

# FundEd: Utah Report

## A Detailed Look at Utah's Funding Policies



## Utah



### Funding Basics

#### Formula Type

Utah has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount, and provides increased funding to educate specific categories of students. The categories of students considered in Utah's funding policy are students in certain grade levels; English-language learners; students from low-income households and students in high-poverty schools; students with disabilities; students identified as gifted; students enrolled in career and technical education (CTE) programs; and students enrolled in small schools, including small schools in sparsely populated districts.

Utah expects school districts to contribute to the funding of their public schools, with the amount of the local share based on districts' property values and a defined percentage of the formula amount. Districts in Utah are permitted to raise and keep additional local revenues for regular district operations.

Supplemental funding for English-language learners and students from low-income households is generated through the application of multipliers to the base amount. Supplemental funding for students in CTE programs and students in small schools is generated by inflating the count of funded students. Services for students in certain grade levels, students with disabilities, and students identified as gifted are funded through program-specific allocations, as are certain staff expenses in some high-poverty schools.

#### Base Amount

Utah has a fixed base funding amount per student. For FY2022, the per-student base amount was \$3,809.

This means that an average student with no special needs or disadvantages would be funded at that level.



### Local Revenue

## Expected Local Share

Utah expects its school districts to raise revenue to support their public schools. The amount each district is expected to raise is based on a combination of its property values and a defined share of the amount calculated by the state to be necessary to educate students within that district. The expected tax rate is calculated annually to satisfy the statewide expected local contribution.

The expected tax rate is composed of two components, each of which is calculated to raise a specific amount. First, the state sets a partial statewide local contribution amount that changes from year to year (\$575.93 million in FY2022) and calculates the property tax rate that would be required to produce that amount; the first component of the expected tax rate is equal to the greater of that rate (\$1.475 for every \$1,000 of assessed local property wealth in FY2022) or a legislated rate of \$1.60 per \$1,000 of property wealth. Next, the state calculates an amount that is related to the prior-year local contribution and adjusted for incremental annual increases (\$22.48 million in FY2022) and determines the property tax rate that would be required to produce that amount (\$0.061 per \$1,000 of property wealth in FY2022); this is the second component of the expected tax rate. Together, these components added up to an expected local tax rate of \$1.661 per \$1,000 of property wealth in FY2022.

If the expected tax rate raises at least the amount of funding determined by the state as necessary to educate students within a district, that district receives no state aid. If this tax rate generates more funding than is calculated to be necessary for the district, the excess is rebated to the state department of education and redirected to aid other districts. School districts are permitted to impose additional taxes to generate supplemental revenue (see “Property Tax Floors and Ceilings”). For one of these levies, additional tax effort will be partially matched by the state to guarantee a certain revenue for weighted student count.

## Property Tax Floors and Ceilings

Utah sets a floor and a ceiling for local property tax rates, as well as a level above which voter approval is required. All school districts must levy at least \$1.661 for every \$1,000 in assessed local property wealth in FY2022 in order to receive state funding. School districts may levy additional, limited taxes with voter approval.

Districts must levy a minimum tax rate in order to receive state funding. This rate is the sum of two component rates that totaled \$1.661 in FY2022 (see “Expected Local Share” for more information). Without voter approval, school districts may impose property taxes for general purposes, but this tax is limited to a rate that varies by school district. The state imposes a property tax levy for the support of charter schools, the rate of which varies by school district. Without voter approval, school districts may impose further taxes for general purposes, but the rate may not exceed \$2.50 for every \$1,000, less the district’s charter school levy rate.

With voter approval, school districts may further impose \$2.00 for every \$1,000 of assessed local property wealth for general purposes and \$2.00 for every \$1,000 of assessed local property wealth to buy school sites, build and furnish schools, or improve school property. School districts are not limited in the rate they may levy to discharge a judgment or order.

## Other Local Taxes for Education

School districts in Utah receive local revenue from property taxes and from various motor vehicle fees.

