

**MINUTES OF THE
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING
WEDNESDAY, FEBRUARY 4, 2004
ROOM 129, STATE CAPITOL BUILDING**

Members Present: Rep. Gordon Snow, Co-Chair
 Sen. James Evans
 Sen. Karen Hale
 Sen. Lyle Hillyard
 Rep. Doug Agard
 Rep. Duane Bourdeaux
 Rep. Judy Ann Buffmire
 Rep. LaVar Christensen
 Rep. David N. Cox
 Rep. Marda Dillree
 Rep. Glenn Donnelson
 Rep. John Dougall
 Rep. James Ferrin
 Rep. Karen Morgan

Members Excused: Sen. Howard Stephenson, Co-Chair
 Sen. Bill Wright

Staff Present: R. Michael Kjar, Sr. Fiscal Analyst
 Ben Leishman, Legislative Analyst
 Katrina Yarrington, Secretary

Public Speakers Present: Jayceen Craven-Walker, Public Relations Specialist, Clark Planetarium
 Shirley Ririe, Founder, Ririe-Woodbury Dance Company
 Carol Goodson, Fine Arts Specialist, State Office of Education
 Larry Newton, School Finance Director, State Office of Education
 Derryl Yeager, Artistic Director, Odyssey Dance Theatre
 Blaine Peterson, Director, Utah Office of Rehabilitation

A list of visitors and a copy of handouts are filed with the committee minutes.

Committee Co-Chair Snow called the meeting to order at 2:09 p.m.

1. Budget Recommendations - POPS Fine Arts and Sciences - Ben Leisham, Fiscal Analyst, discussed information in the FY 2005 budget books under Tab #17. The following bullets shows the analyst recommended amounts:

- The Analyst recommends \$2,979,000 for the POPS - Fine Arts Sciences Program.

Mr. Leishman mentioned that the committee last year funded the RFP for two specific organizations. The Living Planet Aquarium and ARTS Inc. The subcommittee specified the funding for the two organizations within the RFP, when it really isn't a specified funding program. The committee may wish to find a way to secure their funding as the committee intended, and place them where they need to be.

- The Analyst recommends the subcommittee pass intent language distributing the ongoing RFP appropriation, in FY 2005 only, to ARTS Inc & Living Planet as the same rate as FY2004. Should encourage them to apply for line item status so they can be funded with ongoing money.

- The Analyst recommends base budget funding of \$2,899,00 for the Fine Arts and Sciences - Line Item Program in FY 2005.

- The Analyst recommends base budget funding of \$80,000 for the Fine Arts and Sciences - Request for Proposal Program.

Rep. Buffmire asked Mr. Leishman about the money allocation for the funding for the POPS program.

POPS Presentation - Jayceen Craven-Walker, Clark Planetarium, gave a presentation about the POPS program with Shirley Ririe, Ririe-Woodbury Dance Company, assisting. They were joined by children from all over the state that have participated in the POPS program.

Ms. Craven-Walker spoke to how they have set out to accomplish all the tasks that the committee had given them within the budgets that have been set, and how it has not been an easy task. She reiterates that they are aware that current budget restrictions are tight, but that they have come to ask for the following items:

- \$500,000 for the Legislative allocation - this increase will add critically needed funds to the already existing POPS programs. It was mentioned that if the cuts made in previous years are not restored then services could decrease.
- \$275,000 to reinstate the RFP process to fund new qualified programs that would like to apply for POPS line item status.

Ms. Craven-Walker detailed more information about the POPS program; in the handout there is a copy of the procedure as well as a list of the previous RFP groups.

- Agency Budget Response - Carol Goodman, Fine Arts Specialist, Utah Office of Education, detailed information provided to committee about the budget requests for the Fine Arts. She provided a handout that detailed the Executive Summary for the POPS Program budget for FY 2005. Ms. Goodson spoke about changes and progress made in the last fiscal year.

Co-Chair Snow asked a question about the amount of paperwork the POPS program generates, and how much time it takes to complete, and he also asked about how the money that is given them is

divvied out to the different programs.

Sen. Hillyard and Sen. Hale both spoke in support of the POPS program and the things it accomplishes.

Sen. Hale passed a handout that detailed her appropriation budget requests for the POPS program.

MOTION: Sen. Hale moved that the POPS program budget requests be put on the committee's appropriation wish list.

The motion passed unanimously with Rep. Ferrin absent for the vote.

Sen. Hale asked that Ben Leishman give some information about Arts and Sciences subsidy block.

