



LEGISLATIVE
FISCAL
ANALYST

Utah Budget Highlights & *Context for Public Education*


Jonathan Ball

Legislative Fiscal Analyst

Ben Leishman

Finance Manager, Public & Higher Education

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An aerial photograph of the Colorado State Capitol building in Denver, Colorado, taken during the "golden hour" of sunset. The building is a large, light-colored neoclassical structure with a prominent central dome and a portico supported by many columns. The sky is filled with soft, orange and pink clouds, and the sun is low on the horizon. In the background, the city of Denver and the Rocky Mountains are visible. The foreground shows a green lawn with a winding path and some trees.

*The Office of the
Legislative Fiscal Analyst
Affects Good Government
Through Objective,
Accurate, and Relevant
Budget Advice*

Legislative Fiscal Analyst

August 2023 | Core Functions

Balanced Budget

- Forecasting Revenue
 - Property Tax Estimate
 - Student Enrollment
- Staff Appropriations Subcommittees
 - Budget Recommendations
- Draft Appropriations Bills
- Document Legislative Budget Action

Budgetary Impacts & Research

- Fiscal Notes
 - Budgeting Tool
 - Estimate Financial Impact of New Bills
 - Assess Regulatory Burden
- Research Legislative Requests
- Help Legislators Solve Problems

State's Long-Term Fiscal Health

- Monitor State Financial Obligations
- Measure Risks
- Plan for and Mitigate Contingencies

Accountability & Operations Improvement

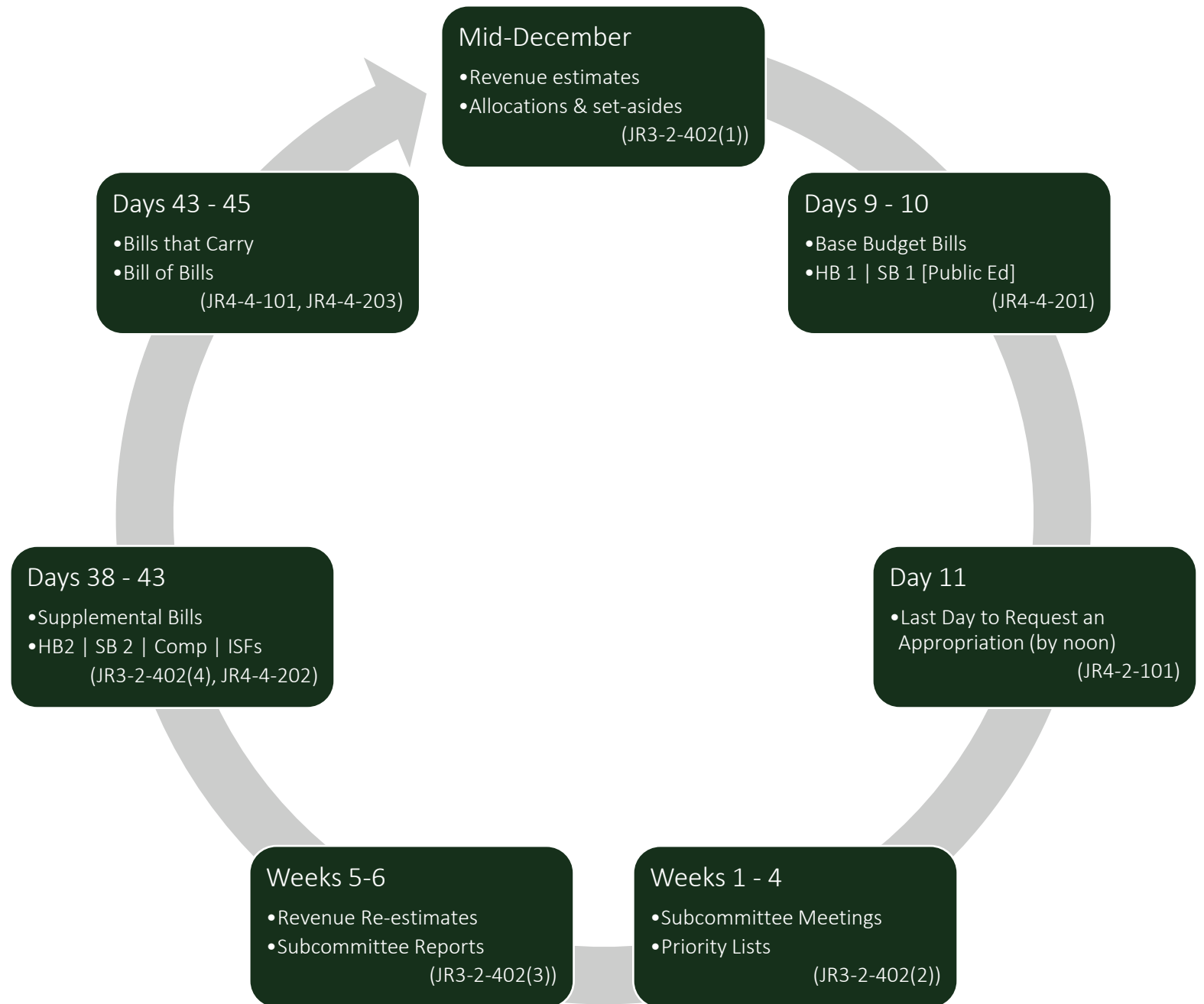
- Monitor Program Implementation
- Performance Measures
 - Funding Items
 - Line Items
- Evaluate & Make Recommendations on Operational Efficiency