In addition to property taxes, school districts in Utah receive revenue from motor vehicle fees. Various categories of motor vehicles are exempt from conventional property taxes and are instead subject to different fees. Motor vehicles weighing 12,000 pounds or less, as well as vehicles including all-terrain vehicles, campers and certain trailers, certain motorcycles, personal watercraft, snowmobiles, and motor homes, are subject to fees that vary depending on the age of the vehicle. Vehicles that must be registered with the state, including certain motorcycles, some watercraft, certain recreational vehicles, and motor vehicles weighing over 12,000 pounds, are subject to fees equal to 1.5% of the fair market value of the vehicle. The proceeds from all of these fees are distributed to local tax areas, including school districts.

## Student Characteristics

### Grade Level

Utah provides different levels of funding for students in different grade levels. It does so by providing a greater level of funding for students in certain elementary grades to be used for specific purposes and by providing different amounts of funding for charter school students in different grade levels.

The state appropriates funds to reduce class size in grades K-8. The total appropriation is divided among school districts in proportion to their K-8 enrollment, and it must be used for class size reduction, in accordance with specific guidelines. In FY2022, the state appropriated \$161.41 million for K-8 for this purpose. The state also allocates additional funding to support literacy instruction and associated efforts in grades K-3 and to support teachers and learning-in-the-arts instruction in grades K-6. In FY2022, the state appropriated \$14.55 million and \$12.88 million for these purposes, respectively.

In charter schools only, the state provides different amounts of funding for students in different grade levels. It does so by applying multipliers to the base per-pupil amount for students in three different grade spans: The base amount is multiplied by 0.9 for students in grades 1-6, by 0.99 for students in grades 7-8, and by 1.2 for students in grades 9-12.

### English-Language Learner

Utah provides increased funding for English-language learners. It does so by applying a multiplier to the base per-pupil amount for these students and through a program-based allocation.

Utah applies a multiplier to the base per-pupil amount for all English-language learners. In FY2022, this multiplier was 1.025; it is scheduled to increase annually, subject to legislative committee approval, in increments of up to 0.1 per year. Students are eligible to receive this supplemental funding if they score a 1-4 on an English language proficiency assessment. In FY2022, \$54.04 million was appropriated for supplemental funding for “at-risk” students as a whole, including both English-language learners and students from low-income households.

The state also maintains a competitive grant program supporting dual-language immersion programs. The state appropriated \$5.03 million for this grant program in FY2022.

## Poverty

Utah provides increased funding for students from low-income households. It does so by applying a multiplier to the base per-pupil amount for these students.

Utah applies a multiplier to the base per-pupil amount for all students from low-income households. In FY2022, this multiplier was 1.05; it is scheduled to increase annually, subject to legislative committee approval, in increments of up to 0.3 per year. Students are eligible for supplemental funding if they qualify for free or reduced-price lunch under the National School Lunch Program. In FY2022, \$54.04 million was appropriated for supplemental funding for “at-risk” students as a whole, including both English-language learners and students from low-income households.

## Special Education

Utah funds special education primarily through a block grant, with each district’s grant amount based on allocations from a previous year. The state provides special education funding in an amount that is modified from year to year based on the growth in special education enrollment.

The number of students generating the aid is based on the previous-year allocation, to which the state adds an amount equal to the increase in special education enrollment between the previous year and the year before that, multiplied by 1.53. This calculation is subject to three limitations: Special education enrollment in either prior year may not exceed 12.18% of total enrollment; the growth rate for special education enrollment cannot exceed the general enrollment growth rate in the district; and, regardless of any drop in enrollment, the number of special education pupils upon which the funding is based cannot be fewer than the average number of special education students enrolled over the previous five years. Once the number of students to be funded is determined, that number is multiplied by a per-student amount that is determined annually by the state legislature.

The remainder of state special education funding is distributed through specific program-based allocations, including funding for extended-year programs for students with severe disabilities, students in self-contained special education placements, students whose education costs exceed three times the state average per-pupil expenditure, partial scholarships for students with special needs in private schools, and stipend funding for special educators working up to two extra weeks before or after the contracted school year.

## Gifted

Utah provides increased funding for gifted and talented students. It does so through a program-based allocation.