Mr. Leishman - The Arts and Sciences Subsidy, prior to 1997-98, was used as a tool used by the Legislature to provide subsidy funds to Arts and Science organizations that provided valuable services in the public schools. Mr. Leishman stated that he couldn't find any specific requirements based on receiving the funding or how it was used, other than using it for the Arts and Science programs. Indications suggest that ARTS Inc. doesn't qualify for advancement into the line item for several reasons. However, it may not be what the Legislature intended to have an organization receive an ongoing appropriation through the RFP program. Placing ARTS Inc. and the Living Planet in the RFP program only fixed the problem for FY2004. Mr. Leishman also stated that the subsidy could be used as a tool, by the Legislature, if someone doesn't qualify for line item but does provide service to schools.

Both Carol Goodson and Darryl Yeager spoke in support of the POPS program.

- Budget Recommendation - School Building Program - Mike Kjar, Legislative Analyst, detailed information listed under Tab #11 in the FY2005 budget books. The following bullets show the analyst recommended budget amounts:

- The Analyst's recommendation for the Capital Outlay Foundation Program is \$27,288,900. The funding recommendation is all from the Uniform School Fund for FY 2005.

Larry Newton, School Finance Director, clarified that the available fund balance currently for the School Building Revolving Loan Fund is just over \$2.6 million. The original balance was just over \$8.5 million. Most of the it is being used in Duchenne and South San Pete school districts.

Committee discussed, with Larry Newton, the details of the School Building Fund.

- Many options exist for modifying the School Building Program. The following list shows many options that subcommittee may wish to study in greater depth and the impact such options may have on school districts.

(1) Reward maximized building utilization by the districts. Such a system may allocate funds in a

manner that provides incentives for districts to maximize building utilization by factoring in usable square footage per pupil. In such a system, districts employing year round use of schools would be rewarded for maximizing capital spending.

(2) Adopt building standards on new school construction and major school renovations funded with revenue from the Capital Outlay Program. Standards such as cost per square foot requirements, use of certain building materials, school size, etc. may be used to increase efficiency and better utilize existing funds.

(3) Create a School Facilities Board that oversees school construction and maintenance. Other states have instituted varied plans based on this model. Arizona has such a board that oversees three programs - Deficiency Correction, assesses and defines minimum standards and ensures that all schools meet the minimum standard; New School Construction, prescribes a minimum square foot allotment per student and school districts submit a capital plan each year. The board evaluated the plans and awards schools to districts based on student growth need; Building Renewal, provides funding for major renovations to buildings and systems. Funds are distributed based on age, size, and replacement cost of the school.

(4) Adjust the program formula to reach a better balance of inputs vs. allocation effort. By focusing on inputs, key factors may be left out that impact capital outlay needs. On the input side the minimum tax levy required to qualify for full program funding many need to be adjusted. Furthermore, the complete reliance on property value as a measure of wealth may ignore other wealth attributes that affect school quality. Should the formula consider the total tax burden of district residents? If the program were to factor in the amount of income tax paid by local residents, it may create a measure of local ability to pay that may suggest alterations to the formula.

With program focus on minimal inputs some districts may have to create larger levies to manage growth while other districts can rely on Capital Outlay Foundation funds to cover gaps caused by lower levies. Many smaller, rural districts have tax burdens that exceed the .0024 foundation minimum by more than double, yet are left out or are at the bottom of the list for foundation grants.

(5) Consider program funding levels. The subcommittee expressed its desire to study the current funding level of the Capital Outlay Foundation Program and assess the adequacy of program funding. The level of funding required for the program may change depending on additional features added or removed from the program.

(6) Study the potential use of other factors in distributing program funds. Items taken into consideration may be: the use of funds from the 10% of Basic Levy Program; the amount of bonded indebtedness a district has; current debt as percent of debt limit; retirement of bonds; enrollment projections; future growth; etc.

Rep. Cox thinks the committee should look at putting extra money in the revolving loan account like a rainy day account, so in hard times that money is there to use. He also suggested that the committee put more money into the Capital Outlay program, since the amount hasn't changed since the 1970's.

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Rep. Buffmire asked a question about long term debt and bonding issues, which directed much of the following discussion among committee members.

- Other Committee Business - Mike Kjar passed out the committee "wish list" for appropriations, and then answered questions of the committee members as to specific amounts and proposed usages.

Rep. Aagard requested that the committee consider adding an additional \$400,000 to the Vocational Rehabilitation program wish list amount, bringing the total to \$800,000.

Blaine Petersen, Office of Rehabilitation, responded to Rep. Aagard's question on vocational rehabilitation.

MOTION: Sen. Hillyard moved to approve the minutes of January 26th, 2004.

The motion passed unanimously with Rep. Christensen and Rep. Morgan absent for the vote.

MOTION: Sen. Hillyard moved to adjourn.

Co-Chair Snow adjourned the meeting at 3:54 p.m.

Minutes reported by Katrina Yarrington, Secretary.

Sen. Howard Stephenson, Committee Co-Chair

Rep. Gordon Snow, Committee Co-Chair