

K-3 Reading Improvement Program Budget Review

What is it? Why is the State involved?

The Legislature created the K-3 Reading Improvement Program during the 2004 General Session. Legislation set the goal to have all students reading at or above grade level by the completion of the third grade.

School districts participate with the state in funding the program. At the time, the Legislature established a local property tax as an option for school districts to meet the match requirement. The Legislature folded the K-3 Reading Improvement levy into the Board Local Levy in 2011. Statute does not require charter schools to match the state allocation.

K-3 Reading includes three programs, a Base Program, the Guarantee Program, and a Low-Income Students Program. School districts and charter schools must submit a reading improvement plan to the State Board of Education for approval to participate in the Base Program. Additionally, local boards may participate in the Guarantee Program or the Low-Income Students Program.

After two consecutive years of not meeting reading improvement goals, a school district or charter school may no longer receive a state allocation and a district shall terminate any tax levy imposed for matching.

K-3 Reading Improvement Program

Appropriation History | FY 2009 to FY 2018

In Millions



Allocation Formula

Statute directs the State Board of Education to divide state funding appropriated to the K-3 Reading Improvement Program as follows: Base Program [8%], Guarantee Program [46%], and the Low-Income Students Program [46%]. School district property tax revenue acts as the match to its state fund allocation through either program.

- **Base Program** - The 8% allocation is divided between districts & charters based on percentage of enrollment. School district funds are distributed in proportion to fall enrollment. Charter school funds are distributed based on prior-year fall enrollment in Grades K-3 and new charter schools based on K-3 fall enrollment estimates.
- **Guarantee Program** - School districts receive up to \$21/WPU less the amount raised by a tax levy of 0.000056. Charter schools receive up to \$21/WPU.
- **Low-Income Student Program** - School districts and charter schools receive funds in proportion to number of students that qualify for free or reduced-price lunch multiplied by two. School districts receive up to \$21/WPU less the amount raised by a tax levy of 0.000065.

The State Board of Education may adjust the \$21/WPU guarantee for actual appropriations to the program.

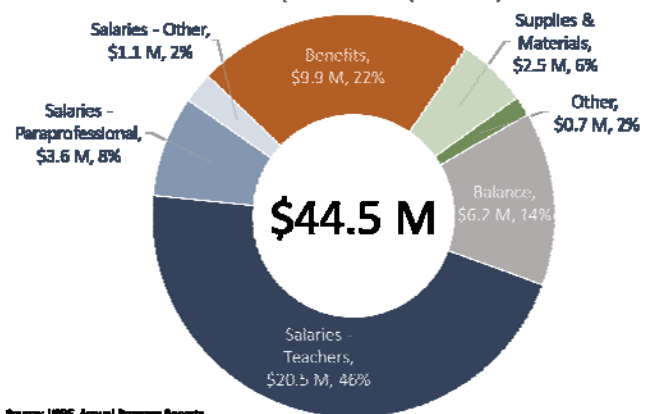
A school district that does not fully participate in the match requirement can receive state funding in proportion to the amount of matching funds allocated by the district.

K-3 Reading: Sources of Revenue

FY 2012 to FY 2016 | in Millions



K-3 Reading Improvement Program FY 2016 Expenditure Detail (All Sources)



Source: USBE, Annual Program Reports

K-3 Reading Improvement Program Budget Review - Continued

K-3 Reading Improvement - Distributions to Local Education Agencies in FY 2018 (Beginning Estimates)

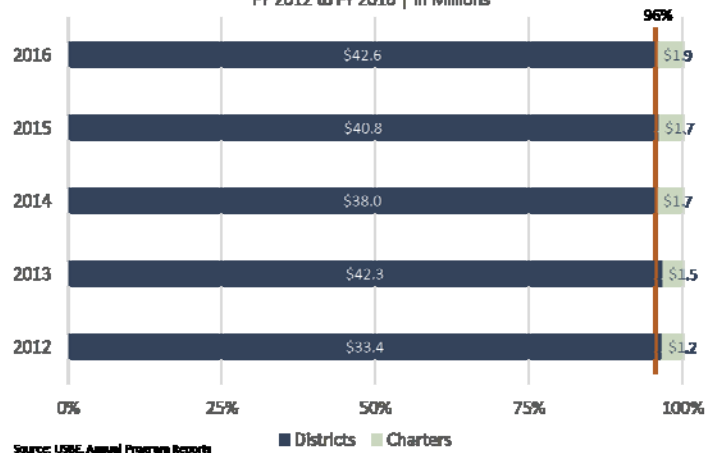
LEA	Amount	LEA	Amount	LEA	Amount	LEA	Amount
Alpine	\$1,519,200	Granite	\$1,718,900	Piute	\$47,000	Wayne	\$43,200
Beaver	51,000	Iron	238,400	Rich	34,500	Weber	740,500
Box Elder	272,700	Jordan	900,100	San Juan	179,000	Salt Lake	464,200
Cache	452,500	Juab	79,600	Sevier	156,800	Ogden	455,400
Carbon	76,900	Kane	45,700	South Sanpete	146,600	Provo	429,600
Daggett	30,100	Millard	73,500	South Summit	39,500	Logan	177,100
Davis	1,372,900	Morgan	74,000	Tintic	45,000	Murray	104,000
Duchesne	94,900	Nebo	876,300	Tooele	401,000	Canyons	324,700
Emery	59,600	North Sanpete	99,300	Uintah	133,000	Charter Schools	2,168,700
Garfield	54,600	North Summit	40,700	Wasatch	93,700	USDB	0
Grand	51,200	Park City	60,700	Washington	573,900	Total	\$15,000,200

Discussion Items

- Statute does not require charter schools to match the state allocation. As a result, the per-student funding dedicated to the program is higher in school districts than in charter schools. For example, in FY 2016:
 - The state allocated \$73/K-3 Student to districts and \$76/K-3 Student in charters.
 - School districts expended \$202/K-3 Student and charters expended \$77/K-3 Student.
- State funding for the program has remained at the original \$15.0 million ongoing appropriation, which may result in the following:
 - The state amount per student decreases as student numbers increase.
 - The district match is tied to the amount generated by a certain tax rate. As property values increase, so does the match requirement. The 50/50 match at the creation is now closer to a 60/40 match.
 - The Base Program is divided among school districts and charter schools. As the number of charter schools increase, the base amount per local agency decreases.

Legislators may wish to use the Public Education Appropriations Funding Decision Tree to further review this program.

K-3 Reading: Allocation of Funding FY 2012 to FY 2016 | In Millions



Recommended Legislative Action

The Legislature may wish to consider the following:

- Determine if the K-3 Reading Improvement program should continue as a categorical program, be moved to a block-grant program, or funding moved into the WPU Value. The Public Education Appropriations Funding Decision Tree may be useful in this process.
- If the program remains a categorical program, the Legislature may wish to address some of the "Discussion Items" detailed above, namely:
 - Require charter schools to match the state allocation similar to school districts. The Local Replacement Program could act as a potential source for this match.
 - Evaluate the impact of not adjusting program funding for changes in enrollment and the number of local education agencies.