



Office of the Legislative Fiscal Analyst

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Memorandum

To: Executive Appropriations Committee

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

Date: December 9, 2025

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 2027 Ongoing Cost Estimate: (\$12.5) Million
FY 2026 One-time Cost Estimate: \$6.4 Million

In Fall 2025, Utah's public schools enrolled 657,275 students, (3,728) fewer than projected last fall. We project a total statewide enrollment of 643,673 in Fall 2026, this is a further decrease of (13,602) students or (2.07) percent. This is the fourth year of a projected decade long enrollment decline.

Converting Enrollment to Weighted Pupil Units

When applying enrollment, demographic, and other policy changes to the calculation of weighted pupil units (WPUs) for the Basic School Program, the total number of WPUs decreases from 886,115 to 871,516, a decrease of 14,599 WPUs.

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. WPUs in the Grades 1-12 and Kindergarten programs decreased by (10,872) and (1,224) respectively, WPUs in the Special Education-Self Contained program increased by 237. Total WPUs for the primary count WPU programs declined by (11,859) WPUs.
- Secondary Count WPUs – Secondary count WPUs declined for most programs, except the Special Education Add-on program which increased by 361 WPUs. Total net WPUs for secondary count programs decreased by (2,740) WPUs.

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 2027 cost estimate includes a funding reduction for most of these programs at (2.07) percent. This reduction is equal to the projected decline in total student enrollment for FY 2027.

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, Salary Supplement for Highly Needed Educators Program, 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 11.7 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 2027.

Recommendation 1: Enrollment Growth Adjustment

- Approve the allocation of approximately (\$12.5) million ongoing in FY 2027 and \$6.4 million one-time in FY 2026 to implement estimated enrollment growth adjustments as outlined in Figure 1 in the 2026 Public Education Base Budget bill.

Figure 1: 2026 General Session Enrollment Growth Cost Estimate

FY 2026 Supplemental & FY 2027 Base Budget Estimates

Weighted Pupil Unit [WPU] & Funding Amount Changes

	FY 2026			FY 2027		
	Projected	Actual	Difference	Projected	Growth	% Change
	577,511	572,007	(5,504)	554,992	(17,015)	
District Schools	83,492	85,268	1,776	88,681	3,413	
Charter Schools						
Total Student Enrollment	661,003	657,275	(3,728)	643,673	(13,602)	-2.07%
Programs	WPU ^s			Amount		
	FY 2026 Approp.	Growth Change	FY 2027 Base	FY 2026 Approp.	FY 2027 Base	Difference
Basic School Program - WPU Statutory Adjustments			WPU Value:	\$4,674	\$4,674	
Primary WPU Programs						
Kindergarten	41,603	(1,224)	40,379	\$194,453,900	\$188,731,400	(\$5,722,500)
Grades 1-12	604,599	(10,872)	593,727	\$2,785,683,000	\$2,775,080,000	(\$10,603,000)
Mid and Final Year Distribution Balancing	0	0	0	\$50,000,000	\$0	\$0
Enrollment Growth Contingency	0	0	0	\$19,101,000	\$0	\$0
Special Education - Self Contained	11,691	237	11,928	\$54,643,800	\$55,751,500	\$1,107,700
Subtotal Primary WPU Programs	657,893	(11,859)	646,034	\$3,103,881,700	\$3,019,562,900	(\$15,217,800)
Secondary "Add-on" WPU Programs [Adjusted for Demographic Change or Statutory Formula]						
Foreign Exchange Students	407	(3)	404	\$1,902,500	\$1,888,300	(\$14,200)
Necessarily Existential Small Schools	14,367	(332)	14,035	\$67,151,800	\$65,599,600	(\$1,552,200)
Special Education - Add-on	101,987	361	102,348	\$476,687,300	\$478,374,600	\$1,687,300
Special Education - Pre-School	11,174	(231)	10,943	\$52,227,300	\$51,147,600	(\$1,079,700)
Special Education - Extended Year Program	452	(9)	443	\$2,112,600	\$2,070,600	(\$42,000)
Special Education - Impact Aid	1,300	(27)	1,273	\$6,074,400	\$5,950,000	(\$124,400)
Special Education - Extended Year for Special Educators	909	0	909	\$4,248,900	\$4,248,700	(\$200)
Students At-Risk WPU Add-on	27,918	(1,057)	26,861	\$130,501,400	\$125,548,300	(\$4,953,100)
Career & Technical Education - Add-on	27,847	(576)	27,271	\$130,155,200	\$127,464,700	(\$2,690,500)
Class Size Reduction	41,861	(866)	40,995	\$195,658,500	\$191,610,600	(\$4,047,900)
Subtotal Secondary "Add-on" WPU Programs	228,222	(2,740)	225,482	\$1,066,719,900	\$1,053,903,000	(\$12,816,900)
Total Basic School Program	886,115	(14,599)	871,516	\$4,170,601,600	\$4,073,465,900	(\$28,034,700)
Breakdown: Enrollment Decline Adjustments		(13,900)		\$3,492,409,400	\$3,467,654,700	(\$24,754,700)
Breakdown: WPU Enhancements		(699)		\$609,091,200	\$605,811,200	(\$3,280,000)
Non-WPU Statutory Adjustments						
Related to Basic School Program						
To & From School Pupil Transportation				\$134,414,900	\$131,632,500	(\$2,782,400)
Flexible Allocation				\$266,916,200	\$261,391,000	(\$5,525,200)
Youth-in-Custody				\$33,963,300	\$33,260,300	(\$703,000)
Adult Education				\$19,087,700	\$18,692,600	(\$395,100)
Enhancement for Accelerated Students				\$7,383,700	\$7,230,900	(\$152,800)
Dual Immersion				\$7,859,700	\$7,697,000	(\$162,700)
Concurrent Enrollment				\$23,345,400	\$26,081,500	\$2,736,100
Educator Salary Adjustments				\$490,498,200	\$509,900,100	\$19,401,900
Charter School Local Replacement				\$302,909,000	\$336,367,000	\$33,458,000
Statewide Property Tax Guarantee						
Voted & Board Local Levy Programs [State Funds Only]				\$289,730,600	\$289,730,600	\$0
Initiative Programs - In State Board Line Items						
SOEP (Ongoing State Funds) - Home & Small High Schools				\$2,105,800	\$3,204,400	\$1,098,600
SOEP (Ongoing State Funds) - Private Course Choice				\$8,895,800	\$8,895,800	\$0
Total Non-WPU Statutory Adjustments				\$1,613,146,500	\$1,660,119,900	\$46,973,400
Total Estimated Funding Change						\$18,938,700
Revenue Changes						
Basic Levy Offset [Net New Property Tax Growth]						(\$24,740,900)
Charter School Local Levy Account						(\$6,703,300)
FY 2026 Supplemental Adjustment [One-time]						
Charter School Local Replacement				\$6,443,300		
Estimated 2027 GS Enrollment Growth Cost [Net]:				\$6,443,300		(\$12,505,500)

