Class Size Reduction
Budget Review

What is it? Why is the State involved?

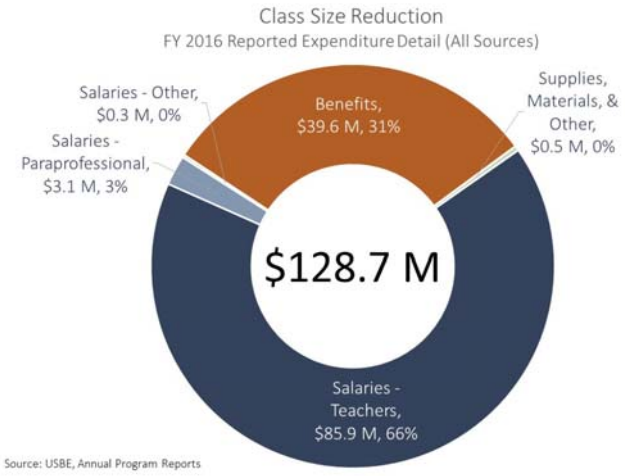
The Class Size Reduction program dates back to the late 1970s, but has changed multiple times since it originated in the education budget. The current program dates to a class size reduction effort passed by the Legislature during the 1996 General Session. This effort provided funding for a reduction in class sizes for the 1996-97 school year.

Essentially, the annual appropriation for Class Size Reduction maintains the 1996-97 reduction. Program funding does not provide for additional reductions each year.

Multiple factors determine class size in a given school district or charter school. These factors include overall teacher compensation, the number of teachers hired, student enrollment, and the mix of revenues available. While the state plays a role in providing overall funding for the system, it has little direct control over class sizes, specifically the number of teachers hired and how much they are compensated.

Funding Distribution

- Proportional to the number students in average daily membership (ADM) in grades K-8 plus a growth factor.
- 50% of funding must be used to reduce class sizes in grades K-2, with an emphasis on improving reading skills.
  - If the average class size in grades K-2 falls below 18, the district/charter may seek approval from the State Board of Education to use funding on grades 3-8.
- 20% of funding may be used to support capital facility projects that help reduce class size. Districts/charters may use up to 50% on capital facilities if student growth exceeds 5% or 700 students.



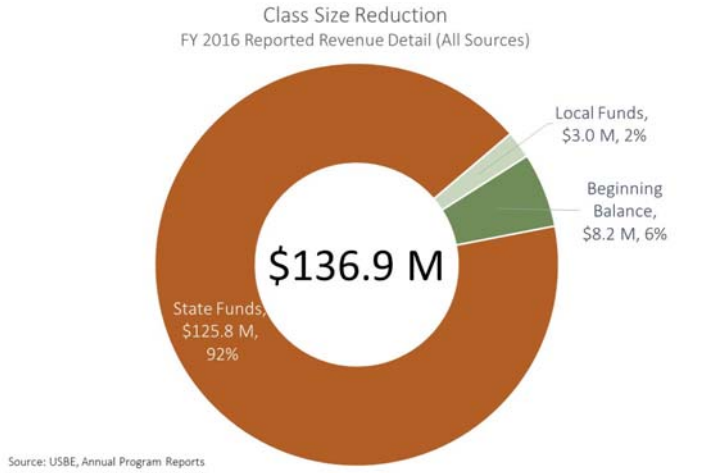
Class Size Reduction - Distributions to Local Education Agencies in FY 2018 (Beginning Estimates)

LEA	Amount	LEA	Amount	LEA	Amount	LEA	Amount
Alpine	$16,186,600	Granite	$13,818,400	Piute	$50,200	Wayne	$89,900
Beaver	319,100	Iron	1,903,000	Rich	102,700	Weber	6,274,300
Box Elder	2,386,700	Jordan	10,473,300	San Juan	579,400	Salt Lake	4,658,400
Cache	3,603,700	Juab	532,300	Sevier	933,300	Ogden	2,517,300
Carbon	682,800	Kane	279,900	South Sanpete	656,500	Provo	3,815,900
Daggett	40,600	Millard	568,300	South Summit	335,000	Logan	1,176,000
Davis	14,654,400	Morgan	657,700	Tintic	44,800	Murray	1,331,200
Duchesne	1,001,300	Nebo	6,637,500	Tooele	2,856,900	Canyons	6,781,600
Emery	446,300	North Sanpete	486,400	Uintah	1,498,600	Charter Schools	17,834,100
Garfiled	184,400	North Summit	213,000	Wasatch	1,434,700	USDB	0
Grand	300,600	Park City	964,000	Washington	6,139,000	Total	$135,450,100

Budget Review - Continued

Discussion Items

- While program funding does not provide for additional reductions in class size each year, districts/charters report that most funding supports classroom teachers and benefits. (See pie chart on Pg. 1, FY 2016 Reported Expenditure Detail.)
  - Assuming the $128.7 million in reported expenditures in FY 2016 and the average teacher compensation of $76,219 in FY 2016, program funding could support approximately 1,700 teachers.
- Factors outside the control of the Legislature, and to some extent school districts and charter schools, may have eroded class-size reduction gains from the original 1996-97 reduction.
  - District/Charter hiring and compensation practices.
  - District/Charter classroom allocation models.
  - Economic downturns where state funding is not adjusted for changes in student enrollment.
  - District/Charter compensation adjustments exceeding enrollment and inflationary increases appropriated by the Legislature.
- Statewide median class sizes in grades K-6, as reported by the State Board of Education, have remained consistent for the past five years, as follows, K:22, G1:23, G2:24, G3:25, G4:26, G5:26, and G6:27.



Recommended Legislative Action

The Legislature may wish to consider the following:

- For several years, many have questioned if the Class Size Reduction program should remain as a separate categorical program within the Basic School Program. The Analyst recommends that the Legislature discontinue the Class Size Reduction program as a separate categorical program and do one of the following:
  1. Move funding into the WPU Value, increasing the dollar value paid by the state for each weighted pupil unit. This may result in distribution changes among school districts and charter schools.
  2. If other categorical programs are eliminated, combine all funding into a new block-grant program and direct the State Board of Education to develop a distribution formula that mitigates an individual school district or charter school funding loss for 2-3 years, giving them time to adjust to a new funding formula. After the mitigation time frame, distribute funding in proportion to the number of WPUs generated in the Basic School Program and move the funding into the WPU Value.