Tracking Utah's K-12 Education Funding

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It’s official: Utah returns to ranking last in the nation for per-pupil education spending. While the national average is $15,633, Utah’s spending stands at $9,552 per student, placing the state 51st for Fiscal Year 2022.[i] Let’s dive into the data to understand why.

Utah’s Education Funding Effort Reaches Historic Lows

"Education funding effort" measures the investment in education relative to state personal income, reflecting Utah’s commitment to education funding. Rather than simply tracking dollar amounts spent by the legislature on our public schools, this metric illustrates how much of Utah’s growing wealth is dedicated to K-12 kids over time. Unfortunately, Utah's funding effort has plummeted to record lows, even as personal income has surged.

This is why, even though state funding levels in 2023 mirror those of 2008 (Figure 4), we now dedicate a smaller share of our growing income to education (Figure 1).

Figure 1. Utah's Education Funding Effort as a Percent of Personal Income

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In 2022, Utah allocated just under $38 per $1,000 of personal income to education, or about 3.7% of total personal income.[ii] This stark decline in commitment coincides with a series of tax cuts over the years.

Another way to see how our education funding effort has diminished is to show how Utah has compared to other states. In 1995, Utah ranked 5th nationally in education funding effort. By 2022, that ranking had dropped to 38th, underscoring the sharp decline in the state's commitment to adequately funding education compared to other states.

Figure 2. Rank of Utah's Education Funding Effort Compared to Other States

State Education Funding Stagnates as Local Contributions Surge

While federal education funding temporarily increased during the pandemic, state contributions declined. Now, as pandemic-era funding recedes, federal contributions are shrinking while state funding rises again. However, the most significant increase is in local funding, primarily from property taxes. [iii]

Figure 3. K-12 Education Funding Disaggregated By Source

While overall education funding has increased, state funding per student has barely shifted over the past 15 years, even when adjusted for inflation. In contrast, local funding—primarily driven by property taxes—has grown significantly, rising 29% in recent years. This increases the financial burden on local communities while state contributions remain relatively stagnant.

Figure 4. K-12 Per Student Investment 2008-2023 in 2023 Dollars

The Impact of Tax Cuts

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For decades, income tax has been Utah's primary source of state education funding. However, over the past 30 years, income tax revenue has been diverted for other uses, and the legislature cut the rate from 7% to 4.55% (Figures 1 and 2). This is particularly concerning because income tax is one of the most equitable ways to fund public education, ensuring that contributions are proportionate to an individual's income. Every time the legislature cuts the income tax rate, it is primarily the ultra-wealthy who benefit.

Meanwhile, the state's relative stagnation in education investment has likely left local homeowners and families to shoulder more of the cost. These revenues, which could have been used for local services like libraries, are now covering lackluster education funding that the state should be addressing.



Each year, lawmakers tout "record funding" for education. But the data tell a different story. Utah's actual commitment to equitable education funding remains critically low.

Despite Utah's robust economic growth, the funding effort for education has lagged behind. As personal incomes rise, the state should invest a comparable share of its wealth into education. By reversing income tax cuts, Utah can align its education funding effort with its growing economy, ensuring that the benefits of economic growth are felt by students and schools, not just by the wealthiest residents.

A well-funded education system is vital for Utah's long-term economic success, producing a productive, nationally competitive workforce. Raising the income tax rate would increase the total funding available for education and raise the state's education funding effort back to levels that reflect a true commitment to supporting schools and students.

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[i] *Annual Survey of School System Finances Tables: 2022 Public Elementary-Secondary Education Finance Data* https://www.census.gov/data/tables/2022/econ/school-finances/secondary-education-finance.html*, tab 8. Note: Rankings include all 50 states and Washington, D.C.*

[ii] *Annual Survey of School System Finances Tables: 2022 Public Elementary-Secondary Education Finance Data* https://www.census.gov/data/tables/2022/econ/school-finances/secondary-education-finance.html*, tab 12.*

[iii] *Utah State Board of Education Superintendent's Annual Report at* www.schools.utah.gov/superintendentannualreport*. The figure has been adjusted for inflation, so they are comparable across time. CPI for All Urban Consumers (CPI-U) 1982-84=100 (Unadjusted) - CUUR0000SA0, available at:* https://www.bls.gov*.*

Per-Pupil Education Spending: Refers to the average amount of money spent on each student in the education system within a specific period, usually a fiscal year. It's a common measure used to compare education funding across different regions or countries.

Personal income: An economic indicator that measures the total income earned by households. It helps assess Americans' financial health and predicts future consumer spending by showing how much people spend in relation to their earnings.

Education Funding Effort: A metric that compares the investment in education relative to the state's total personal income. It reflects the percentage of a state's wealth dedicated to funding K-12 education, providing insight into the state's prioritization of education relative to its economic capacity.

Income Tax: A tax levied by governments on the income earned by individuals and entities. In Utah, the income tax has a constitutionally mandated use for K-12 public education, higher education, children services, and programs that support individuals with disabilities.

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