B. Inflationary Adjustment – WPU Value Increase

FY 2027 Ongoing Cost Estimate: 4.2% at \$191.4 Million

Statute, [53F-2-208](#), further directs the Legislature to provide an annual inflationary adjustment to WPUs (WPU Value Increase) and certain categorical programs within the public education budget. 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 (2025) and the previous four years. Figure 2 details the inflationary amount for each of the five years.

Figure 2: Public Education Funding Stabilization - Annual Inflationary Adjustment

5-Year Rolling Average (September) | FY 2027

	2021	2022	2023	2024	2025	Average
CPI-U Less Food & Energy	4.0%	6.6%	4.1%	3.3%	3.0%	4.2%

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 2027 is approximately \$46.1 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 \$191.4 million.

Recommendation 2: Inflationary Adjustment

- Approve the allocation of approximately \$191.4 million ongoing to implement the inflationary factor for FY 2027 in the Public Education Base Budget bill. This will result in an increase to the WPU Value of approximately 4.2 percent.

C. Public Education Economic Stabilization Restricted Account Deposit

Annual Deposit

FY 2027 Ongoing Cost Estimate: \$42.8 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 new ongoing revenue growth in the Income Tax and Uniform School Funds. The Legislature may designate additional amounts. .

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 \$537.0 million in FY 2027.

Based on current revenue estimates for FY 2027, we estimate the deposit into the stabilization account at \$42,833,600.

Recommendation 3: Economic Stabilization Deposit

- Approve the allocation of \$42.8 million ongoing to the Public Education Economic Stabilization Restricted Account in the Public Education Base Budget bill.

FY 2027 One-time Expenditures in Base Budget

Statute for the PED Stabilization, [53F-9-204](#), provides that the Executive Appropriations Committee make one-time appropriations from the stabilization account each year, to support the following programs:

1. The lesser of 10 percent of the total amount of one-time appropriations from the stabilization account or the cost of providing 32 paid professional hours for teachers. [\[53F-7-203\]](#)
2. The amount to make distributions required for Teacher Supplies and Materials. [\[53F-2-527\]](#)
3. The cost of the Stipends for Future Educators Grant Program. [\[53F-5-223\]](#)
4. The cost of the Rural School Sports Facilities Grant Program. [\[53F-10-303\]](#)
5. \$65.0 million to the Catalyst Center Grant Program [\[53E-3-507.1\]](#)

