Office of the
Legislative Fiscal Analyst

FY 2004 Budget Recommendations

Joint Appropriations Subcommittee for
Public Education

Utah Schools for the Deaf and the Blind

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1.0 Utah Schools for the Deaf and the Blind

Summary

The Utah Schools for the Deaf and the Blind (USDB) help children with hearing and/or visual impairments to become competent, caring and contributing citizens. The schools provide educational services to hearing and/or visually impaired children from birth to age twenty-one. They operate an educational resource center that supplies educational materials to other agencies serving sensory impaired children. The schools also have a short-term, five day per week, residential program for autistic children.

The Analyst recommends $21,408,400 for the Schools for the Deaf and Blind. Of this amount, $17,367,200 is from the Uniform School Fund.

	Analyst FY 2004 Base	Analyst FY 2004 Changes	Analyst FY 2004 Total
Financing			
Uniform School Fund	17,376,000	(8,800)	17,367,200
Dedicated Credits Revenue	1,030,000		1,030,000
Transfers - Interagency	3,106,900		3,106,900
Beginning Nonlapsing	1,028,700		1,028,700
Closing Nonlapsing	(1,124,400)		(1,124,400)
Total	$21,417,200	($8,800)	$21,408,400
Programs			
Instruction	12,105,100	(5,400)	12,099,700
Support Services	9,312,100	(3,400)	9,308,700
Total	$21,417,200	($8,800)	$21,408,400
FTE/Other			
Total FTE	362.6	0.0	362.6
Vehicles	31.0	0.0	31.0

2.0 Issues: Schools for the Deaf and Blind

2.1 Statewide Budget Issues

Retirement rate adjustments in FY 2003 resulted in a retirement savings to the Utah Schools for the Deaf and Blind. This adjustment resulted in a reduction of $8,800 to the USDB for FY 2003 and FY 2004.

2.2 Sixth Special Session Legislative Action

During the sixth special session held in December, the Legislature rescinded $217,300 in ongoing Uniform School Funds from the Utah Schools for the Deaf and Blind. The Legislature offset this reduction by appropriating a one-time restoration. The Analyst's FY 2004 base reflects the ongoing reduction to USDB as approved by the Legislature.

2.3 Compensation Increase for USDB Instructors

Utah Code Annotated 53A-25-111 directs the State Board of Education to adjust salaries for USDB instructors by an amount equal to the average salary adjustment negotiated in school districts. The cost of this adjustment would be $256,800 from the Uniform School Fund, should the Legislature choose to fund it.

2.4 USDB – Institutional Council Line Item

An Institutional Council line item would separate the interest and dividends derived from the permanent funds created for the Schools for the Deaf and Blind from other revenue sources within the line item. Trust Land funds are currently a part of the Support Services program in the USDB line item. Shifting Trust Land funds to a separate line item will make accounting and reporting of these funds more discernable from other funds received by USDB.

2.5 Audit of the Schools for the Deaf and Blind

On Feb. 4, 2001, the Public Education Appropriations Subcommittee unanimously voted "To recommend to the Legislative Management Committee that a management audit of the Utah Schools for the Deaf and Blind be performed during the 2002 interim." The Subcommittee wanted the audit to include the following issues: are the teachers at USDB receiving all funds appropriated by the Legislature for salaries and benefits, what is the cause of large year-end balances reported by the USDB, and whether the schools are generally well managed.

Formal action was not taken on the subcommittee's audit request, and the audit was not completed during the 2002 interim. Issues outlined by the subcommittee during last year's budget hearings remain valid points to be addressed through a Legislative audit. The Analyst is working with the Legislative Management Committee and the Legislative Auditor General to determine when the USDB audit can be conducted.

Fifth Special Session Reduction in Non-lapsing Balance

During the Fifth Special Session, held in July, the Legislature reduced the non-lapsing balance of the USDB by $880,500. At the time, USDB's non-lapsing balance was estimated at $1.4 million. With the Fifth Special Session reduction detailed above, the budget request submitted by the USDB estimates a non-lapsing balance from FY 2003 of $1,028,700, and an estimated non-lapsing closing balance of $1,124,400 in FY 2004.

FY 2002 Non-lapsing Balance	$1,409,951
Adjustments	
FY 2003 One-time Legislative Budget Reduction	(880,500)
USDB Estimated Committed Non-Lapsing Funds	(639,735)
Subtotal	**($1,520,235)**
Non-lapsing Balance Less Adjustments	($110,284)
USDB Projcetd FY 2004 Non-lapsing Balance	(400,000)
Base Budget Reduction	**($510,284)**

The USDB estimated that $639,735 of its non-lapsing balances were committed funds and could not be used to implement the reduction as approved by the Legislature. With the combination of the $880,500 reduced by the Legislature and the $639,735 in committed non-lapsing balances, the schools were $110,284 short in non-lapsing funds. To cover this shortfall the USDB reduced its base budget by $510,254. The remaining $400,000 will be carried over to FY 2004.

