



# Transforming Education Funding for the Future

A Presentation to the Governor's Education Excellence Commission

Brad Wilson, Speaker - Utah House of Representatives

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# Summary

01

What We Have  
Done

02

Constitutional  
Earmark has  
Limited Impact on  
Funding

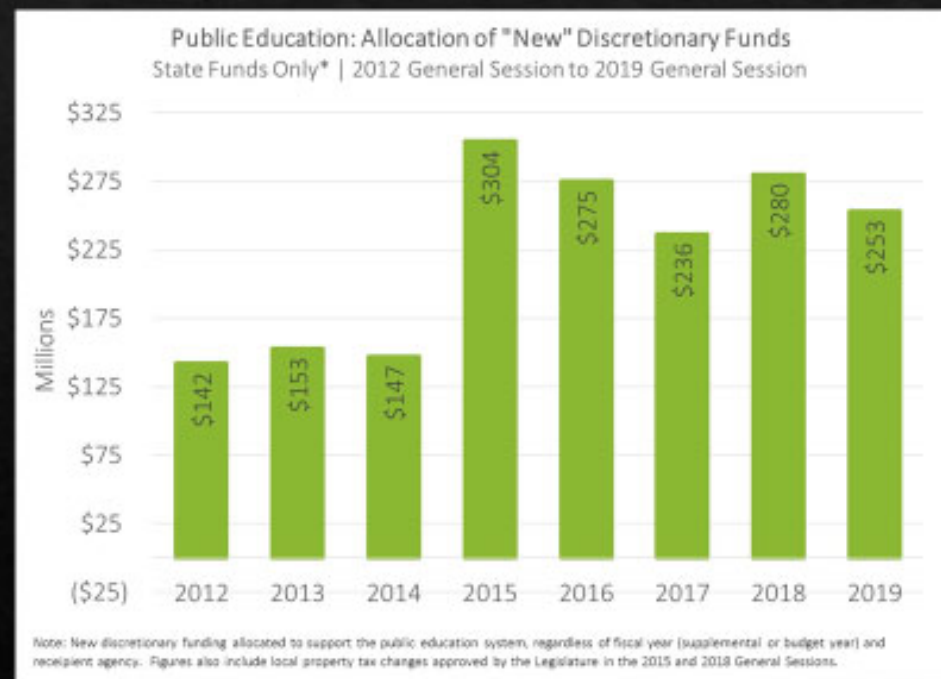
03

What do we do  
next?

# 01: What We Have Done

- ◆ Added \$1.3 Billion in Prior 5 General Sessions
  - 3% to 4% WPU Value Increases\*
  - Funded Enrollment Growth Impacts (In Base Bill for 2020 GS)
  - School Counseling, Equalization, & Teacher/Student Success
- ◆ Student Enrollment & Business Cycle Dampen Progress Over Time

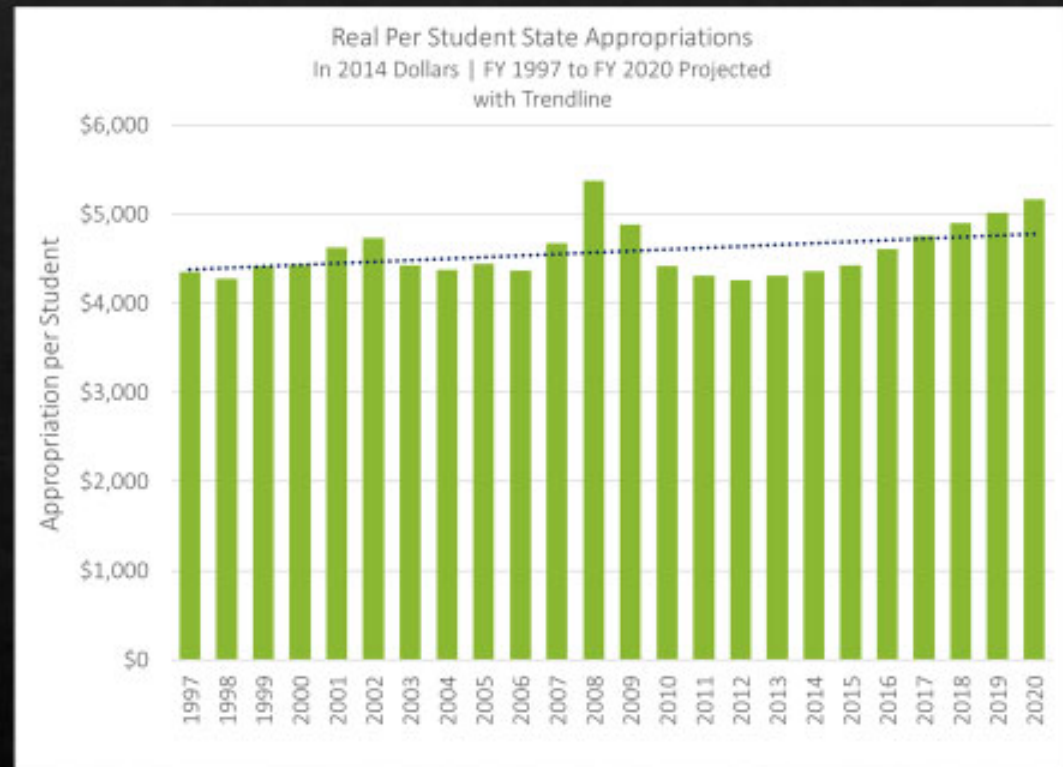
\* FY 2019 - Equivalent of a 4% WPU Value increase with 2.5% to raise WPU Value and 1.5% to Teacher and Student Success



