UTAH STATE BOARD OF EDUCATION

Subject:
ACTION: Public Education Equalization Stabilization Restricted Fund

Agenda item type:
Information Item

Recommended Action:

Purpose of Memo:
Requested by 3 or more members of the board

Background:
At its May 22, 2026, special Finance Committee meeting, the Committee directed staff to return with additional information and potential options for establishing guardrails for the Education Stabilization Fund.

Background
Established under UCA 53F-9-204, the *Public Education Economic Stabilization Restricted Fund (PEESRF)* functions as a "working rainy day fund" to safeguard public education funding.

- Funding Mechanism: The Legislature allocates 15% of ongoing revenue growth from the Income Tax Fund and Uniform School Fund into this stabilization account.
- Purpose: These reserves ensure the state can consistently pay for student enrollment growth and inflation in the event of an economic downturn.
- A savings limit for the fund is set in formula, with the excess available for one-time priorities.
- PEESRF prioritizes five specific one-time appropriations (professional hours, teaching supplies and materials, and three grant programs) to be funded annually above the cap before the remaining one-time money is appropriated for other uses.

2024 Legislative Session Actions

- $80 million one-time PEESRF funds appropriated directly to the permanent school trust fund.
- HB 262 passed, Sponsor Casey Snider - Provides for the sale of large land blocks of trust lands with low revenue generation and significant recreational value.

2025 Legislative Session Action

- $50 million one-time PEESRF funds appropriated to the Department of Natural Resources (DNR) to purchase large land blocks of school trust lands.

2026 Trust Lands Administration (TLA) Action

- April 10, 2026: Noticed the sale of 50,000 surface acres of public school trust lands in the Roadless Area of the Book Cliffs after multiple appraisals.
- June 18, 2026: Approved the transaction with DNR for $30 million (appropriated to DNR from the PEESRF) based on the TLA Director's Finding and a vote of the trustees.
- Two other school trust properties, including Sand Ledges and Phil Pico, are of interest to DNR that meet the requirements in Utah Code for a potential direct sale.

Legislative perspective

- While not yet utilized for its original purpose, PEESRF has been successful in establishing a stable revenue source to pay for growth and inflation in an economic downturn.
- PEESRF grew faster than anticipated, leaving significant excess for one-time projects.
- Projects funded with one-time funding often come with ongoing expectations the legislature cannot honor.
- Looking ahead: Determine the best uses for one-time funds and consider how to transfer one-time education funds into ongoing revenue generation with strategic investment in a permanent fund.

Recommendations for the Utah State Board of Education

- Consider parameters for the allowable/appropriate one-time uses of PEESRF account balances that exceed the cap.
- Representative Snyder welcomes a meeting with Board Leadership to discuss concerns and possible solutions, including appropriations specific to the large land block purchases.
- Consider HB 521 *Public Education Economic Stabilization Restricted Account Amendments,* Representative Walter and Senator Sandal - Introduced in 2026 creates a new permanent fund for education by sweeping one-time PEESRF funds that exceed the cap.

Contact:

Name:	Paula Plant
Title:	School Children's Trust Director
Phone:	801-538-7555
Email:	Paula.Plant@schools.utah.gov

Attachments:

None