



MINIMUM SCHOOL PROGRAM RELATED TO BASIC SCHOOL PROGRAM

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE
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BUDGET BRIEF

SUMMARY

Categorical program appropriations within the Related to Basic School Program complement the general education program provided through the Basic School Program. Allocations to LEAs generally target funding to a specific educational need, student population sub-group, or a teacher sub-group. Program funding levels are not determined by the number of WPUs, but are determined by the Legislature each year.

In most cases, funding allocated through each categorical program is distributed to LEAs based on a formula defined in statute or State Board of Education rule. However, some programs require an LEA to either qualify or apply for funding.

ISSUES & RECOMMENDATIONS

The following subsections summarize major issues and recommendations included in this brief. In cases where more detail is required, supporting Issue Briefs will be mentioned.

Base Budget

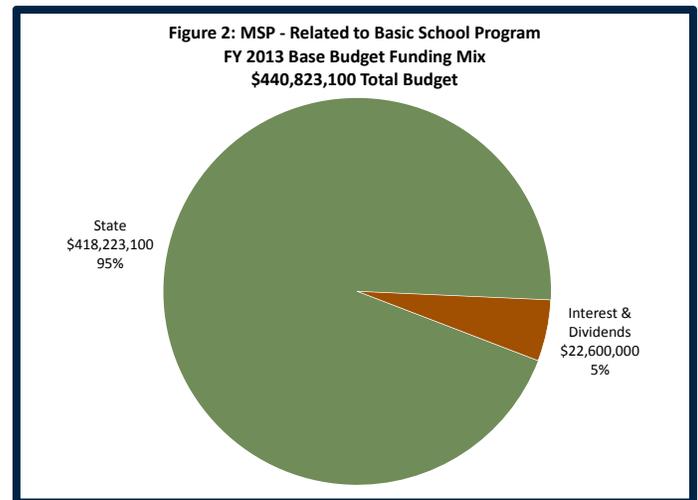
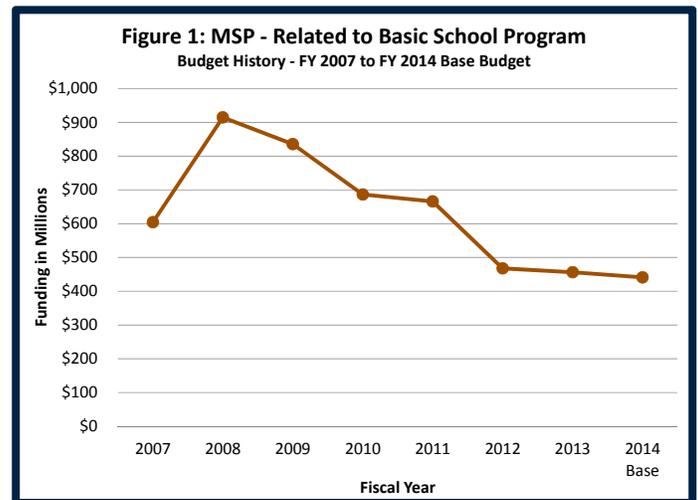
Senate Bill 1, "Public Education Base Budget" includes the ongoing funding levels appropriated in FY 2013. The base budget includes \$418,223,100 from the Education Fund and \$22,600,000 from the USF Restricted – Interest and Dividends Account for FY 2014. Both amounts are the same as appropriated in FY 2013. The base budget does not include \$15.3 million in one-time funding appropriated in FY 2013.

Recommendation

- The Analyst recommends the ongoing base budget of \$440,823,100 as detailed above for FY 2014. This amount is included in the base budget bill. This amount does not include adjustments for expected student enrollment growth for FY 2014.

Student Enrollment Growth

The total estimated cost to adjust certain Related to Basic School Programs for enrollment growth is \$12,547,100 ongoing and \$2,296,300 one-time (FY 2013 supplemental). Program level cost estimates are included in the Issue Brief titled "Minimum School Program – Annual Adjustment Variables." Historically, only certain programs in the program have been adjusted for enrollment growth.



Recommendation

- The Analyst recommends the subcommittee prioritize the amounts listed above to fund enrollment growth related impacts should additional funding be allocated for the public education budget.

