

Budget Brief – MSP Related to Basic Programs

NUMBER: PED BB MSP-03

SUMMARY

The Minimum School Program – Related to Basic Program includes several categorical programs often referred to as ‘below-the-line’ or ‘non-Weighted Pupil Unit (WPU) driven’ programs. These programs supplement the Basic School Program offered in the school districts and charter schools. Unlike the Basic School Program, the majority of Related to Basic Programs do not increase each year based on the number or value of the WPU. The Legislature determines program funding levels each year through the appropriations process.

ISSUES AND RECOMMENDATIONS

State funding allocated to support the Related to Basic Programs assists school districts and charter schools in providing specific statewide educational programs, funding initiatives, or goals. Please refer to the Minimum School Program budget detail table (behind Tab 5) for the FY 2009 base budget allocations for each of the Related to Basic categorical programs.

With the passage of H.B. 1 (2008 General Session), state funding supporting Related to Basic Programs totals \$764.6 million. This total represents an increase of \$430.8 million since FY 1999, an increase of 129 percent.

House Bill 1 ‘Minimum School Program Base Budget Amendments’ (Last, B.) includes some adjustments for selected Related to Basic Programs. These adjustments accommodate for student growth anticipated in FY 2009. Please refer to the Issue Brief titled “Base Budget & Student Enrollment Growth” behind Tab 5 for additional information on Below-the-Line program adjustments for student enrollment growth.

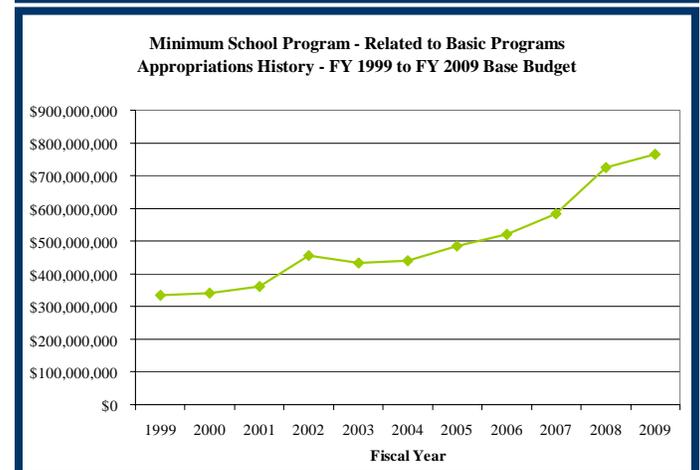
Issue Briefs

Please refer to the Issue Briefs listed below for additional information on the following topics:

- **MSP 1** – ‘Base Budget & Student Enrollment Growth’ details funding increases included in the Minimum School Program base budget to accommodate the estimated growth in students entering Utah’s public schools in fall 2008. This brief also details the below-the-line programs adjusted for enrollment growth.
- **MSP 5** – ‘Teacher Supplies & Materials’ provides information on the estimated cost to reimburse classroom teachers for some of the out-of-pocket expenditures made on educational supplies and materials used to support classroom instruction.

Minimum School Program Related to Basic School Programs Appropriations History - FY 1999 to FY 2009 Base		
Fiscal Year	Annual Appropriation	Percent Change
1999	\$333,769,011	
2000	341,201,726	2.2%
2001	362,422,174	6.2%
2002	455,476,695	25.7%
2003	433,195,337	-4.9%
2004	440,821,142	1.8%
2005	485,024,248	10.0%
2006	519,744,773	7.2%
2007	582,827,360	12.1%
2008	724,119,718	24.2%
2009	764,596,211	5.6%

Source: Annual Appropriations Reports. Office of the Legislative Fiscal Analyst (01/07BL).



- **MSP 6** – ‘To and From School - Pupil Transportation’ outlines the state funding allocated for transporting student to and from school each day. The brief discusses an interim review process conducted by the USOE and school districts on the pupil transportation finance formula. Information on the Guarantee Transportation Levy is also provided in the brief.

Optional Extended-Day Kindergarten – During the 2007 General Session, the Legislature passed S.B. 49 which established a four-year pilot program offering extended-day kindergarten in selected schools. The Legislature provided \$30 million in one-time funding to support the four-year program. This funding level provides approximately \$7,500,000 for each year of the pilot.

In distributing the funding for the program, the State Board of Education based the first year of funding on \$7.5 million allocation to school districts and charter schools that elected to participate. As the program progresses through the 2nd, 3rd, and 4th years, the level of funding supporting programs may decrease as teacher compensation increases. These program cost increases may be funded each year by scaling the program down to accommodate compensation changes, or allocating additional one-time funding each year to adjust for this growth.