## Real Per-Pupil Spending with Trendline

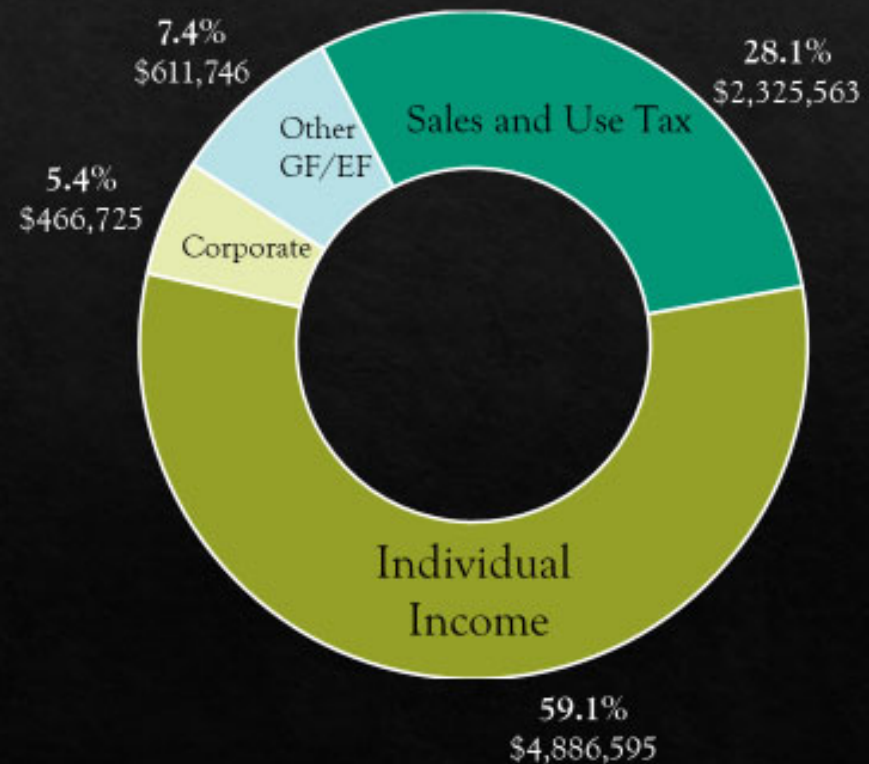
History - FY 1998 to 2020

- Amounts Adjusted  
(in 2014 Dollars)
- Shows Unsustainable Peak  
in FY 2008
- Recovered from Recession:
  - 2007 Amount in 2017
  - 2009 Amount in 2018
- Haven't Recovered to 2008  
Amount



## 02: The Constitutional Earmark

- ◇ Article 8, Section 5  
“All revenue from taxes on intangible property of from a tax on income shall be used to support the systems of public education and higher education as defined in Article X, Section 2.”
- ◇ Legislature’s Discretion on Income Tax:
  - Imposition of the Tax & Tax Rate Levied
  - Allocation of Revenue Between Public & Higher Education
- ◇ Utah’s Revenue Structure Dependent on Individual Income
  - Income Tax is Most Volatile of State Sources





