

**MINUTES OF THE  
PUBLIC EDUCATION JOINT APPROPRIATION SUBCOMMITTEE  
Room 129 State Capitol  
November 15, 2001 - 9:00 a.m.**

Members Present: Sen. Howard Stephenson, Co-Chair, Rep. Marda Dillree, Co-Chair, Representatives James Ferrin, Tom Hatch, John Swallow, Glenn Way, Judy Ann Buffmire, Brad King, and Karen Morgan

Members Excuse: Sen. John Valentine, and Bill Hickman, and Representative Doug Aagard, Glenn Donnelson, Morgan Philpot, and Duane Bourdeaux

Staff Present: R. Michael Kjar, Jonathan Ball, Ben Leishman and Leslie Clark

Others Present: Pat Ogden, State Office of Education, Bruce Williams Davis School District, Sam Westover, Nate Pierce and John Sutherland, Job Enhancement Committee & Intel Corp.  
Others present on file

**Call to order** - Sen. Howard Stephenson called the meeting to order at 9:15 a.m. A Quorum was not present

Sen. Stephenson welcomed the committee and participants to the meeting. He noted the pamphlet "Charting State Funding through the Legislature to State Agencies & Projects" that was distributed to the committee which was prepared based on Rep. Ferrin's request to help explain how public education funding works. Rep. Ferrin complimented Ben Leishman and Mike Kjar for their terrific efforts in putting the pamphlet together.

Sen. Stephenson stated that he was planning to sponsor two pieces of legislation this next General Session one that would call for a task force that would examine and look at taxing enterprises which compete with the private sector especially those that are imposed by education taxes, and the other piece of legislation would allow non profits that compete with the private sector which do not pay state or federal taxes to voluntarily pay school taxes.

**1. Approval of minutes** - Rep. Dillree stated that since there was not a quorum the approval of the minutes for the meetings on September 18-20 and October 16 will be approved at the next meeting.

**2. Budget Holdback Update** - Mike Kjar distributed a hand out and explained the projected impact on WPU's if cuts were proportionally distributed. He stated that Public Education spends 46% of state funds so if they were to take their "fair share" of the reductions already made by the Governor there would be a \$33,000,000 during the first round of reduction and \$40,000,000 during the second round of reductions. Actual reductions however would be \$11,700,000 because \$20,000,000 which became an ending balance was turned back in to finance and the Governor used it to balance out \$73,000,000 needed for the shortfall. Therefore technically speaking because of ending balances

Public Education did not sustain large reductions. Approximately \$31 million is ongoing and \$42 million is one-time. Final revenue estimates should become available towards the end of December.

**3. Report from the Job Enhancement Committee** - Sen. Stephenson introduced Sam Westover, Nathan Pierce and John Sutherland all members of the Job Enhancement Committee. Sam Westover, Chairman of the Job Enhancement Committee distributed a Report of the Program Development and Status Summary from the Committee and gave an update on what the committee has done so far and how the committee decided to implement Senate Bill 61. The first meeting was held the end of August. He stated that all 40 District Superintendents were contacted and asked for their opinions and they have all responded with questions and suggestions and the information has been forwarded to their principals.

Mr. Westover explained that there are three awards available to teachers. The Advancement Award will be awarded to educators who wish to pursue additional endorsements, baccalaureate degrees, or advanced degrees in Math, Physics, Chemistry, Physical Science and Information Technology. The approximate total value of the Advancement Award is \$20,000.

The Excellence Award is a cash award that will be given to outstanding educators in Math, Physics, Chemistry, Physical Science and Information Technology. All teachers in these subjects are invited to apply. The award will be \$10,000.

The Opportunity Award is a signing bonus award that will be distributed to all 40 Utah school districts to be used as signing bonuses for new hires in 2002. Approximately 250 awards are anticipated to be distributed.

Rep. Dillree expressed her excitement for the awards programs but stated that she felt that it still does not meet all the needs for education such as special education and was hoping for smaller awards to go to more teachers. She asked if the funds were available could awards be extended to this type of teaching.

Mr. Westover stated that now that the infrastructure is in place Rep. Dillree's concerns could be met when funds became available and legislation directs the committee.

Sen. Stephenson asked Chad Harris, Governor's Office of Planning and Budget for an updated list of email addresses of teachers.