- **Recommendation:** In order to maintain the number of extended-day classes offered in the first year of the program, the Analyst recommends that the subcommittee prioritize \$450,000 in one-time Uniform School Fund to support the program in FY 2009.

School LAND Trust Program – Utah has approximately 3 million acres of school trust lands that were set aside at statehood to support the public schools. Revenue generated from these lands is saved in the permanent State School Fund. The interest and dividends earned off the investment of the State School Fund are distributed to the public schools. School Community Councils in the public schools establish educational achievement plans that identify educational needs and goals and uses trust lands allocations to meet these needs or goals.

The Minimum School Program base budget includes \$21 million in revenue from the Uniform School Fund Restricted – Interest and Dividends Account. Estimates indicate that revenues in the Interest and Dividends Account will increase to approximately \$26,825,000. All revenue in the restricted account is distributed to public schools and the distribution is limited to the amount of revenue actually collected.

- **Recommendation:** The Analyst recommends that the Legislature include the estimated Interest and Dividends revenue of \$26,825,000 in the Minimum School Program – School LAND Trust Program for distribution to the public schools.

Computer - Based Testing – In FY 2008, the Legislature provided \$10 million in one-time funding to support the continued development of a uniform online test system. Legislators directed the State Board of Education to use \$350,000 of this revenue to expand online test delivery, analysis, and reporting in Career and Technical Education (CTE) programs.

State support for online testing began with the enactment of Senate Bill 51 “Education Technology Support for Testing Initiative” (2004 General Session). The Legislature originally appropriated \$5 million in one-time funding in FY 2005 and \$2.5 million in one-time funding in FY 2006 to support the transition to online testing by 2009.

- **Recommendation:** The Analyst recommends that the subcommittee prioritize an additional \$4 million in one-time Uniform School Funds to support the transition to online testing. Excluding this appropriation, the Legislature has provided \$17.5 million in support of online testing.

Public Education Job Enhancement Program (PEJEP) – The PEJEP program provides scholarships and signing bonuses for teachers in math, physics, chemistry, physical science, information technology, learning technology, and special education. In FY 2007, the Legislature appropriated \$2.5 million in ongoing funding to support the program; \$70,000 of this funding is allocated to the USOE for program administration.

In FY 2007, a total of 245 Advancement Awards (scholarships) and 218 Opportunity Awards (signing bonuses) were granted to Utah educators. The total number of awards is determined by the level of funding available each year.

- **Recommendation:** The Analyst recommends that the subcommittee prioritize \$1,000,000 in ongoing Uniform School Funds to support the PEJEP program.

Voted & Board Leeway State Guarantee – Statute provides for an increase in the state guarantee for the Voted and Board Leeways each year until the guarantee equals 0.010544 times the value of the prior year WPU. The guarantee rate may increase 0.0005 each year until it reaches the statutory threshold. In FY 2009, the state guarantee rate will increase from \$23.07 to \$25.25.

House Bill 1 “Minimum School Program Base Budget Amendments” (2008 General Session) includes the state guarantee rate change described above. Due to increases in local revenue supporting the Voted and Board Leeway programs, the state could fund the statutory rate change within state funding base supporting the guarantee. In addition to funding the state guarantee rate change, increases in local revenue offset the state funding for the Voted and Board Leeways by an additional \$13.3 million. This funding was used to offset the cost of student enrollment growth in FY 2009 and is detailed in the Issue Brief titles “Base Budget & Student Enrollment Growth.”

PROGRAM BUDGET

The FY 2009 base budget for the Minimum School Program – Related to Basic School Program totals \$764.6 million for all categorical programs. This is an increase of 5.5 percent over the FY 2008 appropriated amount. An additional \$359.9 million supports the Voted and Board Leeway programs. Total funding for the Voted and Board Leeway programs increased by 18 percent in the FY 2009 base budget.

Please refer to the Budget Detail Table on page 4.

LEGISLATIVE ACTION

This section provides a guide of what actions might be taken in the Legislature wishes to adopt the recommendations presented in this brief.

1. Review and adopt the base budget for programs in the Minimum School Program – Related to Basic School Program including individual program funding levels associated with new student growth. The subcommittee may wish re-allocate funding among these programs to meet the changing needs in public education.
2. Consider issues and recommendations discussed in this brief and the associated Issue Briefs. The subcommittee may wish to include these items in its prioritized budget recommendations submitted to the Executive Appropriations Committee. Specific items include:
 - a. \$450,000 in one-time Uniform School Funds to support the continuation of the Optional Extended-Day Kindergarten Program.
 - b. Adjusting the revenue supporting the School LAND Trust program to \$26.8 million.
 - c. \$4 million in one-time Uniform School Funds to support the delivery of online tests in the school districts and charter schools.
 - d. \$1 million in ongoing Uniform School Funds for additional Advancement and Opportunity Awards through the Public Education Job Enhancement Program.

