

Office of the
Legislative Fiscal Analyst

FY 2005 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) helps 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 USDB currently serves over 1,600 students through a residential program, self-contained classrooms, or on a consultant basis.

The Analyst recommends \$22,151,600 for the Schools for the Deaf and Blind. Of this amount, \$18,406,100 is from the Uniform School Fund.

	Analyst FY 2005 Base	Analyst FY 2005 Changes	Analyst FY 2005 Total
Financing			
Uniform School Fund	18,406,100		18,406,100
Dedicated Credits Revenue	560,900		560,900
Transfers - Health	45,800		45,800
Transfers - Interagency	24,300		24,300
Transfers - State Office of Education	3,045,400		3,045,400
Beginning Nonlapsing	469,100		469,100
Closing Nonlapsing	(400,000)		(400,000)
Total	\$22,151,600	\$0	\$22,151,600
Programs			
Instruction	13,095,700		13,095,700
Support Services	9,055,900		9,055,900
Total	\$22,151,600	\$0	\$22,151,600
FTE/Other			
Total FTE	372		372
Vehicles	34	0	34

2.0 Issues: Schools for the Deaf and Blind

2.1 USDB Performance Audit

During the 2003 General Session, the Legislature requested a performance audit of the Utah Schools for the Deaf and Blind to be conducted during the interim and reported back to the Public Education Appropriations Subcommittee. Legislators asked that the Legislative Auditor General evaluate the cause for the large year-end balances reported by USDB, are the teachers at USDB receiving all funds appropriated to them for salary adjustments, and finally, are the school's generally well managed?

The Legislative Auditor General has completed the Performance Audit of the Utah Schools for the Deaf and Blind. The Legislative Auditor General has made several recommendations to improve the Utah Schools for the Deaf and Blind.

USDB Year End Balances

The first aspect of the performance audit was to evaluate the cause for the large year-end balances reported by the USDB. The detail regarding USDB surplus funds, restrictions on these funds, and the impact not using these funds can be found in chapter II of the performance audit. The major recommendations are included below.

- ▶ “We recommend the USDB use the contingency fund as it was intended to supplement operations during years of budget shortage.”
- ▶ “We recommend the federal reimbursement funds (IDEA and Medicaid) be recovered at least quarterly during the year instead of waiting until the next fiscal year to recover the full amount.”
- ▶ “We recommend that the Utah State Board of Education define the appropriate use of USDB’s Trust Land Funds so that there will be no misunderstanding regarding any restrictions placed on the use of those funds.”¹

Analyst Response

The Analyst agrees with the Auditor General regarding the proper use of agency contingency funds, collection of federal reimbursement, and defining the appropriate use of Trust Land Funds. The Analyst further recommends that in addition to defining the use of Trust Land Funds that the State Board of education create a specific plan regarding how the non-lapsing balances within the two USDB line items may be used. The Analyst has included recommended intent language in the Institutional Council line item.

¹ A Performance Audit of the Utah Schools for the Deaf and Blind, February 2004. Office of the Legislative Auditor General, Report Number 2004-01, page 18.

Teacher Salary Adjustments

The Audit indicates that “During the past two years the USDB has not followed the process required by law for calculating its teachers’ annual salary adjustment.”² The mistakes made in FY 2003 and FY 2004 balance each other out, however, the Auditor recommends greater oversight of the Teacher Salary Adjustment process, specifically the USDB Superintendent and Business Administrator and the State Board of Education. The following detail the recommendations made by the Legislative Auditor General.