**4. Block Grant Funding Formula** - Sen. Stephenson turned the time over to Pat Ogden from the State Office of Education. He stated that the past several months the State Office of Education has been working closely with the school districts in the efforts to come up with a new Block Grant Funding Formula. Mr. Ogden introduced Dave Vonhorton from Park City School District and Bruce Williams from the Davis School District. Mr. Williams presented a proposal for Block Grant Funding to solve the Hold Harmless Financing.

Mr. Williams explained that the assumptions in the analysis for the Hold Harmless Funding would continue for approximately two years and then be discontinued and that Alternative Middle School Funding is a competitive grant for three years and should not affect a district's funding indefinitely. To maintain these two funding sources, they should be folded into the ongoing revenues for the block grants, and proposed changes should strive to bring distribution levels as close to prior formulas as possible. They request additional one-time hold harmless funds from the Legislature & implement a revised formula for the 2002-2003 school year which would be approximately \$365,000 in additional one-time funds.

Mr. Williams explained that the new proposal for Local Discretionary Block Grant recommends a new formula of 8% funding distributed as a base and the remaining money distributed on 1-2-3 WPU's basis. He said the result would allow all districts to receive at least what they would have using current data under the old formulas. However, this assumes that the Alternative Middle School Money is not ongoing.

Mr. Williams reviewed the Professional Development Block Grant proposal which recommends a new formula of 30% of funding distributed based on FTE Count and 70% distributed on Basic Program WPU's. He said the result would distribute approximately all Districts the same amount of which they would have under the old Career Ladder formula plus an amount for the two UPASS days distributed based on 1-2-3 WPU's formula basis.

He stated that the proposed formula change has unanimous endorsement by the USBA Executive Committee, endorsement by the Superintendents Association and has been presented to the School Business Officials Association.

Rep. Dillree spoke in favor of the proposal and recommended they get with the superintendents office for more input.

Rep. Ferrin congratulated them for the fine work. and expressed his approval.

Sen. Stephenson took a Straw Poll from the committee showing everyone was in favor of the proposal.

Steve Peterson, President of the Superintendents Association spoke in favor of the proposal.

**5. Report on Public School Construction in Utah** - Sen. Stephenson suggested that Mr. Walthers review the report with Rep. Ferrin since the rest of the committee had heard the report.

Mr. Walthers stated that the equity is a difficult concept to define. Several states must revamp school funding programs to meet court ordered mandates to provide equitable and adequate school facilities however, Utah public schools funding mechanism to build schools are of high quality but impose a heavy burden on those districts with high rates of growth especially those districts located in

the rural parts of the state.

Rep. Dillree asked Pat Ogden to review the infrastructure of the rural areas.

**6. Other Business - Committee Discussion on Health Insurance Costs in Relation to the**

**WPU** - Rep. Dillree said that discussion earlier in the year recognized that there were projections of increase in insurance cost upward of 11%. One of the issues was the fact that when the WPU is calculated, public employees and higher education are looked at differently, where as the WPU reflects wages and other things for a base per pupil expenditures as well as insurance which is then negotiated for insurance premiums and then the WPU amount for salaries ends up differently across the state. Some have indicated that it would be easier to look at the picture if the insurance component was pulled out of the equation making it more similar to how we fund public employees and higher education. She turned the time over to Mike Kjar.

Mike Kjar put together figures as a talking point for the committee. He said that in the State annual report the salary base is \$1.3 billion of which approximately \$400 million is for benefits, but the report does not break it down to how much is for health. Currently, all school districts have different programs, so the state would have to take an average of what the cost is and then see what the increases would be for insurance benefits. He also said that as another option personal services could be pulled out all together.

Sen. Stephenson asked if the committee had any suggestions on what should be discussed in the appropriations meetings starting the second week of January.

Rep. John Swallow stated that when the economy continues to go downward and the education numbers for new students exceed our projections the committee should pro-actively manage and pay attention to the number of student coming into education and put some thought into this issue and schedule testimony and promote policies and project out 4 or 5 years about how to handle this problem.

Rep. Dillree asked that proposed block grant formula funding feedback and capital facility needs be scheduled at the next meeting.

The meeting adjourned at 11:50.