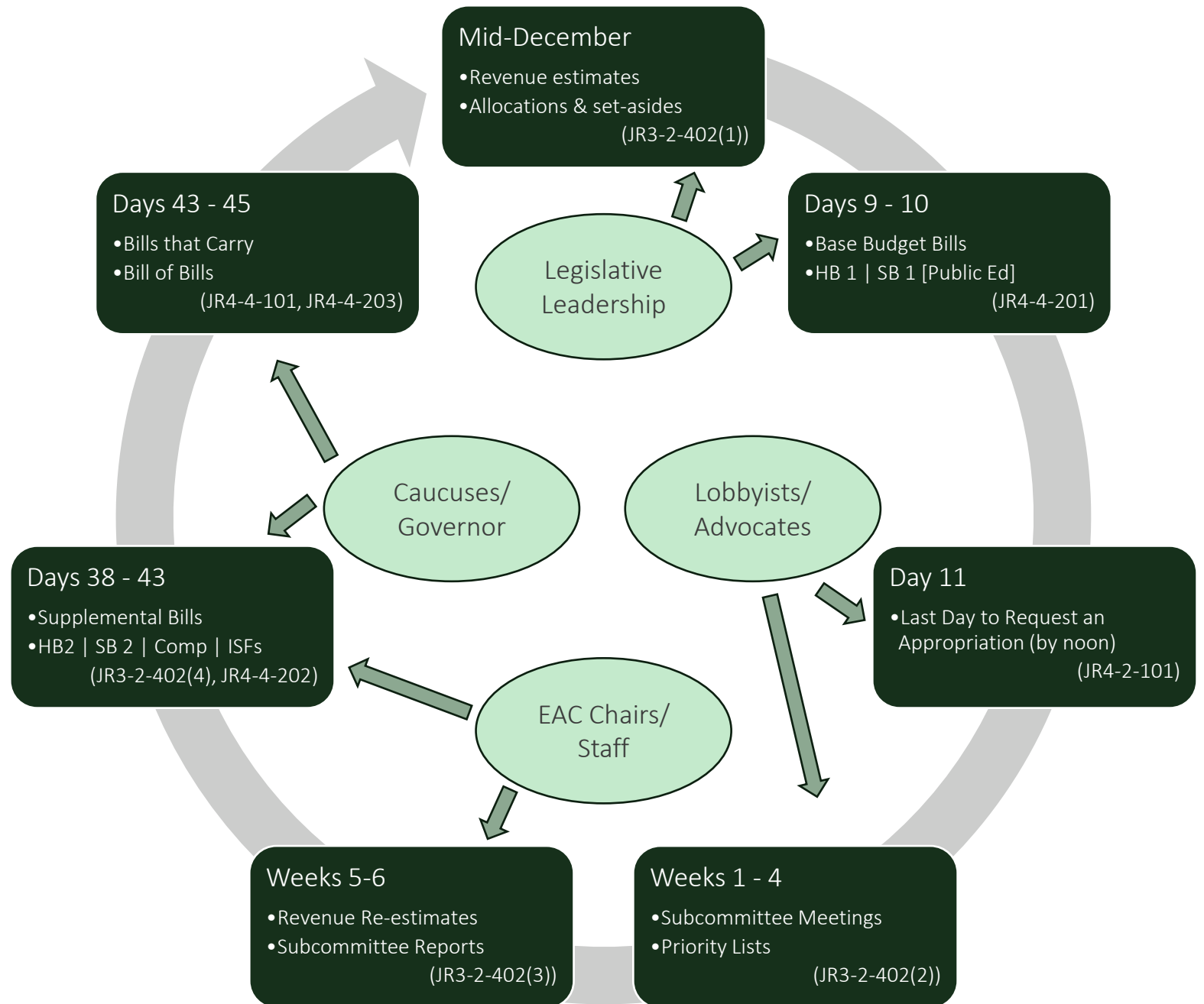
Formal Budget Process Set-out in Legislative Rule

<https://le.utah.gov/xcode/JR.html>

<https://le.utah.gov/sessionSchedule/sessdates.jsp>



Informal Practices Support Formal Process





Section 2

Utah's Budget FY 2023-2024

- Step 1:
- WHO is your main character
 - WHAT does your character
 - WHAT does your character
 - What is your character

Utah's Budget

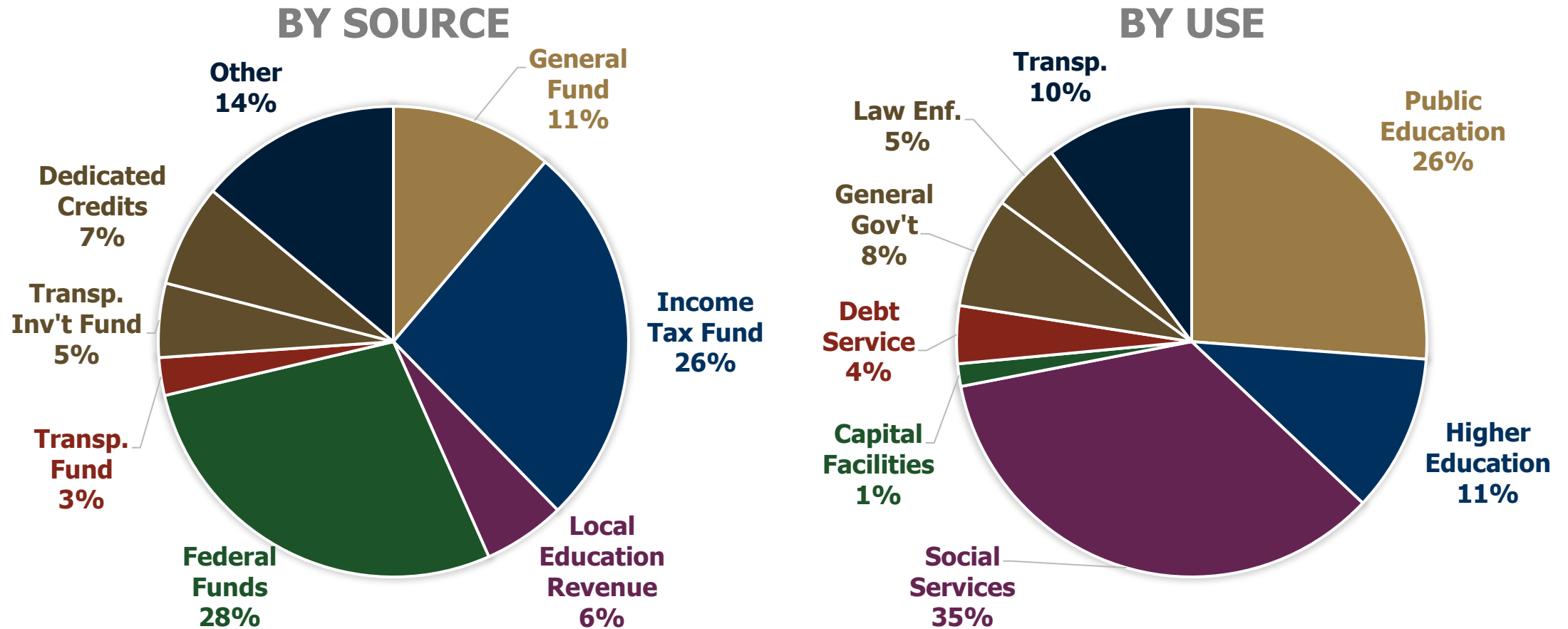
FY 2023-2024 | Highlights from the 2023 General Session