- ▶ “We recommend that the process described in Utah Code 53a-25-111 be followed: (1) the State Board of Education must oversee the process of adjusting teacher salaries at the USDB and formally approve the salary adjustment, (2) the salary adjustment must equal the weighted average of the annual salary increases paid by the public school districts, and (3) the teachers must receive a benefit package that is comparable to those paid to other state employees.”
- ▶ “We recommend that the finance director at the USDB review the calculations used to determine the annual teachers’ salary adjustment and attest to the accuracy of the proposed adjustments.”
- ▶ “We recommend that the proposed annual salary adjustments and the data used to calculate the annual salary adjustment be presented in a report as part of the USDB’s annual budget proposal. The report should be presented for review by the Utah State Board of Education, the State Office of Education, and the Legislative Fiscal Analyst.”
- ▶ “We recommend that if benefits are left out of a future appropriation, [then] the USDB should request a supplemental appropriation during the next special session or general session of the Legislature.”³

Analyst Response

The Analyst recommends that the Legislature pass the following intent language.

It is the intent of the Legislature that the finance director for the Utah Schools for the Deaf and Blind in conjunction with the school Superintendent directly oversee the calculation of the teacher salary adjustments detailed in UCA 53A-25-111. Further, this calculation should be presented to the State Board of Education for formal approval in time to be included in the FY 2006 budget request for the agency. A report shall be submitted for review to the State Board of Education, the Governor’s Office of Planning and Budget and the Legislative Fiscal Analyst detailing how the annual salary adjustment was derived.

² A Performance Audit of the Utah Schools for the Deaf and Blind, February 2004. Office of the Legislative Auditor General, Report Number 2004-01, page 19.

³ A Performance Audit of the Utah Schools for the Deaf and Blind, February 2004. Office of the Legislative Auditor General, Report Number 2004-01, page 28.

*USDB General
Management*

Legislative Auditors identified three areas where USDB administration could improve, “First, we found that the USDB is not following some of the financial management practices that most school districts and state agencies consider appropriate. Second, we found that the outside oversight provided to the USDB needs to improve. . . Third, the school needs to put greater emphasis on achieving results”⁴ The State Board of Education is designated in statute as the USDB’s governing body. Legislative Auditors found little oversight by the State Board and it appears that the State Board has delegated most of its oversight responsibility to the Institutional Council.

Auditors concluded that the Institutional Council is not properly equipped to carry out the responsibilities of the State Board of Education. “The Legislature should either encourage the State Board to assume its legal mandate to govern the USDB or consider giving the USDB a new board that has the knowledge and authority to govern the USDB.”⁵

The following recommendations were made by the Legislative Auditor General regarding USDB Administration.

- ▶ “We recommend that the USDB develop a spending plan and use this to govern their excess funds.”
- ▶ “We recommend that when a new finance director is selected the selection committee should consider a person with the experience, education, and training needed to navigate the complex finances of the USDB.”
- ▶ “We recommend that performance measures be instituted to track the progress of USDB students.”
- ▶ “We recommend that State Board of Education provide more oversight, or the Legislature develop a body that can provide sufficient oversight.”
- ▶ “We recommend that the Legislature consider placing fiscal management under the USOE.”
- ▶ “We recommend that the USDB utilize the IEP’s when making decisions regarding the allocation of school resources.”

⁴ A Performance Audit of the Utah Schools for the Deaf and Blind, February 2004. Office of the Legislative Auditor General, Report Number 2004-01, page 29.

⁵ A Performance Audit of the Utah Schools for the Deaf and Blind, February 2004. Office of the Legislative Auditor General, Report Number 2004-01, page 36.

Analyst Response The Analyst recommends the Legislature pass the following intent language.

It is the intent of the Legislature that beginning July 1, 2004 that the fiscal management of the Utah Schools for the Deaf and Blind be placed in the Utah State Office of Education and that the USDB Support Services division be charged the expenses for USDB financial management. It is further the intent of the Legislature that the State Board of Education provide oversight of USDB operations and finances.

It is the intent of the Legislature that the Utah Schools for the Deaf and Blind, in conjunction with the State Board of Education report to the interim Public Education Appropriations Subcommittee detailing the implementation of audit recommendations. This report shall be delivered before November 31, 2004.