FY 2013 One-time Funding Items

The FY 2013 budget includes several programs funded from one-time revenue sources. Funding for these programs will not continue in FY 2014 without additional appropriations from the Legislature. A total of \$15.3 million in one-time funding was appropriated in FY 2013 and supported the following programs:

- Dual Immersion - \$800,000

The one-time amount funded an expansion of approximately 22 schools in FY 2013. Due to the one-time nature of funding, these programs may not be able to continue in FY 2014 without funding.

- Teacher Supplies & Materials - \$5,000,000

The funding reimburses teachers for out-of-pocket expenditures on classroom supplies and materials. Reimbursement amounts are weighted based on grade level and experience, teachers in the early grades and new to the profession receive more than established teachers in advanced grades. The Legislature has appropriated one-time funding for supplies and materials since 1996.

- Beverly Taylor Sorenson Elementary Arts Learning Program - \$2,000,000

Program funding supports approximately 57 highly qualified arts specialists and classroom teachers in elementary schools. The program, in its current form, began in 2009 and was funded at approximately \$4 million each year. In FY 2013, the amount was reduced to \$2,000,000.

- Early Intervention Program - \$7,500,000 + \$2,500,000 Technology (USOE Budget)

The program began in 2008 with a one-time appropriation of \$30 million to fund a four-year pilot program for Optional Extended-Day Kindergarten (OEK). In FY 2012, the program was re-named Early Intervention and was appropriated \$7.5 million one-time in both FY 2012 and FY 2013. For the past two years, there has been a technology component to the program of \$2.5 million. The technology program is funded in the Utah State Office of Education budget.

Recommendation

- The Analyst recommends that the subcommittee prioritize the amounts listed above to continue the programs in FY 2014 should additional funding be allocated to the public education budget. The subcommittee may also want to consider if funding should come from ongoing or one-time sources.

Educator Salary Adjustments (ESA)

Statutes governing the ESA program require an annual adjustment to “maintain educator salary adjustments provided in prior years; and provide educator salary adjustments to new employees” (53A-17a-153). During the 2009 General Session, the Legislature decided to stop trying to predict LEA hiring practices and fund increases to the ESA program on a supplemental basis. This allows the Legislature to know exactly how many teachers LEAs hired and adjust program appropriations half-way through the school year.

Since supplemental appropriations are one-time in nature, the mid-year adjustment requires two steps. First, adjust the current year budget through a supplemental appropriation. Second, adjust the ongoing funding base in the upcoming fiscal year to account for the ongoing impact of the new educators qualifying for the salary adjustment.

An ongoing amount of \$2,296,300 from the Education Fund is included in the FY 2014 enrollment growth cost estimate. A corresponding amount of one-time funding is also needed in the FY 2013 budget. Please see the Issue Brief titled “Minimum School Program – Annual Adjustment Variables” for more information.

ESA – Employer Paid Benefits

In the 2008 and 2009 General Sessions, the Legislature provided direct salary increases for educators. The increase amount was equal for all teachers at \$2,500 in FY 2009 and \$1,700 in FY 2010. District level administrators were excluded from the second increase in FY 2009. The total \$4,200 increase was given to each teacher, regardless of tenure, to help raise the beginning teacher salary in the state.

On top of the \$4,200, additional funding was provided to pay for employer-paid benefits, namely, Retirement, Workers Compensation, Social Security, and Medicare. An additional 24.16 percent was provided for each educator to pay these benefits.

During the recent economic downturn, the Legislature adjusted program funding levels for new educators entering the system, but not for the employer-paid benefits. Since this program began, the retirement rate has increased from 15.72 percent to 20.32 in FY 2014. Adjusting for changes to the retirement rate would increase the employer-paid benefit percentage 4.74 percent to 28.9 percent. The total estimated cost to adjust the rate is \$5,996,900 on top of the \$2,296,300 salary adjustment amount mentioned above.

The estimated amount to adjust the rate in the current fiscal year is slightly less, \$3,846,100 on top of the \$2,296,300 salary adjustment mentioned above. The retirement rate in FY 2013 is 18.76 percent, for a total employer-paid benefit rate of 27.2 percent.

School LAND Trust

The School LAND (Learning And Nurturing Development) Trust Program provides funding to schools to support student academic achievement and to implement a school improvement plan developed by the school community council. Program appropriations come from the Interest and Dividends Account in the Uniform School Fund. Revenues to the account come from the interest and dividends earned from the investment of the Permanent State School Fund and interest earned on the account.