Districts and charter schools that apply to the state receive funding for gifted and talented programs. An appropriation is divided among applicants according to a formula set by the Utah State Board of Education. In FY2022, the amount appropriated for this purpose was \$3.63 million. This amount was 60% of a larger appropriation for accelerated student programming; the other 40% was designated for districts offering Advanced Placement courses and International Baccalaureate programs.

Funding for gifted and talented programs is distributed to districts that apply, divided in proportion to each district’s count of K-8 students compared with the total number of K-8 students in all districts that apply. Districts are required to submit plans for the funds, including plans for how they will increase identification of students underrepresented in gifted and talented programs, and funding may be reduced if districts fail to progress toward goals for identifying and retaining underrepresented students in these programs.

## Career and Technical Education

Utah provides increased funding for career and technical education (CTE) programs. It does so by inflating districts' student count to generate extra funding.

Utah generates funding for specific CTE purposes by inflating districts' student counts and then providing the state's regular per-student funding on the basis of each district's inflated count rather than its true student population. Extra student units are allocated to districts in the following amounts: 20 student units for CTE administrative costs or 25 if the district consolidates CTE administrative services with other districts; between 10 and 25 student units for each high school conducting approved CTE programs in a district; 40 student units for each district operating an approved CTE center; and between five and seven student units for each summer CTE agriculture program.

## District Characteristics

### Concentrated Poverty

Utah provides increased funding for districts based on the concentrations of students from low-income households that they serve. It does so in the form of program-specific allocations for some schools serving high concentrations of students from low-income households. This is in addition to the state's supplemental funding for individual low-income students (see "Poverty" for more information).

The state provides program-based funding for Title I schools that are not making sufficient academic progress (as defined in federal law) to hire paraeducators. The state also provides program-based funding for salary bonuses for effective teachers in high-poverty schools (those where at least 70% of enrolled students qualify for free or reduced-price lunch under the National School Lunch Program or where more than 20% of students are classified by the state as children affected by intergenerational poverty). In FY2022, the state appropriated \$300,000 and \$688,000 for these purposes, respectively.

## Sparsity and/or Small Size

Utah provides increased funding for school districts operating small schools, including small schools in sparse and remote areas. It does so by inflating the student count to generate extra funding. The state also provides transportation assistance funding for rural school districts.

“Necessarily existent small schools,” which are schools serving small numbers of students that are remote from the nearest other school serving the same grade levels, receive an inflated student count. These schools have their student count increased in accordance with a formula adopted by the state board of education to generate additional funding. Separately, districts operating these schools have their student counts increased further if they serve 2,000 students or fewer in total. The state also maintains two program-based allocations supporting transportation in rural school districts: a grant program to provide transportation to students whose transportation is not otherwise funded by the state, to transport students to activities, and to provide for replacement school buses; and a partial reimbursement for transportation in districts that are located in counties with fewer than 40,000 residents and where at least 65% of students are from low-income backgrounds.

The state defines the size limits for necessarily existent small schools as elementary schools serving 160 students or fewer, two-year secondary schools serving 300 students or fewer, three-year secondary schools serving 450 students or fewer, four-year secondary schools serving 500 students or fewer, and six-year secondary schools serving 600 students or fewer. In order to be classified as necessarily existent, these small schools must be remote from the nearest school serving the same grade levels, as measured by the amount of time students would have to travel to attend it: more than 45 minutes for students in grades K-6 or more than 75 minutes for students in grades 7-12. Small schools not meeting these criteria may also be manually classified as necessarily existent by the State Superintendent of Public Instruction. Schools that face isolating conditions but are not necessarily existent small schools may also receive a limited number of students added to their student counts at the discretion of the state board of education.

## Charter Funding

Funding for charter schools in Utah is calculated based on a formula similar to the one used to calculate funding for traditional public schools.

Like traditional public schools, charter schools are funded through a student-based funding formula that considers the characteristics of students they educate. Charter schools receive state funding that reflects any additional funding generated by students in special programs and need categories. Charter schools in Utah receive all funding directly from the state.

Charter schools in Utah receive a share of local tax revenue as well as state funding that may be meant to replace local funding. Local school districts are required to impose a local property tax levy for charter schools. In addition, the state provides the difference between the statewide average local revenue raised per student and what is raised by the local school district.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