Base budget reductions include the following:

- Reduction of 7 FTE totaling $420,233, $82,064 from Support Services and $360,630 from Instruction.
- 18% cut in the Instruction Current Expense Budget totaling $67,590
- Reduction of $22,431 from the $431,793 appropriated for Teacher Salary Increases.

The one-time reduction made by the Legislature was replaced by the USDB with ongoing program reductions. The Analyst's base budget reflects the ongoing base reductions as implemented by the Schools for the Deaf and Blind. The base reduction of $510,284 remains for subcommittee discussion and final allocation.

3.0 Programs: Utah Schools for the Deaf and Blind

3.1 Instruction

Recommendation

The Analyst recommends $12,099,700 for Instruction at the Utah Schools for the Deaf and Blind (USDB). This amount includes $11,366,100 from the Uniform School Fund.

Financing	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
Uniform School Fund	11,173,000	10,973,900	11,366,100	392,200
Uniform School Fund, One-time		138,500		(138,500)
Dedicated Credits Revenue	156,200	204,700	207,000	2,300
Transfers - Interagency	455,000	526,600	526,600	
Beginning Nonlapsing	166,600	304,900		(304,900)
Closing Nonlapsing	(65,800)	(237,100)		237,100
Total	$11,885,000	$11,911,500	$12,099,700	$188,200
Expenditures				
Personal Services	11,297,900	11,595,800	11,880,900	285,100
In-State Travel	160,900	139,500	161,700	22,200
Out of State Travel	18,000	4,800	4,800	
Current Expense	381,200	168,800	49,700	(119,100)
DP Current Expense	27,000	2,600	2,600	
Total	$11,885,000	$11,911,500	$12,099,700	$188,200
FTE/Other				
Total FTE	254.0	248.7	249.0	0.4

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

Purpose

The Instruction Program at USDB provides educational programs for the deaf, blind, and deaf-blind children of Utah. It provides residential, daytime, and extension programs in a number of locations throughout the state. It includes a Teacher Consultant Program, which provides regular classroom teachers' assistance on how to best meet the educational needs of hearing or visually impaired students. It also includes an Educational Resource Center which provides materials and equipment to every instructional program that has a hearing or visually impaired student. Further, USDB Instruction has a Parent Infant Program, which provides home based services to families with children who are sensory impaired from birth through two years of age.

Instructional Salary Increases

Utah Code Annotated 53A-25-111 directs the State Board of Education to adjust salaries for USDB instructors by an amount equal to the average salary adjustment negotiated in school districts:

53A-25-111. Annual salary adjustments for school employees – Benefits

(1) (a) The board shall adjust the salary schedule applicable to nonadministrative certificated staff at the school each school year.

(b) The board shall make the adjustment equal to a weighted average adjustment for nonadministrative certificated staff adopted by the public school districts of the state as determined by the State Office of Education. This average will be weighted by the number of teachers in each district.

(c) The board will increase this weighted average by 10% in any year in which the Utah Schools for the Deaf and the Blind teachers are not ranked in the top ten in 20 year earnings when compared to the 40 school districts of the state.

(2) (a) The adjustment shall be computed using adjustments made by the school districts by December 1 of each year.

(b) The board shall apply the adjustment to the salary schedule effective July 1 of the following year.

(3) The board shall make salary adjustments for administrative and noncertificated staff at the school on the basis of adjustments approved for state government employees in similar positions.

(4) Administrative, certificated, and noncertificated staff at the school shall receive the same benefits as those provided to state government employees.

Based on settlement negotiations, the average increase in school district teacher salaries is estimated at 2.98% for FY 2003. The estimate for a commensurate increase in USDB teacher salaries for FY 2003 (lagged one-year per paragraph (2)(b) above) would cost $256,800.

USDB instructors received an increase of roughly 6 percent ($463,600) in FY 2002 for salary adjustments. The instructors rank in the top 10 for average salary based on twenty-year earnings when compared to the 40 school districts (see paragraph (1)(c) above.)

Recommendation

The Analyst recommends that USDB instructors receive the same percent increase in salary and benefits in FY 2003 as state employees. Depending on Legislative action, the estimated increase of 2.98% mentioned above may be funded fully or in part by this increase. The subcommittee may wish to prioritize USDB instructor salary adjustments with other appropriation items.

3.2 Support Services

Recommendation

The Analyst recommends $9,308,700 for Support Services at the Utah Schools for the Deaf and Blind (USDB). This amount includes $6,001,100 from the Uniform School Fund.