Agency Response

The Utah Schools for the Deaf and Blind, in conjunction with the State Office of Education have submitted a response to the Legislative Auditor’s report. The Analyst finds the response from the USDB and USOE encouraging. The recommendations made by the Legislative Auditor have been interpreted as a means to improve the Utah Schools for the Deaf and Blind. Page 3 and 4 of the agency response to the Legislative Auditor’s report, details the steps that will be taken, who is responsible for the completion of each step, and when the step will be completed for each of the major recommendations presented in the audit.

Should this plan be followed, the Analyst anticipates that many of the issues raised by the audit will be resolved.

2.2 Instructional Services – Teacher Salary Adjustments

UCA 53A-25-111 directs the State Board of Education to adjust the salaries for USDB instructors by an amount equal to the average salary adjustment negotiated in the school districts. Estimates for this increase indicate that an increase of 2.70 percent would be needed, or \$172,200.

The Analyst recommends that the subcommittee prioritize this need with the others before the subcommittee.

2.3 Instructional Services – Student Growth

With growing student populations, USDB indicated a need to increase teaching and interpreting staff. They also indicated the need for a Spanish language interpreter. Based on a request submitted by USDB, 3 additional teachers and 9 interpreters (including the Spanish language interpreter) could be hired with \$387,000.

The Analyst recommends the subcommittee discuss the impact increasing student populations may have on the quality of services offered by the USDB and prioritize the above amount.

2.4 Support Services – Pupil Transportation

The USDB requests additional funding for increased pupil transportation costs anticipated in FY 2005 as well as the addition of a bus route in the Ogden region. The increased cost for current transportation routes is estimated at \$73,500 and the additional route cost is estimated at \$35,800 for a total of \$109,300. The Legislature has not funded this increase for the past two years.

The subcommittee may wish to prioritize USDB transportation needs with the other items before the subcommittee.

3.0 Programs: Utah Schools for the Deaf and Blind

3.1 Instruction

Recommendation

The Analyst recommends \$13,095,700 for Instruction at the Utah Schools for the Deaf and Blind (USDB). This amount includes \$12,234,000 from the Uniform School Fund.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
Uniform School Fund	11,135,100	12,200,800	12,234,000	33,200
Uniform School Fund, One-time		37,700		(37,700)
Dedicated Credits Revenue	228,100	179,400	221,700	42,300
Transfers - Health	67,400	67,500	45,800	(21,700)
Transfers - State Office of Education	471,200	463,300	594,200	130,900
Beginning Nonlapsing	104,400			
Closing Nonlapsing	138,500			
Total	\$12,144,700	\$12,948,700	\$13,095,700	\$147,000
Expenditures				
Personal Services	11,410,900	12,561,400	12,708,400	147,000
In-State Travel	163,000	148,100	148,100	
Out of State Travel	7,300	2,900	2,900	
Current Expense	525,200	232,200	232,200	
DP Current Expense	38,300	4,100	4,100	
Total	\$12,144,700	\$12,948,700	\$13,095,700	\$147,000
FTE/Other				
Total FTE	254	257	257	(0)

*Non-state 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 2.70 percent for FY 2005 or \$172,200. USDB teachers will receive the same increase in benefits as state employees.

The \$172,200 is based on information received from the Utah School Boards Association/Utah School Superintendent's Association and USDB. On average, teacher salaries increased by 0.58 percent. Because step and lane increases were not reported by the districts, the amount needed to provide steps and lanes to the USDB teachers was substituted. Estimates provided by USDB indicate \$159,045 to provide step increases and \$35,000 for lanes. Statute provides an increase in salary only. Based on USDB estimates for a 1 percent salary increase including benefits, and a 1 percent salary increase excluding benefits, the Analyst estimated a difference of roughly 30.3 percent. The 30.3 percent was used to remove the salary driven benefits portion from the step and lane estimate. The final increase for step and lane changes is 2.12 percent, combined with the 0.58 percent for salary for a total of 2.70 percent increase for USDB Teacher Salary Adjustments.

