

Stabilizing Education Funding for a Better Tomorrow

Proposal to Reinforce Funding Supporting Public Education, Children & Individuals with Disabilities

Overview

- Income tax revenues are historically unstable. Although income tax revenues have grown steadily during much of our current economic expansion, Utah saw a 12% peak in 2007 followed by a 10% and 9% downward shift in 2009 and 2010.
- There is no dedicated system to protect education funding during economic downturns.
- There is a lack of safeguards to ensure enrollment growth is funded or to keep pace with inflation.
- The proposed solution modifies the constitution to allow income tax revenue to serve children and individuals with disabilities while still protecting, stabilizing and growing public education funding.
- The proposal includes **NO** tax increases.

The Proposal

This Proposal Protects, Grows and Stabilizes Public Education (K-12) Funding



Protects

- Moves Minimum School Program funding to a constitutionally protected account for K-12 education – approximately \$3.4 billion beginning in FY 2022.
 - The constitution protects Uniform School Fund expenditures to ensure they are dedicated to K-12 public education.



Grows

- Automatically adjusts education funding for enrollment growth and inflation. Funding beyond this base is appropriated through the regular legislative appropriations process.
 - Includes enrollment growth and the annual inflation for the Minimum School Program in the base budget, which includes the weighted pupil unit (WPU).



Stabilizes

- Reserves revenues to meet educational funding commitments (enrollment growth and inflation) during economic downturns.
 - Creates an ongoing public education budget stabilization account.
 - Reserves a portion of ongoing revenue to meet future education needs (beginning in FY 2022).
 - Aims to sustain education through an approximate 24-month downturn.
- Increases flexibility at the local level by allowing local school districts to use current property tax revenue for operational expenses during economic downturns.

If voters approve the amendment

This proposal will go into effect

Constitutional Amendment



Lets Utah Voters Decide

- The proposal takes effect if Utahns approve it during the 2020 general election.



Expands the Constitutional Earmark

- Allows the use of income tax revenue to support services for **children** and **individuals with disabilities**.
 - Such services includes social services that supplement educational needs, including supporting the physical and mental health of students.

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	Today	Proposal
Automatically adjusts public education funding to keep pace with growth in the number of students and inflation.	X	✓
Provides a safety net for public education funding to weather an economic downturn.	X	✓
Dedicates money for public education by funding the Minimum School Program through a fund that constitutionally may only be used for public education.	X	✓
Gives voters the opportunity to determine whether to expand the use of income tax revenue to support children and individuals with disabilities.	X	✓

H.B. 357 Funding Specifics

<p>6% WPU FY 2021</p>	<p>Additional \$200,000 in ongoing funding to the T.H. Bell Teaching Scholarship to retain teachers</p>
<p>\$75 million in an education funding stabilization account and a portion of new annual revenue deposited into the account when available</p>	<p>Funding enrollment growth & inflation (approximately 2.5 WPU annually)</p>