

STATE PUBLIC EDUCATION BUDGET: 2021 SESSION PREVIEW

Presentation to the Utah Association of School Business Officials



Public Education Budget

2021 GS | Implementing HB 357 – Public Education Funding Stabilization

- December Executive Appropriations
 - Start of Legislature’s Budget Process
 - Statute Requires EAC to Make Public Education Budget Determinations
 - Based on Recommendations from LFA
 - In Consultation with State Board of Education & Governor’s Office
- Statutory Budget Determinations
 - Cost of Enrollment Growth
 - Inflation Adjustment (WPU Value)
 - PED Economic Stabilization Transfer
 - WPU Value Increase Guarantee (HB5011)
- Adopt Revenue Estimates

Enrolled Copy **H.B. 357**

1 **PUBLIC EDUCATION FUNDING STABILIZATION**
2 2020 GENERAL SESSION
3 STATE OF UTAH
4 **Chief Sponsor: Robert M. Spendlove**
5 Senate Sponsor: Ann Millner

7 **LONG TITLE**
8 **General Description:**
9 This bill provides for growth and stabilization in public education funding.

10 **Highlighted Provisions:**
11 This bill:
12 ▶ defines terms;
13 ▶ amends the allowable purposes for the capital local levy in certain circumstances;
14 ▶ provides for the Minimum School Program to be funded from the Uniform School
15 Fund;
16 ▶ provides for ongoing funding, including an additional amount for enrollment growth
17 and inflation, for the Minimum School Program;

State Budget: Estimated State Revenues

2021 General Session

Fiscal Years FY 2021 & FY 2022

Available Revenue

- *\$1.02 Billion One-time*
- *\$87.0 Million Ongoing*



State Budget: EAC Base Additions

2021 General Session

Fiscal Years FY 2021 & FY 2022

Public Education

- *\$400 Million*
 - *\$358 Million Ongoing*
 - *\$42 Million One-time (Net)*

State Budget

- *\$186 Million*
 - *\$149 Million Ongoing*
 - *\$37 Million One-time (Net)*



2021 General Session Enrollment Growth Cost Estimate

FY 2021 Supplemental & FY 2022

Program	FY 2021		FY 2022
	One-time	One-time	Ongoing
Basic School Program			
Traditional Growth - Total of (1,152) WPU			(\$4,222,500)
Enrollment Growth Contingency - 7,727 WPU	\$21,500,000	\$21,500,000	\$27,786,300
Basic School Program Cost - 6,575 WPU	\$21,500,000	\$21,500,000	\$23,563,800
Local Revenue Increase - Basic Rate Offset			(18,679,200)
Subtotal - Basic School Program	\$21,500,000	\$21,500,000	\$4,884,600
Related to Basic School Program & Other Programs			
To & From School Pupil Transportation			\$1,102,300
Enhancement for At-Risk Students ⁽³⁾			1,494,300
Youth-in-Custody			282,400
Adult Education			158,700
Enhancement for Accelerated Students			61,400
Concurrent Enrollment			131,600
Educator Salary Adjustments ⁽¹⁾	\$5,327,800		5,327,800
Charter School Local Replacement ⁽²⁾			13,438,100
Initiative Programs in USBE Budgets			
Carson Smith Scholarships			350,000
Statewide Online Education Program			44,100
Subtotal - Related to Basic & Other	\$5,327,800		\$22,390,700
Total Enrollment Growth Cost Estimate	\$26,827,800	\$21,500,000	\$27,275,300

Notes:

(1) ESA program growth contains two parts:

- A one-time in FY 2021 to cover costs associated with new qualifying teachers hired in fall 2020.
- A similar ongoing amount to continue providing these adjustments in FY 2022.

(2) Includes a reduction of (\$590,900) in anticipated revenue from the Charter School Levy Account, correcting an estimate error in the FY 2021 original appropriation.

(3) Enhancement for At-Risk Students grows at a rate equal to the average of the three highest at-risk student categories. For FY 2022, this is calculated at 3.10 percent over FY 2021. All other programs not highlighted will grow at the rate of the general student population, or 1.09 percent.