BUDGET DETAIL TABLE

The following table provides a summary of the MSP – Related to Basic School Program and the MSP – Voted & Board Leeway Programs. Please refer to the comprehensive Minimum School Program table (located behind Tab 5) for total MSP revenues and expenditures.

T H E L I N E						
Related to Basic School Program - Non-WPU Driven Programs (Below-the-Line)						
Sources of Revenue	COBI	Supplemental	Total Revenue		Total Revenue	Difference
I. State Revenue - Uniform School Fund			\$703,119,718		\$743,596,211	\$40,476,493
II. State Revenue - USF Restricted Interest & Dividends			\$21,000,000		\$21,000,000	\$0
Total Revenue:			\$724,119,718		\$764,596,211	\$40,476,493
Programs of Expenditure		Supplemental	Funding		Funding	Difference
II. Related to Basic Program						
A. Related to Basic Programs	51					
1. Social Security and Retirement	51		333,315,119		341,371,755	8,056,636
2. To and From School - Pupil Transportation	53		70,928,797		72,631,088	1,702,291
3. Guarantee Transportation Levy	58		500,000		500,000	0
Subtotal Related to Basic Programs:			\$404,743,916		\$414,502,844	\$9,758,928
B. Block Grant Programs	61					
1. Local Discretionary	61		21,820,748		21,820,748	0
2. Interventions for Student Success	63		17,953,612		18,384,499	430,887
3. Quality Teaching	65		73,947,829		75,722,577	1,774,748
Subtotal Block Grants:			\$113,722,189		\$115,927,824	\$2,205,635
C. Special Populations	67					
1. Highly Impacted Schools	67		5,123,207		5,123,207	0
2. Youth At-Risk Programs Total	69		29,926,867		30,645,112	718,245
3. Adult Education	72		9,781,008		10,015,752	234,744
4. Accelerated Learning Programs Total	75		3,975,546		4,093,250	117,704
5. Concurrent Enrollment	78		9,215,497		9,436,669	221,172
Subtotal Special Populations:			\$58,022,125		\$59,313,990	\$1,291,865
D. Other Programs	81					
1. Electronic High School	81		2,000,000		2,000,000	0
2. School LAND Trust Program	82		21,000,000		21,000,000	0
3. Charter Schools	85					
a. Local Replacement Funding	88		28,509,000		36,549,000	8,040,000
b. Ongoing Per Student Funding			\$3,512,488		3,512,488	0
c. Administrative Costs	90		750,000		898,566	148,566
d. Funding for Student Growth in FY 2009			3,000,000		0	(3,000,000)
4. K-3 Reading Improvement Program	90		15,000,000		15,000,000	0
5. Public Education Job Enhancement	92		2,430,000		2,430,000	0
6. Educator Salary Adjustments	93		68,700,000		90,731,500	22,031,500
7. Library Books & Electronic Resources			1,500,000		1,500,000	0
8. Matching Fund for School Nurses			1,000,000		1,000,000	0
9. Critical Languages			230,000		230,000	0
Subtotal Other Programs:			\$147,631,488		\$174,851,554	\$27,220,066
Total Expenditures Related to Basic Program:			\$724,119,718		\$764,596,211	\$40,476,493
Voted & Board Leeways						
Sources of Revenue	COBI	Supplemental	Total Revenue		Total Revenue	Difference
I. State Revenue - Uniform School Fund			\$41,873,282		\$28,525,980	(\$13,347,302)
II. Local Revenue						
A. Voted Leeway			\$195,491,527		\$252,090,709	\$56,599,182
B. Board Leeway			52,402,304		64,296,515	11,894,211
C. Board Leeway - Reading Improvement Program			15,000,000		15,000,000	0
Total Revenue:			\$304,767,113		\$359,913,204	\$55,146,091
Programs of Expenditure		Supplemental	Funding		Funding	Difference
III. Voted and Board Leeway Programs						
A. Voted Leeway	97		227,700,777		273,337,346	45,636,569
B. Board Leeway	98		62,066,336		71,575,858	9,509,522
C. Board Leeway - Reading Improvement Program	98		15,000,000		15,000,000	0
Total Expenditures Voted & Board Leeway Programs:			\$304,767,113		\$359,913,204	\$55,146,091