Recommendation

The Analyst recommends the subcommittee prioritize the increase for USDB teacher salary adjustments with the other items before the subcommittee. A total of \$172,200 would be needed to provide these statutory adjustments.

3.2 Support Services

Recommendation

The Analyst recommends \$9,055,900 for Support Services at the Utah Schools for the Deaf and Blind (USDB). This amount includes \$6,172,100 from the Uniform School Fund.

	2003	2004	2005	Est/Analyst
	Actual	Estimated*	Analyst	Difference
Financing				
Uniform School Fund	6,079,200	6,205,300	6,172,100	(33,200)
Uniform School Fund, One-time		13,000		(13,000)
Dedicated Credits Revenue	610,800	304,800	339,200	34,400
Transfers - Interagency		24,300	24,300	
Transfers - State Office of Education	2,524,400	2,501,100	2,451,200	(49,900)
Beginning Nonlapsing	1,305,600	605,600	469,100	(136,500)
Closing Nonlapsing	(1,140,100)	(469,100)	(400,000)	69,100
Total	\$9,379,900	\$9,185,000	\$9,055,900	(\$129,100)
Expenditures				
Personal Services	4,599,600	4,877,900	4,787,900	(90,000)
In-State Travel	119,200	121,400	123,500	2,100
Out of State Travel	22,600	28,000	26,000	(2,000)
Current Expense	4,208,700	4,041,900	4,004,700	(37,200)
DP Current Expense	373,300	115,800	113,800	(2,000)
DP Capital Outlay	6,500			
Other Charges/Pass Thru	50,000			
Total	\$9,379,900	\$9,185,000	\$9,055,900	(\$129,100)
FTE/Other				
Total FTE	114	115	115	0
Vehicles	34	34	34	0

*Non-state 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.

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

4.1 Funding History

	2001	2002	2003	2004	2005
Financing	Actual	Actual	Actual	Estimated*	Analyst
Uniform School Fund	16,772,800	17,175,800	17,214,300	18,406,100	18,406,100
Uniform School Fund, One-time				50,700	
Dedicated Credits Revenue	1,029,800	1,060,000	838,900	484,200	560,900
Transfers - Health			67,400	67,500	45,800
Transfers - Interagency	2,441,800	3,171,200		24,300	24,300
Transfers - State Office of Education			2,995,600	2,964,400	3,045,400
Beginning Nonlapsing	1,135,200	1,435,200	1,410,000	605,600	469,100
Closing Nonlapsing	(1,436,900)	(1,410,000)	(1,001,600)	(469,100)	(400,000)
Total	\$19,942,700	\$21,432,200	\$21,524,600	\$22,133,700	\$22,151,600
Programs					
Instruction	11,468,500	11,885,000	12,144,700	12,948,700	13,095,700
Support Services	8,474,200	9,547,200	9,379,900	9,185,000	9,055,900
Total	\$19,942,700	\$21,432,200	\$21,524,600	\$22,133,700	\$22,151,600
Expenditures					
Personal Services	15,536,600	16,091,500	16,010,500	17,439,300	17,496,300
In-State Travel	305,000	285,900	282,200	269,500	271,600
Out of State Travel	28,000	39,500	29,900	30,900	28,900
Current Expense	3,891,800	4,406,600	4,733,900	4,274,100	4,236,900
DP Current Expense	175,400	465,400	411,600	119,900	117,900
DP Capital Outlay		31,000	6,500		
Capital Outlay	5,900	112,300			
Other Charges/Pass Thru			50,000		
Total	\$19,942,700	\$21,432,200	\$21,524,600	\$22,133,700	\$22,151,600
FTE/Other					
Total FTE	341	368	368	372	372
Vehicles	20	30	34	34	34

*Non-state funds as estimated by agency.