1. Overview – Total Budget
2. General and Income Tax (GF/ITF) Revenue
3. Surplus
4. Long-Term Fiscal Health
5. Rainy Day Funds
6. Current Revenue Outlook
7. Public Education Economic Stabilization



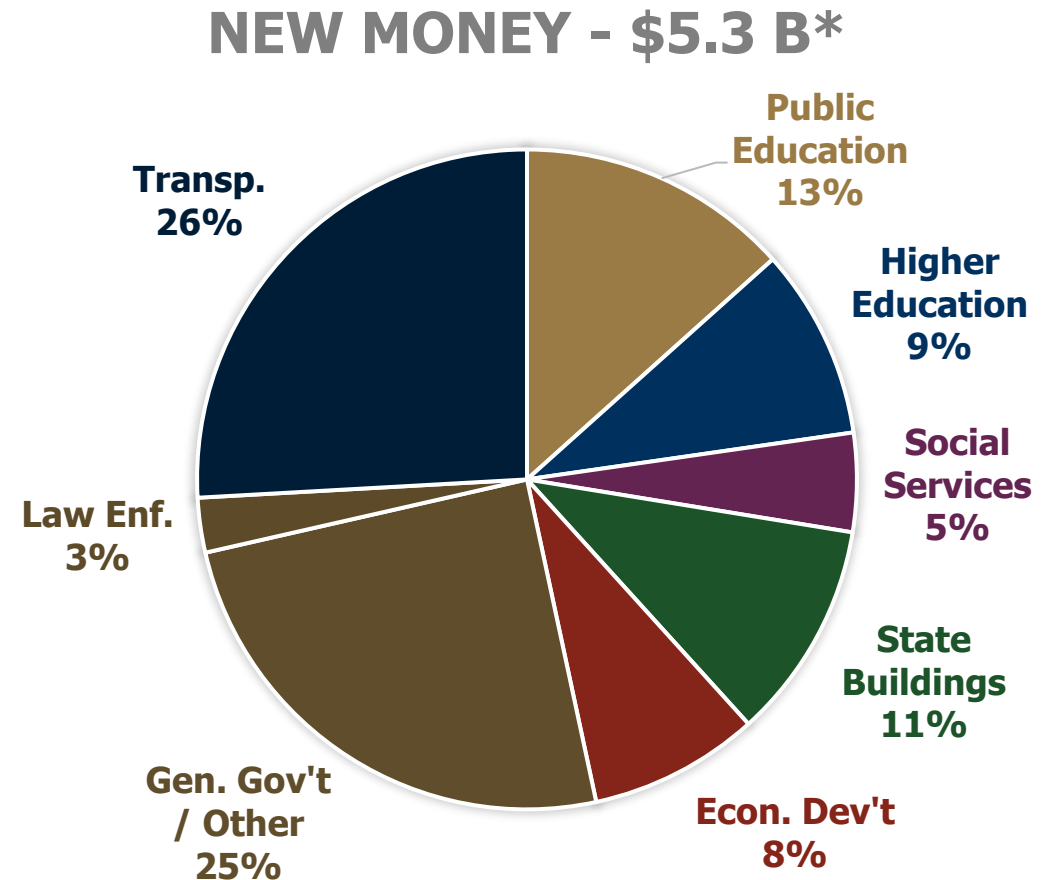
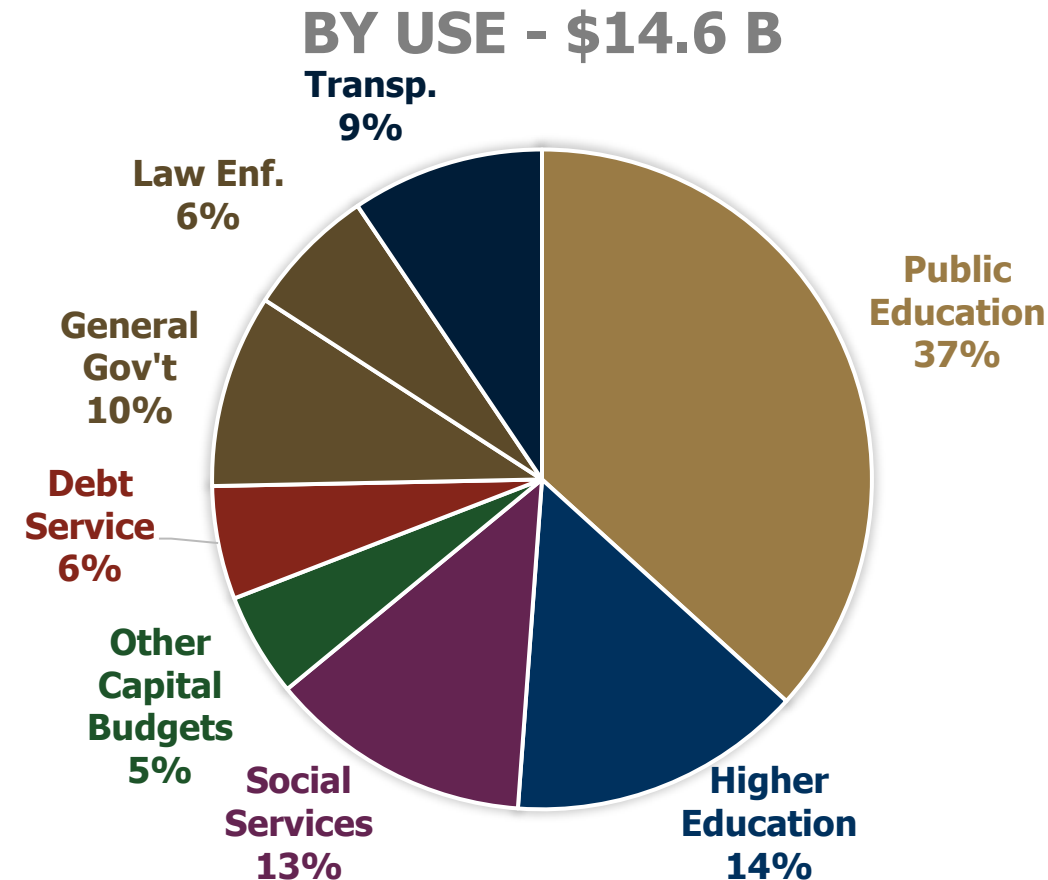
All Sources

FY 2024 | \$29.4 Billion



General & Income Tax Funds

FY 2024 | State Fund Appropriations & “New Money”





