increase the WPU Value by one percent in FY 2026 is approximately \$44.7 million. This amount includes an adjustment for all programs as identified in statute. The total cost to provide the four percent inflationary adjustment is estimated at \$178.7 million.

Recommendation 2: Inflationary Adjustment

- Approve the allocation of approximately \$178.7 million ongoing to implement the inflationary factor for FY 2025 in the Public Education Base Budget bill. This will result in an increase to the WPU Value of approximately 4.0 percent.

As a result of this WPU Value increase, the Basic Levy – WPU Value Rate will increase as provided in statute ([53F-2-301](#)). The property tax adjustment for each 1 percent increase in the WPU Value is estimated at \$7.9 million and \$30.6 million for the 4.0 percent inflationary adjustment.

C. Public Education Economic Stabilization Restricted Account Deposit

FY 2026 Ongoing Cost Estimate: \$51.4 Million

The final component of the statutory Public Education Funding Framework is a deposit of ongoing revenue growth into the Public Education Economic Stabilization Restricted Account. This account is funded with 15.0 percent of ongoing new revenue growth in the Income Tax and Uniform School Funds and any other appropriations the Legislature may designate.

Ongoing funding to the account is limited by revenue growth and a deposit threshold of 11.0 percent of Uniform School Fund appropriations. The current ongoing balance in the account is \$440.6 million. Based on current revenue estimates, we do not anticipate hitting the estimated deposit threshold of \$532.0 million in FY 2026.

Based on current revenue estimates for FY 2026, we estimate the deposit into the stabilization account at \$51,409,200.

Recommendation 3: Economic Stabilization Deposit

- Approve the allocation of \$51.4 million ongoing to the Public Education Economic Stabilization Restricted Account in the Public Education Base Budget bill.

II. Public Education Appropriations Subcommittee – Interim Study Recommendations

During the 2024 Interim, the Public Education Appropriations Subcommittee conducted an in-depth review of the public education budget, including its operations at the state and local levels, property tax equalization programs, performance measures, and nonlapsing balances. Based on these studies, the subcommittee passed several motions during its October 2024 meeting for certain changes to be included in the Public Education Base Budget Bill or other relevant legislation.

The following subsections provide a summary of each motion taken by the subcommittee recommending changes in the base budget bill along with a brief context statement on each motion:

A. Public Education Budget Process – Data Reporting

Motion to direct staff to draft statutory language to be included in the base budget that requires the State Board of Education to establish rules ensuring all data for enrollment growth and inflation cost estimates is available by October 15 annually.

Context: This motion formalizes intent language passed in the 2024 General Session and aligns with procedures already implemented by the State Board of Education.

B. Prior-Year Plus Growth Risk Mitigation

The subcommittee approved a two-part motion on the following:

1. Request that the State Board of Education report FY 2025 mid-year weighted pupil unit (WPU) adjustments and related costs during the 2025 General Session.
2. Recommend a contingent one-time appropriation from the Public Education Economic Stabilization Restricted Account to address unanticipated FY 2026 mid-year WPU adjustments.

Context: This measure enhances transparency in funding for mid-year WPU adjustments, which are typically covered by nonlapsing balances.

Recommendation 4: FY 2025 & FY 2026 Prior-Year Plus Growth Mitigation

We recommend that the Legislature make \$95.0 million in contingent appropriations from the Public Education Economic Stabilization Restricted Account to cover costs for mid-year WPU adjustments in the current fiscal year (FY 2025) and the coming fiscal year (FY 2026) as follows:

- FY 2025 – A current-year mitigation will require adjusting appropriations made during the 2024 General Session as follows:

(\$45.0) million, one-time – Reduction to the Excellence in Education and Leadership Supplement Program (Senate Bill 173, 2024 General Session).

\$45.0 million, one-time – Appropriation to the Minimum School Program – Basic School Program to cover current-year WPU adjustments.

\$45.0 million, one-time – Appropriation from the Public Education Economic Stabilization Restricted Account in FY 2026 to replace the \$45.0 million taken in FY 2025.

Context: The Excellence in Education and Leadership Supplement Program (Senate Bill 173, Market Informed Compensation for Teachers) was funded in FY 2025 with \$150.0 one-time from the Public Education Economic Stabilization Account. Expenditures are not planned until FY 2026, allowing a one-time reallocation in FY 2025 without impacting program operations. The funding will need to be replaced from available revenue in the stabilization account in FY 2026.

- FY 2026 – Make a contingent appropriation of \$50.0 million one-time from the Public Education Economic Stabilization Restricted Account to fund FY 2026 mid-year update costs in the coming fiscal year.

C. Property Tax Equalization – Voted & Board Local Levy Programs

Requested that staff draft statutory language clarifying that hold harmless provisions apply proportionally for each tax rate for decreases in the certified tax rate for the Voted Local Levy and Board Local Levy and excludes district-determined shifts between tax types.

Context: Currently, applying the certified tax rate discussion to only the Board Levy or shifting tax effort from the Voted Levy to the Capital Levy can result in the district receiving more hold harmless funding from the state. This statutory change would exclude such changes from qualifying for the state hold harmless.

The subcommittee also requested that staff develop scenarios for reducing or phasing out the current six-year hold harmless period, including exploring a two-year hold harmless. Simplifying the hold harmless process could make allocations to school districts more predictable, increase equity among districts, and reallocate approximately \$85.3 million in hold-harmless funding to increase the state guarantee rate.

III. FY 2026 Allocations from the Public Education Economic Stabilization Restricted Account

Statute, 53F-9-204, provides that the Executive Appropriations Committee make one-time appropriations from the stabilization account each year, when revenue in the account is available, to support the following programs:

1. The cost of providing 32 paid professional hours for educators.
2. The amount to make distributions required for Teaching Supplies and Materials.

Recommendation 5: FY 2026 Stabilization Appropriations

We recommend that the Legislature include one-time appropriations from the stabilization account for these programs in the Public Education Base Budget bill for FY 2026 as follows:

1. Educator Professional Time - \$77.7 million one-time
2. Teaching Supplies and Materials - \$8.8 million one-time (the program has an ongoing appropriation of \$5.5 million, for a total of \$14.3 million)

Note: Actual teacher counts and costs are being estimated. The amounts above are estimates based on the FY 2025 appropriations and final amounts will be included in the base bill.

In addition to the amounts mentioned above, we recommend that the Legislature amend [53F-2-527](#) – Appropriations for Teaching Supplies and Materials, to remove “For the fiscal year that begins July 1, 2024” restriction on the distribution of the per-teacher amounts listed in the statute and adjust the language to direct the State Board to allocate up to these amounts in fiscal years when funding is not sufficient to provide the full amount listed for each teacher group.