Financing	2002 Actual	2003 Estimated	2004 Analyst	Est/Analyst Difference
Uniform School Fund	6,002,800	6,402,100	6,001,100	(401,000)
Uniform School Fund, One-time		(801,700)		801,700
Dedicated Credits Revenue	903,800	820,500	823,000	2,500
Transfers - Interagency	2,716,200	2,563,600	2,580,300	16,700
Beginning Nonlapsing	1,268,600	1,105,100	1,028,700	(76,400)
Closing Nonlapsing	(1,344,200)	(791,600)	(1,124,400)	(332,800)
Total	$9,547,200	$9,298,000	$9,308,700	$10,700
Expenditures				
Personal Services	4,793,600	4,840,700	4,945,800	105,100
In-State Travel	125,000	127,600	138,800	11,200
Out of State Travel	21,500	17,300	20,000	2,700
Current Expense	4,025,400	4,193,700	4,083,400	(110,300)
DP Current Expense	438,400	118,700	120,700	2,000
DP Capital Outlay	31,000			
Capital Outlay	112,300			
Total	$9,547,200	$9,298,000	$9,308,700	$10,700
FTE/Other				
Total FTE	114.0	115.7	113.6	(2.1)
Vehicles	0.0	0.0	31.0	31.0

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.

Purpose

USDB's Support Services division includes activities related to Administration, Educational Support, Residential Care, Transportation and Support Services. Administration executes the schools' business management, personnel services and data processing functions. Educational Support includes specialized staff such as audiologists, orientation and mobility specialists, physical therapists, occupational therapists, and psychologists. Residential Care provides the schools' 30 or so residential students with a safe and healthy environment and teaches good living skills. Transportation is responsible for bringing students to and from their homes on a daily basis. Support Services supplies food services to the students and performs building and grounds maintenance.

Institutional Council Line Item

The interests and dividends derived from the permanent funds created for the Schools for the Deaf and the Blind pursuant to Section 12 of the Utah Enabling Act and distributed by the director of the School and Institutional Trust lands Administration are currently a part of the Support Services program in the USDB line item. Utah Code Annotated 53A-25-306 restricts the use of Trust Land funds to the Education Enrichment Program for Hearing and Visually Impaired students. The proposal to shift Trust Land funds to a separate line item will make accounting and reporting of these funds more discernable from other funds received by USDB.

Recommendation

The Analyst recommends that, beginning in FY 2004, Trust Land revenue be appropriated to the State Board of Education – USDB Institutional Council line item. The USDB projects that the interest and dividends it will receive in FY 2004 will be approximately $403,000.

4.0 Additional Information: Utah Schools for the Deaf and the Blind

4.1 Funding History

Financing	2000 Actual	2001 Actual	2002 Actual	2003 Estimated*	2004 Analyst
Uniform School Fund	14,929,000	16,772,800	17,175,800	17,376,000	17,367,200
Uniform School Fund, One-time				(663,200)	
Dedicated Credits Revenue	976,000	1,029,800	1,060,000	1,025,200	1,030,000
Transfers - Interagency	3,191,800	2,441,800	3,171,200	3,090,200	3,106,900
Beginning Nonlapsing	1,059,800	1,135,200	1,435,200	1,410,000	1,028,700
Closing Nonlapsing	(1,135,900)	(1,436,900)	(1,410,000)	(1,028,700)	(1,124,400)
Total	$19,020,700	$19,942,700	$21,432,200	$21,209,500	$21,408,400
Programs					
Instruction	10,192,700	11,468,500	11,885,000	11,911,500	12,099,700
Support Services	8,828,000	8,474,200	9,547,200	9,298,000	9,308,700
Total	$19,020,700	$19,942,700	$21,432,200	$21,209,500	$21,408,400
Expenditures					
Personal Services	13,823,700	15,536,600	16,091,500	16,436,500	16,826,700
In-State Travel	263,600	305,000	285,900	267,100	300,500
Out of State Travel	50,400	28,000	39,500	22,100	24,800
Current Expense	4,336,100	3,891,800	4,406,600	4,362,500	4,133,100
DP Current Expense	518,100	175,400	465,400	121,300	123,300
DP Capital Outlay	5,700		31,000		
Capital Outlay	23,100	5,900	112,300		
Total	$19,020,700	$19,942,700	$21,432,200	$21,209,500	$21,408,400
FTE/Other					
Total FTE	336.0	341.2	368.0	364.3	362.6
Vehicles	0.0	0.0	0.0	0.0	31.0

*General and school funds as revised by Supplemental Bills I-V, 2002 General and Special Sessions. Other funds as estimated by agency.