

**MINUTES OF THE
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol
February 12, 2013

Members Present:

Sen. Howard A. Stephenson, Co-Chair
Rep. Bradley G. Last, Co-Chair
Sen. Patricia W. Jones
Sen. Mark B. Madsen
Sen. Aaron Osmond
Sen. Daniel Thatcher
Sen. Steve Urquhart
Rep. Joel K. Briscoe
Rep. LaVar Christensen
Rep. Steve Handy
Rep. Mike S. Kennedy
Rep. David E. Lifferth
Rep. Carol Spackman Moss
Rep. Jim Nielson

Members Excused:

Sen. Stuart Adams

Members Absent:

Sen. Lyle Hillyard, House Vice Chair
Steve Eliason,
Rep. Francis Gibson

Staff Present:

Mr. Ben Leishman, Legislative Fiscal Analyst
Mr. Thomas E. Young, Legislative Fiscal Analyst
Ms. Wendy Hill, Secretary

A copy of related materials and an audio recording of the meeting can be found at www.leg.utah.gov. A list of visitors and a copy of handouts are filed with the subcommittee minutes.

Co-Chair Last called the meeting to order at 8:09 am.

1. Budget Review: Related to Basic School Programs

Mr. Ben Leishman, Fiscal Analyst, said in 2011 there was a distribution change in the funding for At-Risk students. The State Board of Education recommends restoring \$8 million for At Risk students. He recommended the Legislature consider addressing the change in funding distribution without increasing the overall funding to the budget. If a Weighted Pupil Unit (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.

Each year the Legislature includes intent language directing funding for the To and From School – Pupil Transportation program be used to fund transportation costs at the Utah Schools for the Deaf and the Blind (USDB). Last year this amount was \$2,584,400. Transportation services at USDB are expected to be approximately \$3.2 million for FY 2014.

The Legislature may consider adjusting the amount authorized to \$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.

Rep. Lifferth asked if there was a line item on fuel. Mr. Leishman said no.

2. Minimum School Program Audit Report

Mr. John Dougall, Utah State Auditor introduced Ms. Jolene Cooley, Senior Auditor, Utah State Auditor's Office. She talked about the Minimum School Program (MSP) Audit Report. The programs tested for compliance included: Grades Kindergarten-12, Voted & Board Leeway, Special Education, Concurrent Enrollment, Critical Languages & Dual Immersion, Educator Salary Adjustments, Beverly Taylor Sorenson Elementary Arts, Early Intervention and Pilot Assessment. The budget projections reviewed were: Grades K-12, Voted & Board Leeway, Special Education, Career & Technical Education and Class Size Reduction. The auditor's office discussed the following conclusions that were reported to the Utah State Office of Education (USOE).

- The noncompliance of allocation to Charter Schools, which amounted to 4.1% over allocation in FY2012. They recommended compliance or change the law, if they determine that an alternative funding formula is necessary or desired.
- The Budget projection was not based on the preceding year's appropriation, FY14 budget projection was understated by \$282,943 for the Career & Technical Education Add-On program. They recommended USOE prepare the budget request for the Career & Technical Education (CTE) Add-On program based on the actual amount appropriated for the program in the preceding fiscal year.
- Inadequate guidance for allocation and unsupported amount used in calculation, The USOE has no formal rules or guidance in law for allocating Special Education Self-Contained Program. They recommended the USOE write and adopt a rule to govern how to allocate funds for the Special Education Self-Contained Program. They also recommended the USOE include instructions on how to handle charter schools with no established history.
- The Voted & Board Leeway FY2014 projections data did not agree with the source data. They recommended USOE understand and document their data source so it can be referenced or updated as necessary.

Co-Chair Last, Rep. Lifferth, Co-Chair Stephenson and Rep. Briscoe commented on the

presentation.

Mr. Bruce Williams, Associate Superintendent for Business and Operations, Utah State Office of Education, responded to the report. The USOE had a team that reviewed the MSP. They realized there was an issue of noncompliance of Charter School. Steps have been taken to correct the problem. Rectification of CTE funding is proceeding. The USOE recognizes a need for a rule concerning the Special Education Self-Contained Program. The USOE in the future will use more consistent data in regards to the Voted & Board Leeway projections.

3. Budget Review: Charter Schools

Mr. Leishman discussed Charter Schools. The Legislature established charter schools in Utah approximately 15 years ago. Enrollment has increased over the years. Currently there are 56,927 students or approximately 9.2 percent of public education students. The Local Replacement Formula was established to provide revenue to charter schools to assist in school operations and capital facility needs. Unlike school districts, charter schools do not have the ability to tax. In FY 2013, a total of \$77,868,900 was appropriated from the education fund to support the program, but the total cost of the program is just over \$87.9 million. The local replacement rate in FY 2014 decreases slightly to \$1,689 based on local property tax. It is anticipated, charter school enrollment will continue to grow. The cost to fund enrollment increases is \$6.9 million plus administrative costs.

