

**MINUTES OF THE
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE**

Room 445 State Capitol Building
January 28, 2014

Members Present: Sen. Howard A. Stephenson, Co-Chair
Rep. Bradley G. Last, Co-Chair
Rep. Steve Eliason, House Vice Chair
Sen. Lyle W. Hillyard
Sen. Patricia W. Jones
Sen. Mark B. Madsen
Sen. Aaron Osmond
Sen. Daniel W. Thatcher
Sen. Stephen H. Urquhart
Rep. Joel K. Briscoe
Rep. LaVar Christensen
Rep. Francis D. Gibson
Rep. Stephen G. Handy
Rep. Michael S. Kennedy
Rep. David E. Lifferth
Rep. Carol Spackman Moss
Rep. Jim Nielson
Rep. Kraig Powell

Members Absent: Sen. J. Stuart Adams

Staff Present: Mr. Ben Leishman, Fiscal Analyst
Dr. Thomas E. Young, Economics
Ms. Wendy Hill, Secretary

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

1. Call to Order

Co-Chair Last called the meeting to order at 8:12 a.m.

2. Committee Schedule

Mr. Ben Leishman, Fiscal Analyst, notified the subcommittee of the upcoming schedule of nine meetings for the 2014 general session. Final budget recommendations will be decided February 13, 2014.

3. Introduction to Base Budget Week

Mr. Leishman, explained this week is all Senate Subcommittees will review each budgetary line item. This subcommittee will discuss each program in H.B.1, “Public Education Base Budget Amendments.” The subcommittee may choose to change funding allocations.

Mr. Leishman referred members to <http://le.utah.gov/>. Under related links, [COBI for the 2014 General Session](#) can be found. The Compendium of Budget Information (COBI) for the 2014 General Session has details of every program within the budget. Materials for each meeting may be found on the committee page. Because of the compressed schedule any budget requests must be submitted by February 6th.

Sen. Jones asked about the prioritization of line items. Co-Chair Last responded that the process will be discussed at a later time.

4. Base Budget Review: Minimum School Program - Basic School Program

Mr. Leishman introduced the committee to the “[3-Public Education Acronyms](#) .” Co-Chair Stephenson suggested PD be added to the list for Professional Development.

Mr. Leishman referred the subcommittee to, “[4-Minimum School Program Budget Detail Table](#) .

Mr. Leishman said the Budget is broken down into three areas the Minimum School Program (MSP), School Building Program and Education Agencies. Three parameters direct the finances of public education, equity, local participation and local determination.

Mr. Leishman explained how to navigate [COBI for the 2014 General Session](#). He referred to, “[4-Public Education Budget Overview](#)” and explained where revenues come from to fund public education.

Sen. Osmond asked for more clarification regarding federal funds. Mr. Leishman responded.

Current specifications for expenditures in 2013 are found in annual financial and program reports submitted by school districts and charter schools. Mr. Leishman referred to the Public Education: Total Local Education Agency Expenditures by Object” and “Public Education: State Appropriated Budget - Expenditures by Type.” Expenditures include Pass Through funds, 98 percent of the budget, that is administered by the State Office of Education (USOE) and is distributed to Local Education Agency (LEA)s. Two percent of the budget is categorized as Other and used for Personnel Services, Utah Schools for the Deaf and Blind (USDB), and additional line items.

Rep. Lifferth asked about total expenditures. Mr. Leishman said \$5,134,361,200 is the total reported by LEA(s). It doesn’t include expenditures by state agencies.

Co-Chair Last said the Education Fund’s revenue comes from income tax.

Mr. Leishman explained there are three main sources of funds in the State Budget, the General Fund, Uniform School Fund and Education Fund. The Uniform School Fund is restricted to K-12 expenditures. The Education Fund was created to hold all income tax revenue and is used for Public Education and Higher Education. The Uniform School Fund is a special revenue fund within the Education Fund.

Rep. Christensen mentioned the tension the 1996 Amendment created when the Education Fund was formed. Mr. Thomas Young, Economist, calculated 12 percent of State Income Tax is used to fund Higher Education.

Mr. Leishman said, the Basic School Program (BSP) and the MSP in Utah has provided the means for an equitable distribution of funding. An in-depth review is found at <http://le.utah.gov/interim/2011/pdf/00002635.pdf>.