Part 2a

GF/ITF Revenue

General Fund & Income Tax Fund Revenue

FY 2023 – 2024 | Subcommittee Priorities vs Final Appropriations

*Revenue Estimates**

- FY 2023
 - GF \$4.1 billion
 - ITF \$7.6 billion
 - Total \$11.7 billion
- FY 2024
 - GF \$4.2 billion
 - ITF \$7.6 billion
 - Total \$11.8 billion

Available GF/ITF Revenue

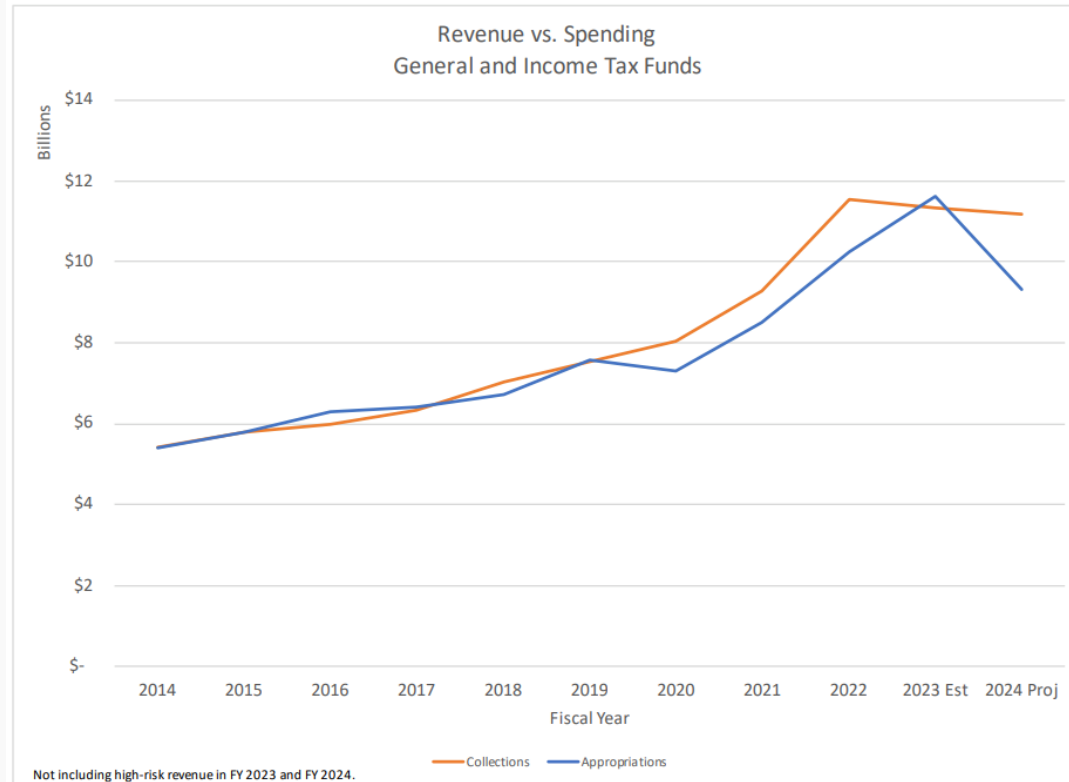
- Ongoing \$2.5 billion
 - Including:
 - \$600 m high-risk revenue
 - Temporal surplus (next slide)
- One-time \$3.2 billion
 - Including:
 - \$1.3 b FY 22 Surplus
 - \$300 m high-risk revenue

*Incl. high risk revenue



Surplus was from Careful Prior Year Budgeting

FY 2023 – 2024 | General Fund & Income Tax Fund Revenue



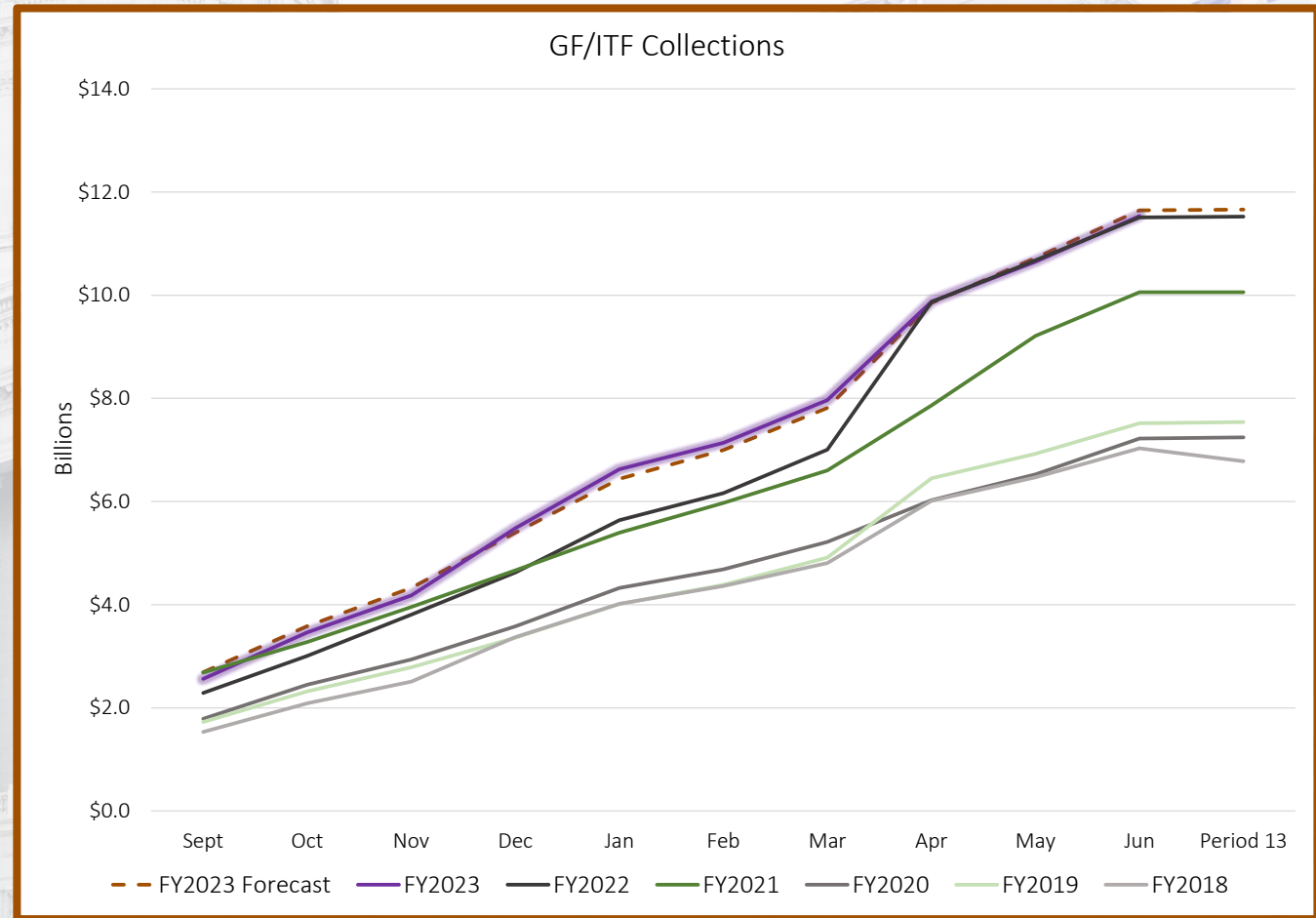
- aka: “Temporal Surplus”
- 2022 legislators spent above-trend revenue on one-time investments
- Year-over-year revenue was relatively flat, so last year’s one-time is now available ongoing