Enrollment Growth

2021 GS | HB 357 Implementation

- Consensus Estimates
 - LFA | USBE | GOMB
 - Traditional Methodology as Basis
 - Modified for Coronavirus Related Issues
- Meets HB 357 Requirements
 - Includes Additional Statutory Adjustments Not Included in HB 357 Language
- Cost Highlights – Approved by EAC
 - \$27.3 M Ongoing & \$48.3 M One-time
 - Net Increase of 6,575 WPU
 - Growth at 1.09% | EARS at 3.1%
- Enrollment Growth Contingency



Enrollment Growth Details

2021 GS | Coronavirus & Enrollment Growth Contingency

Coronavirus Related Issues

- Coronavirus Impacting Enrollment, Average Daily Membership, & WPUs
- Student Enrollments Down
 - Fall 2020 – 666,609 Students
 - Down (794) from Fall 19 | (8,696) from Projected
 - Fall 2021 – 673,854 Projected Students
 - Down (1,451) from Original 2020 Projection
- Impact on Prior-Year + Growth
 - FY 2020 Data Consistent with Trend
 - FY 2021 Unknown – Anticipate Lower ADM
- Impact on WPUs
 - Assumes Flat ADM | No PY + Growth Adj.
 - Initial Decline of (1,152) WPUs

Enrollment Growth Contingency

- How Do You Budget for Unknowns?
 - Luckily, State Revenues Appear Strong
 - Develop Contingencies to Manage Potential Issues
- Budget Contingencies Approved by EAC
 - Enrollment Growth Contingency Program
 - Assume Growth from FY 2021 Original Appropriation
 - 1,152 WPUs from Lower Initial LEA Distributions
 - 6,575 WPUs from Growing FY 2021 WPU Total
 - Program Totals = 7,727 WPUs | \$27.8 Million
 - Direct USBE Use on Funding
 - Provide One-time Funding for “Hold-Harmless”
 - \$43.5 Million to Fund PY + Growth in FY 2021 & FY 2022
 - Maintain Basic School Program Balances

Proposed Inflation Adjustment

2021 GS | HB 357 – Implementation

Public Education Funding Stabilization - House Bill 357 (2020 General Session)

Proposed Inflation Adjustment | FY 2022

	2016	2017	2018	2019	2020	5-Year Avg.
CPI-U Less Food & Energy	1.5%	2.2%	2.3%	1.7%	1.4%	1.82%

○ Recommended Methodology

- Inflation Definition Used for the Trust Distribution Account [53F-9-201]
 - CPI for Urban Consumers: All Items Less Food & Energy as Reported BLS
- 5-Year Rolling Average Ending in Current Year (2016-2020)
- Rate in September of the Current Year and Preceding Four Years
- Review Based on Economic Conditions

○ Budgetary Impact

- Methodology Approved by EAC
- Allocated \$62.0 Million
 - 1.82% Increase in WPU Value
- Adjustments Included in the Public Education Base Budget Bill

Public Education Economic Stabilization Account

2021 GS | HB 357 – Implementation

Account Requirements

- Account Funding & Balance 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 Ongoing Account Balance
 - One-time Appropriations to PED System
 - When Ongoing EF/USF Revenues are Insufficient to Fund:
 - Ongoing Appropriations for PED System (Base)
 - Enrollment Growth
 - Inflation Adjustment

Account Funding

- \$168.3 Million Balance with EAC December Additions
 - \$78 Million 15% of Revenue Growth [Consensus]
 - \$50 Million Discretionary
 - \$40.3 Million Balance from FY 2021
- Amounts Included in the Public Education Base Budget Bill
- \$128 Million Available for FY 2022 One-time Appropriations
 - Enrollment Hold-Harmless
 - Supplemental COVID Stipend

WPU Value Increase Guarantee

2021 GS | HB 5011 – Implementation

Statutory Requirements

- Annual Set-Aside
 - 10% of Ongoing EF/USF Revenue Growth
- Effective Until Amount Totals \$140.5 Million
- Used to Increase the WPU Value
 - Total Amount Equals the Difference of:
 - FY 2021 Original 6% WPU Value Increase
 - FY 2021 Actual 1.8% WPU Value Increase