Co-Chair Stephenson commented the Local Property Tax is not equalized and needs to be reformed.

Mr. Leishman said much of MSP was developed in 1972. The MSP is a series of programs that distribute funding to school districts charter schools. Programs consider cost differences in LEAs such as school size, location, staff experience, demographics and funds for local control. The MSP contains the Basic School Program, the Related to Basic School Program, and the Voted & Board Local Levy programs. He referred the subcommittee to handouts, "[4-Budget Trend - Minimum School Program Total](#)," and "[4a-Budget Trend - Basic School Program](#)." Expenditure trends for the BSP increased from FY 2009 to FY 2015. The handout "Minimum School Program: Allocation of Program Funding by Local Education Agency" shows allocations to LEAs throughout the state for Kindergarten, K-12, professional staff and administrative costs.

Rep. Moss asked for clarification on the Add-on Weighted Pupil Unit (WPU) value. Mr. Leishman said the WPU Add-on Value allows the legislature to increase funds for certain programs funded by the WPU. During the 2011 General Session, the Legislature eliminated several categorical programs in the Related to Basic School Program and moved the associated funding to the WPU Value. LEAs raised concerns that increasing the funding for all WPU programs would place restrictions on certain funding sources that were previously unrestricted. To mitigate this potential impact, the Legislature decided not to increase the value for the Add on programs. That allows LEAs to keep more funds in unrestricted sources.

Mr. Leishman said any changes will be reflected in the distribution of funds to LEAs and Charter Schools. He referred to, "[4a-Issue Brief - 2014 General Session - WPU and Basic Levy](#)."

a. Program Level Budget Details WPU Formulas

Through the functions of the BSP, the state and local school districts share in the cost of WPU

programs. School districts must impose the Basic Levy in order to participate in the MSP and the proceeds of the property tax helps in funding the district's WPUs. Mr. Leishman referred the committee to the meeting material, "[4-Minimum School Program Budget Detail Table](#)." Rep. Powell commented the formula equalizes most of the education funding in the state. Co-Chair Stephenson said inequality is found in the Local Property Tax and cited Park City as an example. Rep. Lifferth asked for a sum of local property tax and state revenue.

Mr. Leishman referred the subcommittee to "[4a-Minimum School Program - FY 2014 Estimated Weighted Pupil Unit Costs](#)." The chart shows the Basic Levy in school districts and Charter Schools. Park City generates more funds in their Basic Levy than the cost of their WPUs. The money that exceeds their costs is deposited into the Uniform School Fund. Charter Schools are entirely state funded. Rep. Briscoe asked for clarification on revenue the chart. Co-Chair Stephenson commented on property tax revenue and income tax. Mr. Leishman said each district charges the same rate for the Basic Levy.

Mr. Leishman discussed formulas in the MSP. He referred to "[4a-Minimum School Program - FY 2014 Estimated Weighted Pupil Unit Costs](#)." Rep. Lifferth asked if the formulas were determined by statute. Mr. Leishman said, yes most of them. He discussed Average Daily Membership (ADM), Average Daily Membership + Factor and Pupil Enrollment or Other Factor. Rep. Moss asked if formulas were different for Charter Schools. Mr. Leishman said there are some differences. Vice-Chair Eliason asked about the accuracy of the funds being spent based on the formulas. Mr. Leishman said the school districts manage the costs within their allocation. Special Education formulas have been reworked in the past but it has not been updated. He referred to [COBI 2014 - Public Education](#) for specific numbers of the ADM and WPUs. Charter Schools are funded using the higher of prior year ADM or fall enrollment. There is discussion to change them to the same formula. School districts may shift money from elementary schools to the more expensive high school programs. A formula is used to mimic this for Charter Schools. Vice-Chair Eliason asked if the formulas used for Charter Schools could be used statewide. Mr. Leishman said it is a function of local control, stability and planning. Rep. Nielson also commented. Mr. Leishman referred the subcommittee to the handout for formulas for Pupil Enrollment or Other Factor these include Special Education, Administrative Staff and Career and Technical Education (CTE) Add-On.

Rep. Briscoe asked about growth in CTE and membership hours.