Statute (53A-16-101.5) provides that schools receive the revenue earned to the account in the immediately preceding year. Estimates indicate that approximately \$28.7 million may be available for distribution in FY 2014. The base budget bill includes the \$22,600,000 appropriated in FY 2013.

Recommendation

- The Analyst recommends the Legislature appropriate an additional \$6,110,000 from the Interest and Dividends Account to the School LAND Trust program for FY 2014. This will bring the total to \$28,710,000.

Enhancement for At-Risk Students

At the beginning of the 2011 General Session, the Legislature set beginning base budgets for FY 2012 at seven percent less than the ongoing amount appropriated for FY 2011. This action was to eliminate a structural deficit of \$313 million. Appropriations subcommittees drafted budget reduction proposals to meet this reduction target.

Included in the reductions identified by the Public Education Appropriations Subcommittee was an \$8 million reduction to the Interventions for Student Success Block Grant (ISS). The block grant was funded at \$15 million and funding supported students at-risk of academic failure.

By then end of the 2011 General Session, the public education budget was not reduced by the anticipated seven percent. However, instead of restoring the reductions to their original programs all the funding was added back to the budget by increasing the WPU Value in the Basic School Program. At the same time, the remaining \$7 million in the ISS block grant was transferred to the new Enhancement for At-Risk Students Program.

As a result of these changes, no reduction in total education funding was made but the distribution of funding changed. Funding allocation was based on the size of the LEA (enrollment) and the proportion of English Language Learners (ELL) students within the LEA. As part of the WPU Value the funding is distributed based on the total number of WPUs in an LEA.

The State Board of Education recommends additional funding to restore the \$8 million for at-risk students. The Governor recommended \$3.9 million.

Recommendation

- The Analyst recommends that the Legislature consider addressing this change in funding distribution without increasing the overall funding to the budget. If a WPU Value increase is provided by the Legislature for FY 2014, the Legislature may wish to reduce this value increase by \$8 million and restore the funding to the Enhancement for At-Risk Students program.

Pupil Transportation

Each year the Legislature includes intent language in the budget directing that a portion of the appropriation for To and From School – Pupil Transportation program be used to fund student transportation costs at the Utah Schools for the Deaf and the Blind (USDB). For the past several years, this amount has been set at \$2,584,400.

Statute provides that the USDB “shall use its allocation of pupil transportation money to pay for transportation of their students based on current valid contractual arrangements and best transportation options and methods as determined by the schools. All student transportation costs of the schools shall be paid from the allocation of pupil transportation money specified in statute” (53A-17a-126.) The current contract for transportation services at USDB is expected to be approximately \$3.2 million in FY 2014.

The difference between the nearly \$2.6 million authorized in the MSP intent language and the actual cost of \$3.2 million is paid out of the USDB operating budget. The actual contract amount varies depending on fuel costs.

Recommendation

- The Analyst recommends that the Legislature include in the final education budget bill intent language directing the amount of funding for USDB transportation from the To and From School – Pupil Transportation program. The Legislature may also wish to consider adjusting the amount authorized to correspond to the anticipated contract amount of \$3.2 million in FY 2014. This increase can be accomplished by transferring funding from the USDB budget, or if the subcommittee prefers, including the amount in its prioritized list of new funding requests submitted to the Executive Appropriations Committee.

BUDGET OVERVIEW

The line chart on page one (Figure 1) shows the history of total Related to Basic School Funding since FY 2007. Program appropriations hit an all-time high in FY 2008, with a total of \$914.8 million. Since this time, program funding has decreased by approximately \$458.6 million through budget reductions and funding reallocations.

The Related to Basic School Program is funded entirely with state funds, 95 percent (Figure 2) from the Education Fund and 5 percent from the Interest & Dividends account in the Uniform School Fund. The Interest & Dividends account contains the revenues earned off of the school trust lands dedicated for public schools.

Base Budget

The FY 2014 base budget for the Basic School Program totals \$440,823,100. Most categorical program funding comes from the Education Fund, or \$418,223,100 of the total. The remaining \$22.6 million comes from the restricted Interest & Dividends account in the Uniform School Fund and supports the School LAND Trust program. This budget includes all ongoing funding appropriated for FY 2013. One-time funding does not continue without an additional appropriation in FY 2014.

Columns D and E in the budget detail table below provides program-level funding information for the FY 2014 base budget.