# State Revenue Volatility

History - FY 1998 to 2020

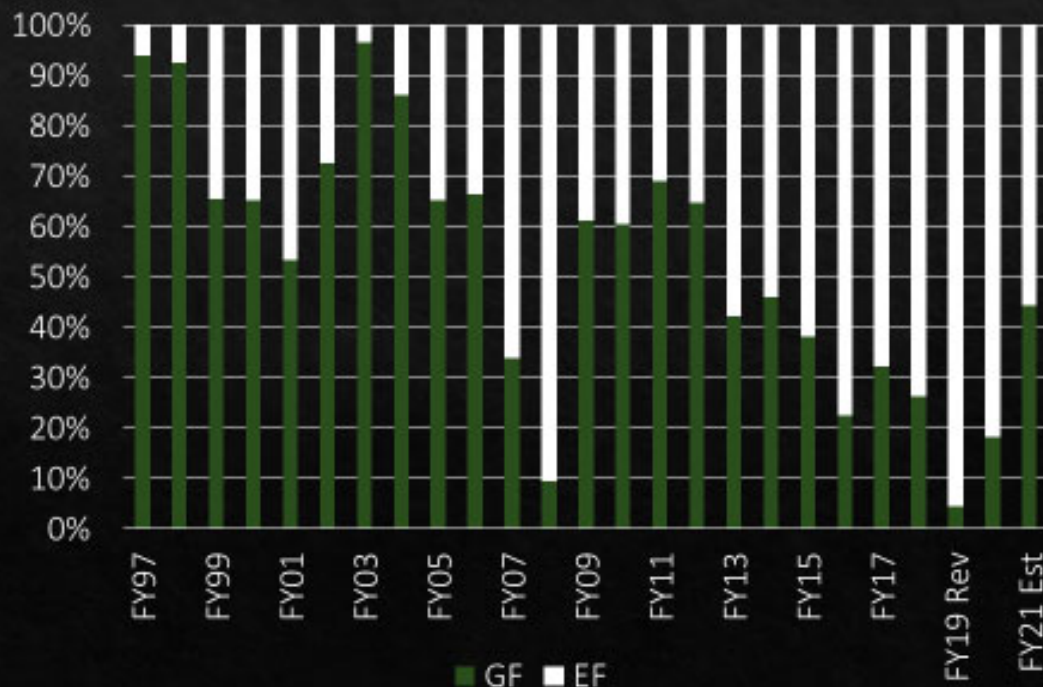
- ◆ Individual Income & Corporate Tax More Volatile
  - Primary Sources for Education Fund
- ◆ Revenues Have Become More Volatile Since Mid-1990s
- ◆ No Change on the Horizon



# How Have We Managed Revenues & Volatility?

- ◆ Shift Revenues Supporting Higher Education - General vs Education
- ◆ Adjust Tax Sales & Income Tax Rates and Taxing Bases
- ◆ Enhance Revenue from More Stable Source (Property Tax):
  - 2016 - \$75.0 Million for Equalization
  - 2018 - \$54.8 Million for Equalization & Teacher/Student Success
    - “Freeze” the Basic Rate & WPU Adjustment to Basic Rate
    - Revenues Grow Annually - Projected at \$107.6+ Million in FY 2021

Percent Share of HED Appropriations  
(Including Buildings)



## 03: What Do We Do Next?

- ◆ Committed to Funding Education
  - Ensured Enrollment Growth is Funded in Base Budget
- ◆ Constitutional Earmark Remains a Challenge
  - Tax Reform “Re-Set” GF/EF Balance in Higher Education
  - Re-Set Estimated to Last 10 Years
  - Without Earmark Tax Reform Process Largely Unnecessary & Income Tax Likely not Reduced
- ◆ Remove/Broaden the Earmark
  - Include Other Expenditure Categories:
    - Poor, Disabled, & Elderly (2019 GS)
    - Expand to Other Services for Children
- ◆ Change Earmark
  - Revenue Focus to Spending Focus (Preliminary Work 2019 Interim)



# Questions?

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Speaker Brad Wilson  
Utah House of Representatives