

**MINUTES OF THE
FUNDING OF PUBLIC EDUCATION TASK FORCE**
Wednesday, September 27, 2000 - 1:00 p.m. S Room 405 State Capitol

Members Present:

Sen. Lyle W. Hillyard, Chair
Rep. Kevin S. Garn, Chair
Sen. Michael G. Waddoups
Sen. Paula F. Julander
Rep. David Ure
Rep. Greg J. Curtis
Rep. Patrice Arent
Rep. Brad King

Staff Present:

Mr. Bill Asplund, Research Analyst
Mr. Bryant R. Howe, Research Analyst
Mr. James L. Wilson, Associate General Counsel
Mr. Dee S Larsen, Associate General Counsel
Ms. Alicia Gambles, Legislative Secretary

Note: A list of others present and handouts distributed are on file in the Office of Legislative Research and General Counsel.

1. Call to Order

Chair Hillyard called the meeting to order at 1:10 p.m.

MOTION: Sen. Waddoups moved to approve the minutes of the August 29, 2000 meeting. The motion passed unanimously.

2. Proposal of the Utah School Boards Association (USBA) and the Superintendents Association (USSA)

Ms. Linda Ogden presented the combined proposal of the USBA and the USSA. She explained that this proposal would establish education funding priorities for the next decade. She expressed appreciation to the legislature for their efforts in addressing the issue of funding public education. She stated that public education must be our highest priority. She explained that the state has been very fortunate in that we have had higher than average results, with much lower than average expenditures. The demographics of the state are changing which makes it increasingly more expensive to provide that quality education. She referred to the vision statement found on the handout entitled, "Legislative Program 2000."

Supt. Stephen Ronnencamp referred to the handout and stated that the legislature will enable school districts to improve student achievement through increased funding. It will help provide professional development, which is an absolute key in providing better results. He also stated that increased funding will help the district better assess the progress that students are making and help them make adjustments within the program. He said it will also help them focus on interventions for those students that struggle in school. Task Force discussion followed.

Sen. Waddoups commented on the fact that class size reduction and an increase in textbook and supply funding do not appear to be priorities because they were not included in the proposal. Supt. Ronnencamp stated that just focusing on funding would take care of those issues. He explained that they tried to be more general with their lists because it would be obvious where the additional funding should be given.

Rep. Garn stated that Mike Christiansen looked at this issue and determined that if the state were able to be at the national average, one of our three major taxes would have to be doubled, either income tax, property tax, or franchise tax. Ms. Ogden explained that they just wanted to set our sights high with a long-term goal of reaching the national average.

Rep. Garn asked Supt. Ronnencamp to define adequate funding. The superintendent explained that he knows what classrooms and school districts are able to do with that additional funding and that a real effort is needed in terms of professional development. At present, the resources and time are simply not available to train and retrain teachers.

3. Report on Capital Outlay Needs

Mr. Pat Ogden, Associate Superintendent, State Office of Education, gave an overview on the current state Capital Outlay programs for public education. He indicated that changes to these programs have been proposed by the State Office of Education. He listed and explained the purpose of the three capital outlay programs, they include: the Capital Outlay Foundation Program, the Emergency School Building Needs Program, and the Capital Outlay Loan Program. The total capital outlay expenditures by the state's 40 school districts were \$350 million in 1999. The state contributed about \$31 million from the above three programs, which translates into a 9 percent state contribution. He explained that the foundation program is based upon a district's ability and effort to generate revenue and provides a limited state guarantee for a local capital levy. The Emergency Program was created to resolve emergency building needs of school districts.

Mr. Ogden suggested the legislature may want to consider dedicating half of the annual Uniform School Fund surplus to the foundation and Emergency programs. He stated that this money is already dedicated to education and putting it into these programs would help school districts to better meet their capital outlay and debt service needs. The program focus should change to help districts who have upcoming needs, rather than reimburse them for what has happened in the past. He suggested that the legislature would probably be better served using student counts instead of percentages in calculating growth.

4. The Permanent School Trust Fund, Report from the Office of Education

Ms. Margaret Bird, State Office of Education, reviewed the School LAND Trust Program. She explained that it is a program that takes the interest and dividends from the State School Fund and puts them into each school to enhance student academic performance. She indicated that the money is being spent on language arts, reading, writing, math, science, computers, and software. The money distributed under the program for the current fiscal year is approximately \$4.95 million and the corpus of State School Fund is now at \$333 million. She indicated that a slow steady growth of the fund is expected. It is anticipated that the school trust lands administration will be placing approximately \$20-35 million per year into that fund.

5. Rand Corp. Study Summary

Mr. Asplund distributed a handout indicating the scores on the National Assessment of Educational Progress (NAPE) math test across the nation and various demographic groups. He noted that the study explained where the funds did the most good in terms of raising test scores. The national study indicates that states at the top of the list generally had lower pupil/teacher ratios in the lower grades, a higher participation in public pre-kindergarten programs, and a higher percentage of teachers who were satisfied with the resources that were being provided for teaching. Mr. Asplund also indicated that having a higher percentage of teachers with Masters Degrees or length of time teaching didn't seem to have any impact on the test scores of students.

Mr. Bryant Howe distributed a handout indicating that Utah is ranked 15 out of the 36 states that were included in the study. He noted that Utah on the NAPE test, relative to other states, performs very well. However, the state has had the second lowest growth in score gains. Mr. Howe also indicated that the highest annual average score gains were in Texas and North Carolina. The study found that the gains could be partially explained because of the systemic reform policies which were identified and implemented in both states. These policies are as follows: developing state standards by grade, assessment tests linked to these standards, good systems for providing feedback to teachers and principals, some accountability measures, and deregulation of the teaching environment.

6. Corporation Franchise, Income Tax, & Property Tax

Mr. Asplund distributed a handout and presented information on corporation franchise tax and income tax at the committee's request. He explained that the corporate franchise tax has been around \$180 to \$185 million the last three years. He indicated what the tax rates are for states in our area and what share corporate taxes are of total taxes. The corporation franchise tax represents five percent of Utah's revenue. Mr. Asplund also pointed out that Utah has a 3 year

operating loss back and a 15 year operating loss forward. He explained that companies that have over \$10 million pay the bulk of the corporate franchise income tax.

7. Information on Municipal Power Companies

Due to lack of time, discussion on the issue was postponed until the next meeting.

8. Other Task Force Business

The next meeting of the Task Force was tentatively scheduled for Tuesday, October 17, 2000 at 9:30 a.m.

9. Adjourn -

MOTION: Sen. Waddoups moved to adjourn the meeting. The motion passed unanimously, with Sen. Hillyard and Reps. King and Ure absent for the vote. The meeting adjourned at 3:25 p.m.