Dr. Thomas E. Young, Fiscal Analyst, talked about the Charter School Budget Brief. The State Charter School Board line item includes the costs associated with administering charter school regulations, start up funding, and other related activities. He recommended adopting the recommended budget and intent language.

Mr. David Damschen, Chief Deputy, Utah State Treasurer addressed the Subcommittee about the Credit Enhancement Program and charter school debt. Interest savings over a 30 year period will be over \$6 million for the Ogden Preparatory Academy. As the program matures and more schools participate there is a potential for substantial savings.

Ms. Marlies Burns, Director, Utah Charter Schools talked about the \$2.5 million allocated FY 2012 through H.B. 397, Charter School Start-up Amendments. Twenty-four schools applied, the funds went toward technology, kitchens and office staff.

Rep. Lifferth asked about the local replacement formula. Mr. Leishman said charter students receive the same amount of money. The variable amount comes from local revenue, state funds make up any difference. Charters in districts with low property assessed values receive more funding through the Local Replacement than the students may have generated in the district.

Co-Chair Stephenson said the local replacement costs are growing each year as charter school enrollment increases. The Legislature must decide if this is sustainable. An option would be to freeze the amount of funding.

Rep. Briscoe commented about the local replacement formula.

Sen. Jones asked about the funding of charter school students if they leave and return to public schools. Mr. Leishman said the first day of October an enrollment count is taken, funding is

based on that number and the Average Daily Membership (ADM). Sen. Jones asked about the performance measures included in the intent language. Mr. Young said performance measures may include accuracy and punctuality. Sen. Jones asked for data on charter student achievement compared to traditional schools. Ms. Burns said no comparison has been prepared.

Rep. Christensen asked replacement, local property tax and WPU's. Mr. Leishman said the WPU programs flow to charter schools and district schools the same way. He commented on the history of charter school funding and it's relation to local replacement. Mr. Leishman said local replacement is an add-on to the WPU for charter schools.

4. Budget Review: Science Outreach

Mr. Leishman introduced the Science Outreach Program. The Science Education Outreach program assists science organizations in teaching the State's science core curriculum in the public schools. Professional organizations match state revenues to deliver science education through demonstrations, presentations, and educational activities in the public schools. Program funding is split into three categories. Informal Science Education Enhancement (iSEE) Outreach includes: Clark Planetarium, Discovery Gateway, Red Butte Gardens, Natural History Museum of Utah, The Living Planet Aquarium, and The Leonardo. iSEE Enhancement for teacher professional development includes: The Living Planet Aquarium, Natural History Museum of Utah, Discovery Gateway, and Clark Planetarium. Integrated Student & New Facility Learning helps iSEE providers with new facilities. These include: Natural History Museum of Utah and The Leonardo.

Ms. Madlyn Runburg, iSEE Liaison, presented a video on the iSEE program. CO-Chair Last complimented iSEE on their program. Ms. Rundburg said private donors match the funding 60 percent to the state's 40 percent. She requested \$490,000 in new money.

Mr. Mike Washburn, President & CEO, Thanksgiving Point showed a video about the Tulips Journey North program and asked to be part of the iSEE program. There are 70 schools that participate in the program and they are requesting funding to increase that number. There are many attractions at Thanksgiving Point that have application in the iSEE program but funding support is needed.

5. Utah Education Network

Dr. Ray Timothy, Executive Director, Utah Education Network, showed a video about the services Utah Education Network (UEN) provides to education, libraries and government. He requested \$250,000 in going funds for elementary connectivity, a request of funds for maintenance and replacement of equipment and funds for multimedia infrastructure.

Co-Chair Stephenson noted every school in Utah has connection by fiber or microwave.

6. Utah Futures

Mr. Geoffrey Landward, Deputy Director, Utah's Department of Workforce Services presented the Utah Futures program. It helps students, parents, counselors and teachers with career

planning and educational choices. He requested \$2.4 million.

7. Budget Review: School Building Program

Mr. Leishman discussed the School Building Program. It contains two primary components: the Capital Outlay Foundation Program, distributes 87 percent of the appropriation and the Capital Outlay Enrollment Growth Program supports districts with rapid growth. In FY 2013 the base budget was \$14,499,700.

Rep. Briscoe asked what the average amount guaranteed. Mr. Leishman said the formula adjusts based on the appropriation.

8. Minutes

MOTION: Sen. Thatcher moved to approve the minutes of Jan 29, 2013. The motion passed unanimously with Sen. Osmond and Rep. Powell absent for the vote.

9. Adjourn

MOTION: Sen. Handy moved to adjourn. The motion passed unanimously with Sen. Osmond and Rep. Powell absent for the vote.

Co-Chair Last adjourned the meeting at 9:50 am.

Minutes were reported by Ms. Wendy Hill, Senate Secretary

Sen. Howard A. Stephenson, Co-Chair

Rep. Bradley G. Last, Co-Chair