



To: State Board of Education & State Superintendent of Public Instruction

From: Public Education Appropriations Subcommittee Chairs

Date: January 5, 2026

RE: Public Education Appropriations Subcommittee – 5% Reduction Target

On December 9, 2025, the Executive Appropriations Committee (EAC) tasked appropriations subcommittees to reduce base budgets by five percent. This mandate is in response to state revenue projections and budget changes adopted during the December meeting. The five percent reduction target for public education is \$295.8 million ongoing. During our first subcommittee meeting on January 21, 2026, the Office of the Legislative Fiscal Analyst will provide recommendations for meeting this ongoing reduction target.

Request

During our first meeting, we would like to hear recommendations from the State Board of Education on how to meet the \$295.8 million ongoing target, including which programs or functions within the education budget to discontinue or reduce.

This will provide the subcommittee with a comprehensive look at options to meet the reduction target and help balance the state budget.

Background

The EAC adopted revenue estimates for the 2026 General Session, with net available revenue of \$184.0 million one-time and \$362.0 million ongoing (GF/ITF/USF). See Page 2, Line 25 of the 2025 [Fall Revenue Estimates](#) document posted to the EAC webpage. These amounts include the impact of recent federal tax cuts adopted in HR 1 of \$313.8 million one-time and \$201.3 million ongoing (Page 2, Line 14).

In addition to the revenue estimated, the EAC approved several [Base Budget Changes & Set-Asides](#). Many of these budget changes meet statutory requirements or other annual adjustments such as compensation for state employees. The list includes several items for public education, including a 4.2% inflationary increase, totaling \$191.4 million, to the Weighted Pupil Unit (WPU) (Page 1, Lines 8-11). These changes use all available revenue (Line 23), leaving no ability for the Legislature to fund other needs facing the state budget during the 2026 General Session.

While the net budget change will likely differ from a five percent reduction, it is important for the public education community to participate in the budget process for the coming year, as other areas of the state budget do. Broad community support will help the subcommittee identify areas where funding adjustments are needed or where changes pose lower risk to maintaining student outcomes in public education.

Stabilization Account

The [Public Education Economic Stabilization Restricted Account](#) currently has an ongoing balance of approximately \$440.6 million. While federal income tax changes lowered revenue estimates for the Income Tax Fund, there is still revenue growth and the statutory trigger to use these funds has not been met. There may be discussion during the upcoming session on amending statutory provisions, for example when federal tax changes force lower income tax revenue estimates.

We do not plan on using ongoing revenue in the stabilization account to meet the 5 percent reduction target. The Legislature will need to consider the impact of using stabilization funding now and balancing future economic risks on the state budget.

Format

The following represents the format our staff is using to manage the recommended funding items to meet the reduction target. The item number is “SB” for State Board followed by a number. Please indicate if the items included are in priority order.

Public Education - Ongoing Reduction Items					
	Target:	\$295,765,600			
Item	Funding Item Name & Description	Amount	Description	Statute Chg	Agcy Unit
SB1					
SB2					
SB3					
SB4					

Timeline

To prepare for our first meeting, please submit the State Board’s suggested reductions to our staff by January 16, 2026. We will include time in that meeting for you to present a high-level summary of the identified reductions, context or factors the legislature should consider, and answer questions. The subcommittee will spend the majority of each meeting discussing the reductions, or needed increases, in the context of each budget area. During these meetings, the State Board will also be provided time to respond to reduction items recommended by our staff and provide information on other budget changes needed for the line item or program.

Thank You.