Set-Aside Funding

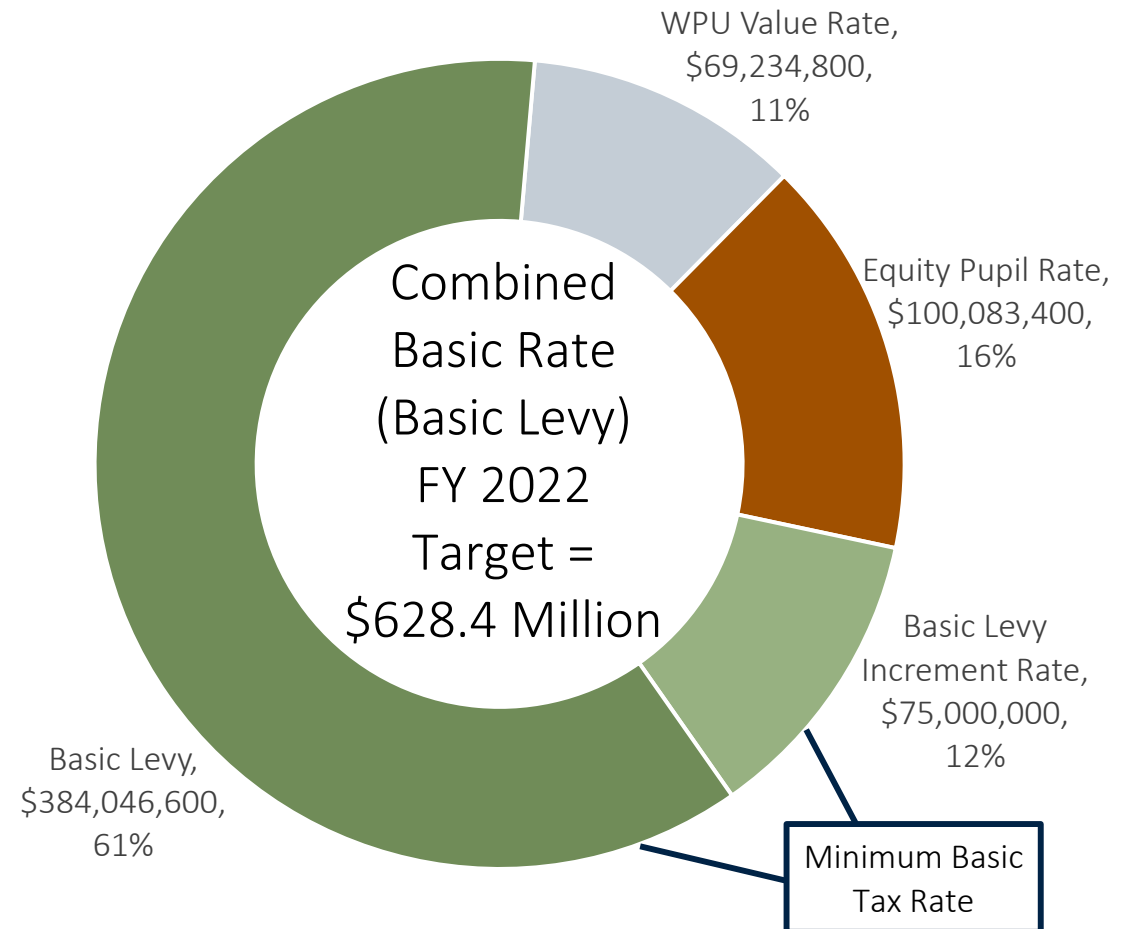
- \$140.5 Million Balance with EAC December Additions
 - \$52 Million 10% of Revenue Growth [Consensus]
 - \$89 Million Discretionary
- Amounts Included in the Public Education Base Budget Bill – 4.04% WPU Value Increase
- Fulfills HB 5011 Requirement in Full

Education Budget Highlights

2021 GS | Base Budget Summary

Base Budget Summary

- \$358 M Ongoing & \$42 M One-time
- 5.86% Increase in WPU Value
- Basic Levy Components
 - \$18.7 M Basic Levy Increase
 - \$29.9 M Equity Pupil
 - Voted & Board Guarantee | Rate = \$51.51
 - Increase from \$48.26
 - \$22.5 M WPU Value Rate
 - Teacher & Student Success
 - 4% WPU Value Rate Limit Reached in Base
- \$4 M School LAND Trust to \$98.2 M



Education Budget Highlights – Continued

2021 GS | Session Issues & Budget Policy Considerations

Session Issues

- Student Achievement
 - Mitigating Coronavirus Impacts
 - Assessment
 - Role of Federal CARES Funding
- Property Tax Equalization | Voted & Board
 - Higher Local Contribution = \$11 M State Savings
- FY 2021 Budget Changes
 - De-Funded Bills
 - Budget Reductions

Budget Policy Considerations

- Education Funding Study
 - At-Risk Student Add-on
 - State | Local Funding Mix – Basic Levy & District Discretionary Levies
 - Property Tax Equalization
 - Economies of Scale
 - Rural | NESS | Isolated | Charters [?]
- Capital Outlay Programs
- Statewide Online Education Program
- Data Systems [USIMS]

QUESTIONS?

Utah Legislature – Education Budget Team

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