Year-End Revenue Outlook

FY 2023 | General Fund & Income Tax Fund

- General Fund
 - \$4.1 b Total Collections
 - Up 11% Above Consensus 10.2%
 - Taxable Sales Weaker in 2nd Half
- Income Tax
 - \$7.4 b Total Collections
 - Down -4.8% Below Consensus -3.1%
 - Final Payments Much Lower than Previous Year
 - Withholding Remains Strong at +5% Year over Year
 - Corporate Down -7.0% but Stronger than Consensus at -16.5%





Part 2b

Long-term Fiscal Health & Public Education Economic Stabilization

Careful Spending to Manage Risk

FY 2023 – 2024 | Long-term Fiscal Health

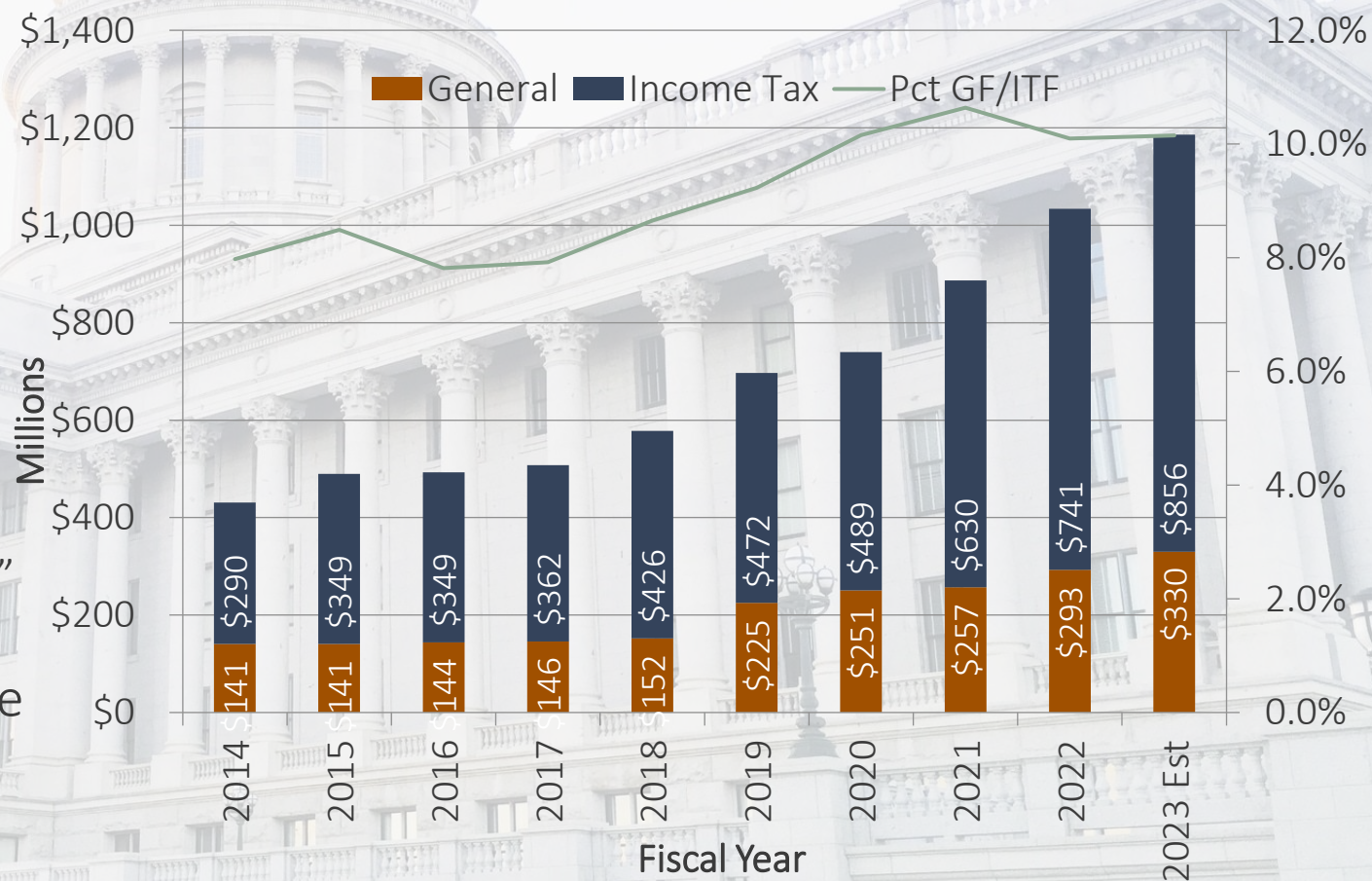
- No new GO debt plus \$440 million one-time and \$335 million ongoing from high-risk revenue for debt reduction
- Forward-funded anticipated reduction in enhanced Medicaid match rate
- *\$195 million ongoing increase to Public Education Economic Stabilization Account, bringing it to \$441 million ongoing*
- \$27 m in ongoing revenue in excess of ongoing commitments
- \$148 million in year-end deposits to formal rainy-day funds
- *Going from a “Fiscal Cliff” to a “Fiscal Smoothing” with Public Education Economic Stabilization*