5. CTE/Utah College of Applied Technology (UCAT)

Ms. Mary Shumway, State CTE Director, Utah State Office of Education (USOE) introduced herself and Mr. Robert Brems, President, Utah College of Applied Technology (UCAT). She talked of her responsibility to administer funds from the USOE to UCAT campuses, Utah System of Higher Education (USHE) institutions, school districts and charter schools.

Mr. Brems spoke of collaboration between CTE programs offered by Public Education and CTE offered by UCAT. Representatives of Public Education, Higher Education and UCAT meet

about four times a year. Regional Board of Directors at eight UCAT campuses and campus presidents are participants in regional CTE planning. Members of the Governor's Office, Legislators serve on statewide collaboration efforts. Monthly meetings of the Board of Directors include an elected school board member. UCAT board members are encouraged to occasionally attend school board meetings. UCAT campus presidents are encouraged to attend a monthly CTE administrator's meeting. He shared the 2013 UCAT Annual Report. He mentioned his concern of a decline in enrollment of secondary students. Ms. Shumway addressed the subcommittee about the report "Meeting the Needs of Utah's Secondary Students in Career and Technical Education." There is a decline in enrollment in high school. Budget cuts have hurt UCAT and CTE, new high school graduation requirements and students hoping for the Regent Scholarship. Different types of CTE is offered in different regions of the state. Industry certificates are offered through CTE. She explained what appears to be a duplication of classes is really to be meet the needs of both adults and high school students. Sen. Urquhart mentioned Utah's excessive high school dropout rate and students working with Applied Technology Education (ATE) to finish a high school diploma. Ms. Shumway was supportive of the idea. Mr. Brems spoke favorably about the opportunities available but felt students didn't know about them. Sen. Urquhart said it is a disservice to our students to not make this work. Co-Chair Stephenson also expressed frustration. He suggested a meeting with legislators from Higher Education and Public Education to solve dysfunctions. Co-Chair Stephenson said some students can't get into certain UCAT and CTE classes because of enrollment caps. Dr. Brenda Hales, Deputy Superintendent, USOE addressed the subcommittee. She said the USOE is working on recommendations to make changes in High School diplomas for students in ATE. Sen. Osmond asked about declining enrollment rates in post-secondary education. Mr. Brems said budget cuts of about 20 percent reduced programs offered. He also said issues involving funds from the WPU may be part of the problem. Sen. Osmond said the way the legislature funds ATE influences enrollment rates.

Co-Chairs Last introduced the Youth Council from Hyde Park.

Rep. Christensen commended UCAP, and commented about Utah Code, communication, coordination and finding solutions. Rep. Moss cited some examples of students getting certificates in high school and asked how to direct students to get the certificates. Ms. Shumway said the process varies in school districts. Rep. Gibson mentioned school counselor knowledge of programs, enrollment caps and funding college expenses. Sen. Urquhart expressed favor in graduation requirements changing, he addressed Sen. Osmond and funding issues and coordination between Public Education and ATCs. He expressed concern about Nebo School District and the Local Property Tax. Rep. Handy said there is an issue with the delivery of instruction.

Representatives from the Bridgerland Region and Mountainland Region talked about the success of their programs. Dr. Richard Maughan, President, Bridgerland Applied Technology College (BATC) Dr. Michael Liechty, Deputy Superintendent, Cache School County District and Dr. Steven C. Norton, Superintendent, Cache County School District addressed the subcommittee. Dr. Maughan assured the committee there was no duplication problems in the Bear River

Region. Dr. Liechty said there is a good working relation with BATC and Utah State University. He referred the subcommittee to a packet of programs offered to students. Dr. Norton said students have access to a well-run program in northern Utah. Sen. Osmond asked if there was an enrollment decline. Dr. Maughan said, not in their area, there is an increase. Sen. Madsen commented on school counselors knowing about programs available. Dr. Maughan said they meet twice a year with the counselors to familiarize them with programs.

Mr. Clay Christensen, President, Mountainland Applied Technology College (MATC) and Mr. Robert Smith, Assistant Superintendent, Alpine School District addressed the subcommittee. They spoke of their system of collaboration and efficiencies. Mr. Smith said MATC course offerings are included in the school district offerings so students can see their choices. He said successes happen with collaboration.

Rep. Gibson said examples of their success needs to be shared.

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

Co-Chair Last adjourned the meeting at 11:06 a.m.

Sen. Howard A. Stephenson, Co-Chair

Rep. Bradley G. Last, Co-Chair