Enrollment Growth

Columns F and G of the budget detail table below show the program funding-level changes associated with student enrollment growth. The increased revenue from the Interest and Dividends account is also included.

BUDGET DETAIL TABLE

The following budget detail table shows the FY 2013 appropriated budget, the FY 2014 base budget, and the FY 2014 base budget adjusted for student enrollment growth. This table is an excerpt from the Minimum School Program & School Building Program Budget Detail Table.

Minimum School Program & School Building Program: Budget Detail Table						
2013 General Session						
FY 2013 Appropriation / FY 2014 Base Budget / FY 2014 with Enrollment Growth Adjustments						
A	B	C	D	E	F	G
	Fiscal Year 2013 Appropriation		Fiscal Year 2014 Base Budget		Fiscal Year 2014 Enrollment Growth Adjustments	
T H E L I N E						
Part B: Related to Basic School Program						
Revenue Sources	Changes	Amount	Changes	Amount	Changes	Amount
A. State Revenue						
1. Education Fund		\$418,223,100		\$418,223,100	\$12,547,100	\$430,770,200
a. Education Fund, One-time		15,300,000	(15,300,000)	0	0	0
2. USFR - Interest & Dividends		22,600,000		22,600,000	6,110,000	28,710,000
B. Beginning Nonlapsing Balances		7,880,200	(545,600)	7,334,600	0	7,334,600
D. Closing Nonlapsing Balances		(7,880,200)	545,600	(7,334,600)	0	(7,334,600)
Total Revenue:		\$456,123,100	(\$15,300,000)	\$440,823,100	\$18,657,100	\$459,480,200
Expenditures by Program	Changes	Funding	Changes	Amount	Changes	Amount
A. Related to Basic Programs						
1. To and From School Pupil Transportation		65,646,900		65,646,900	1,444,300	67,091,200
2. Guarantee Transportation Levy		500,000		500,000		500,000
3. Flexible Allocation - WPU Distribution		23,106,600		23,106,600		23,106,600
Subtotal:		\$89,253,500	\$0	\$89,253,500	\$1,444,300	\$90,697,800
B. Special Populations						
1. Enhancement for At-Risk Students		22,432,300		22,432,300	493,500	22,925,800
2. Youth-in-Custody		18,321,100		18,321,100	403,100	18,724,200
3. Adult Education		9,000,000		9,000,000	198,000	9,198,000
4. Enhancement for Accelerated Students		3,979,900		3,979,900	87,500	4,067,400
5. Concurrent Enrollment		8,531,200		8,531,200	187,700	8,718,900
6. Title I Schools in Improvement - Paraeducators		300,000		300,000		300,000
Subtotal:		\$62,564,500	\$0	\$62,564,500	\$1,369,800	\$63,934,300
C. Other Programs						
1. School LAND Trust Program		22,600,000		22,600,000	6,110,000	28,710,000
2. Charter School Local Replacement		77,868,900		77,868,900	6,886,100	84,755,000
3. Charter School Administrative Costs		5,142,100		5,142,100	550,600	5,692,700
4. K-3 Reading Improvement Program		15,000,000		15,000,000		15,000,000
5. Educator Salary Adjustments		154,786,700		154,786,700	2,296,300	157,083,000
6. Teacher Salary Supplement Restricted Account		5,000,000		5,000,000		5,000,000
7. Library Books & Electronic Resources		550,000		550,000		550,000
8. Matching Fund for School Nurses		882,000		882,000		882,000
9. Critical Languages & Dual Immersion		1,775,400	(800,000)	975,400		975,400
10. Year-Round Math & Science (USTAR Centers)		6,200,000		6,200,000		6,200,000
Subtotal:		\$289,805,100	(\$800,000)	\$289,005,100	\$15,843,000	\$304,848,100
D. One-time Funding Items						
1. Teacher Supplies & Materials		5,000,000	(5,000,000)	0		0
2. Beverley Taylor Sorenson Arts Learning Program		2,000,000	(2,000,000)	0		0
3. Early Intervention ⁽⁷⁾		7,500,000	(7,500,000)	0		0
Subtotal:		\$14,500,000	(\$14,500,000)	\$0	\$0	\$0
Total Expenditures:		\$456,123,100	(\$15,300,000)	\$440,823,100	\$18,657,100	\$459,480,200
Total Minimum School Program Expenditures:		\$3,051,353,900		\$3,036,053,900		\$3,121,591,300