Income Tax Rainy Day Fund

FY 2023 | Total General & Income Tax [IT] Rainy Day Fund Comparisons

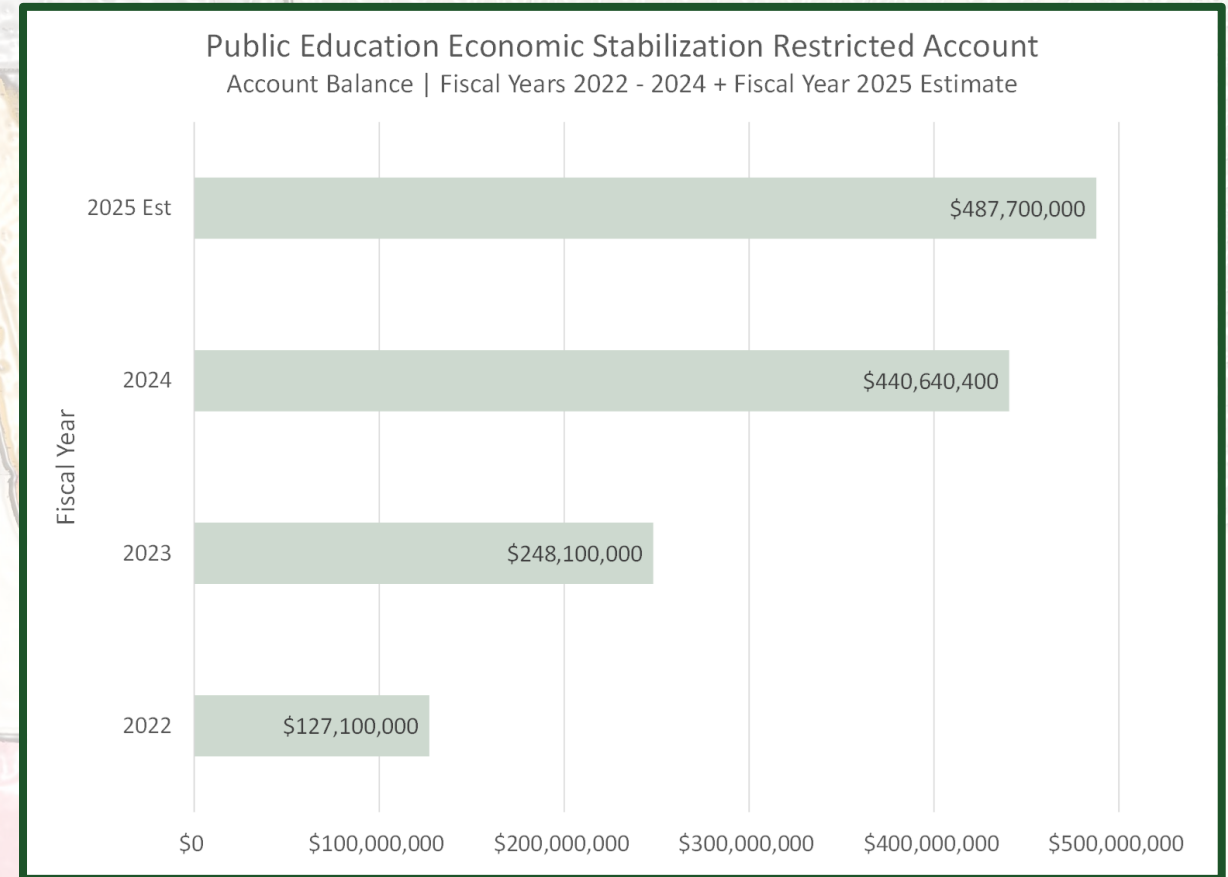
- Statutory Provisions
 - Limit = 11% of Appropriations
 - Automatic Transfer = 25% of Surplus Revenue [to Limit]
- Budget Stress Test Process Determines Percentages
 - Manage Risk of State Budget Including State Funds to LEAs
 - LEAs Manage Distributional Risk
 - LEAs Don't Need to "Double Save" to Cover Income Tax Funds
- Funds Used to Resolve an Income Tax Fund Deficit
 - Maintain Current Ongoing Funding Levels in Downturn



Economic Stabilization Restricted Account

August 2023 | Public Education Appropriations Subcommittee

- \$440.6 M Ongoing Balance
 - At 11% Statutory Cap of Ongoing Uniform School Fund Appropriations to MSP
- Maintain & **Expand** Ongoing Funding to Public Education in Economic Downturn
 - Student Growth & Inflationary WPU Value
 - PED Only Budget Area with Budget Increase Provision in Downturn
- Deposit Cap Grows with MSP Increases
 - \$487.7 m Base Estimate for FY 2025
 - Actual Amount Calculated in Fall:
 - Adjusted for MSP Growth & WPU Inflation
 - Further Deposits Dependent on Income Tax Revenue Growth – Transfer Up to 15%



Stabilization Account Uses

August 2023 | Public Education Budget

FY 2023 & FY 2024 One-time Appropriations

- Funded the Majority of One-time Appropriations to Public Education in Both FY 2023 & FY 2024
- FY 2024 Allocations Include Mostly New Funding Items with Some Repeats



2022 General Session Fiscal Year 2023	
Program	Amount
Public Education Capital & Technology	\$91,500,000
Small Schools Critical Capital Needs Fund	\$80,000,000
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
Subtotal	\$269,380,000
Balances from Educator Covid Stipend	(\$20,784,200)
Balances from Educators in High Need Schools	(\$509,000)
Unappropriated	\$13,200
Total	\$248,100,000

2023 General Session Fiscal Year 2024	
Revenues	Amount
Base Funding - FY 2023 Balance	\$248,100,000
FY 2024 Deposit (New Revenue Growth)	\$192,540,400
Total	\$440,640,400
Programs of Expenditure	Amount
Permanent State School Fund	\$160,954,900
School Safety Requirements (HB 61)	\$75,000,000
Educator Professional Time	® \$64,000,000
Small District Capital Projects Fund	® \$50,000,000
Flexible Funding WPU Distribution [4th-6th Class Counties]	\$30,000,000
Teen Centers for Students Experiencing Homelessness	® \$15,000,000
Grow Your Own Teacher & School Counselor Pipeline	\$7,150,000
Pupil Transportation	\$6,000,000
English Language Learner Software	® \$5,000,000
K-12 Computer Science Initiative	\$5,000,000
Small District Base Funding	® \$3,600,000
Student Credential Account Statewide Usage	\$3,500,000
Statewide Online Education Program Support	\$3,200,000
Beverly Taylor Sorenson Arts Learning Program	\$2,500,000
Create Utah	\$2,000,000
Charter School Base Funding	® \$1,875,000
Statewide Online Education Program Admendments	\$1,696,000
Community Informal STEM Education for Youth	\$1,000,000
Public Education Software (Scribe Writing Software)	\$950,000
Research Supported Social & Emotional Instruction	\$600,000
Students At-Risk Add-on Hold-Harmless	\$586,500
Rural Utah Student Initiative (Infini-D)	\$453,000
Anti-Bullying Coalition - Stand4Kind	\$300,000
Transparency in Public Education Library Materials	\$275,000
Subtotal	\$440,640,400