Recommendation 4: FY 2027 Stabilization Appropriations

- Approve one-time appropriations from the stabilization account for the following programs in the Public Education Base Budget bill for FY 2027:
 1. Educator Professional Time - \$78.3 million (Provides 32 Hours)
 2. Teacher Supplies and Materials - \$8.8 million (The program has an ongoing appropriation of \$5.5 million, for a total of \$14.3 million)
 3. Stipends for Future Educators Grants - \$12.4 million
 4. Rural School Sports Facilities Grants - \$5.0 million
 5. Career & Technical Education Catalyst Center Grants - \$65.0 million

II. Coordinating Reserves – PED Economic Stabilization & Income Tax Rainy Day

The Public Education Economic Stabilization Restricted Account (PED Stabilization) and the Income Tax Fund Budget Reserve Account (ITF Rainy Day) work together as tools for the Legislature to mitigate the long-term impact of an economic downturn on the public education budget. Each reserve plays a unique role in a comprehensive risk mitigation strategy developed by the Legislature to stabilize and decrease the length of post-recession recovery for the public education budget.

- A. PED Stabilization – Often called a “working rainy-day account” saves ongoing income tax revenue to spend on ongoing costs in a future fiscal year. In a year when the ongoing funding is not needed to pay ongoing costs, the account balance can be spent on one-time funding items. Ongoing funds always support spending in an upcoming budget year. For example, for the 2026 General Session, to support qualifying appropriations in FY 2027. If statutory conditions are not met for spending the ongoing balance in FY 2027, the balance in the account can be spent on one-time funding items in the fiscal year (or multiple future fiscal years).
- B. ITF Rainy Day – A traditional savings account containing one-time funding to help manage a future budget deficit. A deficit occurs when authorized expenditure exceeds actual revenue collected. As a one-time funding source, the account balance is often used to support short-term one-time funding needs in the current fiscal year. For example, insufficient revenue at the end of FY 2026 to pay expenditures authorized by the Legislature during the 2025 or 2026 General Sessions. A rainy-day account balance is rarely used in a future fiscal year because a deficit has not yet occurred, the remedy in this situation is typically to reduce authorized expenditures.

The following scenarios show how the two reserve accounts work together in different economic situations:

Current Year (FY 2026)	New Year (FY 2027)
Stabilization Account: Account balance fully appropriated for one-time funding items in the public education budget.	Stabilization Account: Ongoing balance available for qualifying ongoing expenditures or one-time funding items in the public education budget.
ITF Rainy Day: Balance available for qualifying appropriations (PED & All ITF Allowed Expenditure Categories).	ITF Rainy Day: Balance available for qualifying appropriations (PED & All ITF Allowed Expenditure Categories).
Budget Event: Budget Deficit - Final income tax revenue is lower than estimated.	Budget Event: No growth in income tax revenue.
Budget Expenditures: Timing Critical for Current Year Budget Changes	Budget Expenditures:
1. Reduce expenditures from the PED Stabilization to cover higher-priority PED budget expenditures and meet lower revenue amount.	1. Use ongoing PED Stabilization balance to maintain prior-year Uniform School Fund appropriations to the Minimum School Program and adjust for enrollment growth and WPU inflation.
2. Maintain PED Stabilization and other expenditures and access rainy day savings to balance.	2. Reduce expenditures on discretionary programs in combination with available PED Stabilization balance to balance expenditures to anticipated revenue.
<i>Note: Modifying appropriations is always an option to balance expenditures to available revenues.</i>	

III. Public Education Budget Changes

In addition to appropriating the base budget, the Public Education Base Budget often includes statutory changes to implement changes necessary to execute the budget. For example, each year changes are made to [53F-2-301 – Minimum Basic Tax Rate](#) to adjust local property tax estimates for the statewide basic levy consistent with statutory requirements. In addition to this section, the committee may wish to include the following changes in the base budget bill.

- CTE Centers – Amend [53F-2-311 – Weighted Pupil Units for Career and Technical Education Programs](#) to improve the definition of a CTE Center including onsite administration and limits on comprehensive CTE high school requirements or limitations currently in State Board of Education rule. The change will ensure newer centers that operate under a different model can receive the 40 weighted pupil units provided in statute.
- English Learners – Amend [53F-2-316 – Emergency Funding for Schools with Increased Enrollment of Students Learning English](#) to modify statutory provisions on the distribution of funding to allow the \$5.0 million one-time appropriated during the 2026 General Session to be distributed to impacted local education agencies. No schools qualify under current statutory provisions.

The Public Education Appropriations Subcommittee approved changes to [53F-2-204 – Public Education Economic Stabilization Restricted Account](#) during its August 2025 meeting to better align the programs that receive an annual allocation from the stabilization account detailed in Section 1C of this report. The change co-locates all the programs into the same paragraph. The approved language can be found [here](#).

Recommendation 5: Statutory Changes for the Public Education Base Budget

- Approve staff to coordinate with the chairs of the Executive Appropriations Committee and the Public Education Appropriations Subcommittee to draft statutory language to implement the changes for CTE Centers, English Learners, and the Stabilization Account as identified above and include the changes in the Public Education Base Budget.