Economic Stabilization Expanded

August 2023 | Enrollment Decline Hold Harmless

Constitutional Amendment + Statutory Assurance

- Constitutional Provision for PED Stabilization [[SJR 10](#)]
 - Legislature Maintains a Statutory Funding Framework
 - Portion of Revenue Growth for Enrollment & Inflation
 - Provides a Budgetary Stabilization Account
 - Prioritizes PED Stabilization
 - Expenditures of Income Tax on “Other State Needs” after Fulfillment of PED Framework Requirements
- Statutory Enrollment Decline Hold Harmless [[HB 394](#)]
 - School Age Population Projected to Decline
 - Impact on Student Enrollment | 2024-2035
 - Enrollment Growth Savings Used to Increase WPU Value
 - FY 2026 – FY 2030 with Sunset Review
 - Leverages Compounding Nature of WPU Value Increases
- Additional 2% WPU Value in FY 2026

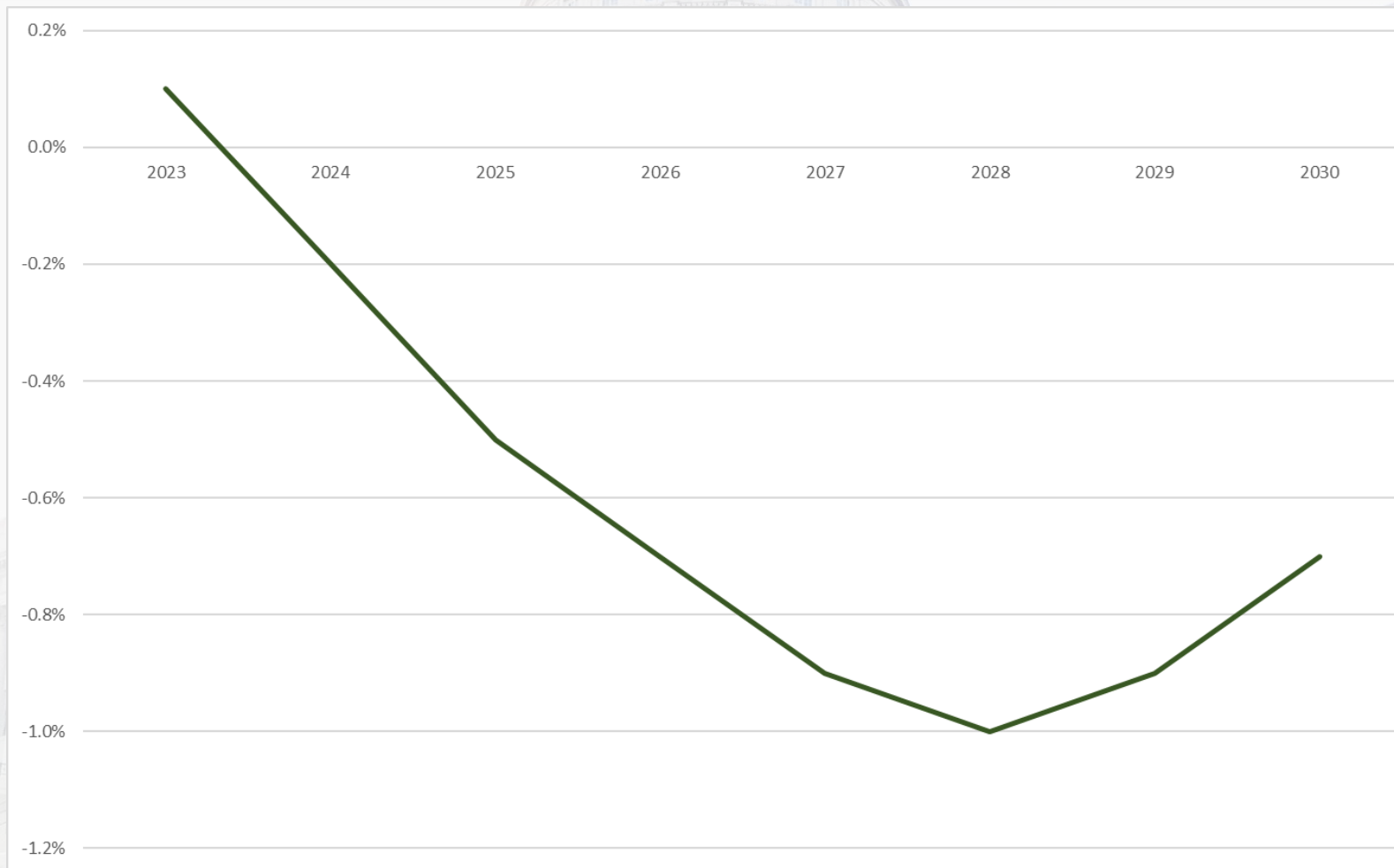
Utah School Age Population
5-17 Years of Age | 2020-2040

Year	Total	Absolute Growth	Growth Rate
2020	706,174	10,097	1.5%
2021	712,289	6,115	0.9%
2022	716,069	3,780	0.5%
2023	716,832	763	0.1%
2024	715,188	-1,645	-0.2%
2025	711,428	-3,760	-0.5%
2026	706,181	-5,247	-0.7%
2027	699,955	-6,227	-0.9%
2028	692,969	-6,986	-1.0%
2029	686,577	-6,392	-0.9%
2030	681,572	-5,005	-0.7%
2031	676,240	-5,332	-0.8%
2032	671,647	-4,593	-0.7%
2033	667,883	-3,764	-0.6%
2034	665,561	-2,321	-0.3%
2035	665,512	-50	0.0%
2036	668,850	3,338	0.5%
2037	674,546	5,697	0.9%
2038	682,242	7,695	1.1%
2039	691,631	9,389	1.4%
2040	702,706	11,075	1.6%

Source: Kem C. Gardner Policy Institute, 2020-2060 Projections
Table 10: Utah School Age Population (5-17 Years of Age)



School Age Population (5-17) Estimated Growth Rates







Section 3

*Public Education
Budget Highlights
2023 General Session*

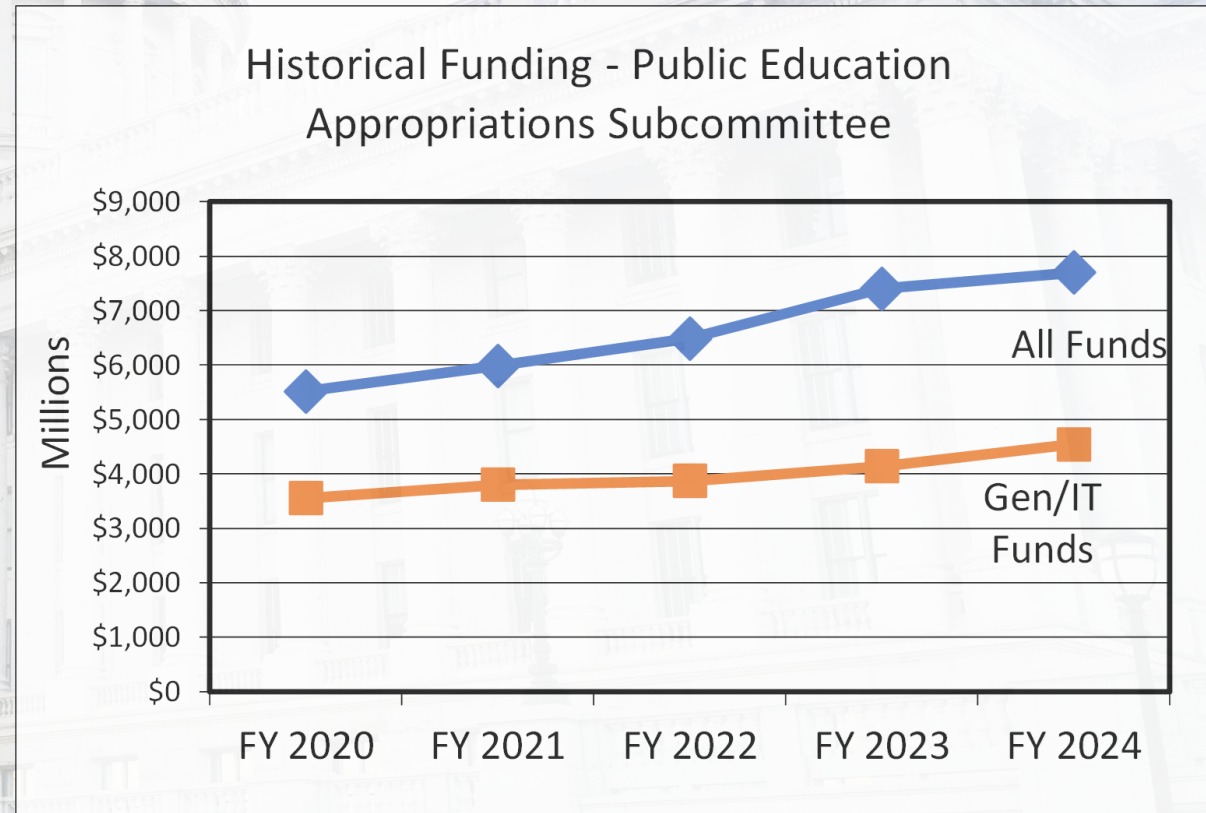
How Did the Public Education Budget Change?

FY 2024 | Budget Comparisons

FY 2024 Appropriations

- Total Budget = \$7.7 b
 -  \$105.5 m FY 23 | \$301.7 m FY 24
 - 4.1% Higher than FY 23 Revised
 - 5.6% Higher than FY 23 Original
- State Fund Budget = \$5.2 b
 -  \$16.0 m FY 23 | \$493.6 m FY 24
 - Comparisons:
 - 10.5% Higher than FY 23 Revised
 - 10.9% Higher than FY 23 Original
 - 11.5% Higher than FY 24 Base Allocation
 - Full Details Reported:
 - [Budget of the State of Utah](#)

History



Major Budget Issue Context

FY 2024 | Public Education Budget

Additional WPU

- \$79.6 m + (\$79.6 m 1x) Set-Aside
- 2% WPU Value Increase When Constitutional Amendment Passes
 - FY 26 Distribution
 - FY 25 1x Distribution Through Flexible Allocation
 - Tied to Legislation
 - [SJR 10 – Proposal to Amend Utah Constitution](#)
 - [HB 239 – Hold Harmless for Public Education Enrollment Decline](#)

Optional Full-Day K

- Increased WPU Weighting from 0.55 to 1.0 for Full-Time Kindergarten Students
- *Anticipate Multi-Year Phase-in* as LEAs Build Capacity
 - \$25.0 m New Funding
 - \$36.7 m Transfer from “Early Intervention”
 - \$19.1 m *Contingency*
 - [HB 477 – Fully-Day Kindergarten Amendments](#)

Educator Salaries

- \$196.9 m Educator Salary Adjustments Increase
 - Double Adjustment - \$6,000/Educator
 - Includes \$4,200 Salary + Employer-Paid Benefits
 - [HB 215 – Funding for Teacher Salaries & Optional Education Opportunities](#)
- *Annual Increase*
 - *Prior-Year WPU Value*
 - \$17.9 M + (\$16.6 m 1x)
 - [SB 183 Educator Salary Amendments](#)



Major Budget Issue Context – Continued

FY 2024 | Public Education Budget

Permanent Fund

- \$160.9 m 1x from Stabilization Account
- Deposit Into Permanent State School Fund
 - Added to Fund Corpus
 - Quarterly Deposits Into Permanent Fund
 - Funds Invested & Earnings Deposited into Trust Distribution Account [Based on Statute]
 - Any Increased Earnings Distributed to School LAND Trust Program

Small/Rural Funding

- \$50.0 m 1x from Stabilization Account to Small District Critical Capital Projects Fund
- \$30.0 m 1x from Stabilization Account for Flexible Funding to 4th-6th Class County Schools
 - Distributed on WPU Basis
 - Districts & Charter Schools
- Continue Work Scale of Small Districts Operations Funding Formula

Flexibility

- Greater Interest by Subcommittee to Reduce Spending Restrictions
 - “Cyclical” Review of MSP Categorical Programs
 - Potential Block-Granting – Flexible Allocation Distribution
 - Look at Other Restrictions
- Subcommittee & Full Legislature Not Yet Fully Aligned on Concepts



Questions?

