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Utah State Legislature

Senate • Utah State Capitol Complex • 320 State Capitol
PO Box 145115 • Salt Lake City, Utah 84114-5115
(801) 538-1035 • fax (801) 538-1414

House of Representatives • Utah State Capitol Complex • 350 State Capitol
PO Box 145030 • Salt Lake City, Utah 84114-5030
(801) 538-1029 • fax (801) 538-1908

November 7, 2017

President Wayne L. Niederhauser
Speaker Gregory H. Hughes
Utah State Legislature
Salt Lake City, UT 84114

Dear President Niederhauser and Speaker Hughes:

A. Initial Study Items

The Public Education Appropriations Subcommittee is pleased to report our actions during the 2017 Interim. You asked us to reach a conclusion and be prepared to report on the following topics:

1. Base Budgets
2. Performance Measures
3. Consolidation of Categorical Programs & Decision Tree
4. Technology in Education – Effectiveness of Software Licenses on Student Achievement
5. State Administrative Office – Regulatory vs Support Services
6. Legislative Audit – Aspire Program
7. Teacher Retention
8. Statutory & Intent Language Reports
 - a. Carson Smith Special Needs Scholarship Program (53A-1a-706)
 - b. Class Size Reduction Funding (53A-17a-124.5)
 - c. K-3 Reading Improvement (53A-17a-150)
 - d. STEM Action Center (63N-12-208)
 - e. Concurrent Enrollment (53A-15-1709)
9. Building Block & Fiscal Note Follow-up
10. Early Education
11. School Levey Expenditure Reporting
12. Youth-in-Custody/Youth-in-Care/Education Contracts
13. Career & Technical Education – Maintenance of Effort Requirements
14. Enrollment Growth for Categorical Programs

B. Coordination with the Education Interim Committee

Following our initial discussion in April, we found that our list of study items had some overlap with the list approved for the Education Interim Committee. We met with the chairs of that committee to coordinate study items to reduce this overlap. The results of this coordination were reported to you by letter in May 2017 and include the following:

1. Public Education Appropriations would take the lead on discussing Consolidation of Categorical Programs.

2. Education Interim Committee would focus on the development of P-20 performance measures and Public Education Appropriations would focus on measures for certain budgetary line-items within the State Board of Education administrative office.
3. The two committees swapped discussions on Teacher Compensation & Retention with Public Education Appropriations focusing on compensation and Education Interim on Retention.
4. Public Education Appropriations began the review of the Use of Technology in Schools with Education Interim following with discussion on achievement and potential policy changes.

C. Report and Recommendations on Items Studied

You also asked us to do some budget “deep dives” as appropriate under item 1, Base Budgets. As discussed earlier this year, we took a slightly different approach on the “deep dives” than other subcommittees. We combined 1 & 3 from the list above and focused on reviewing categorical programs within the Minimum School Program to determine if they should stay independent programs or be discontinued and the associated funding moved to the WPU Value or a new block grant.

Following is our report on the items you asked us to study.

1. Base Budgets (Item 1) & Consolidation of Categorical Program (Item 3)

We reviewed eight categorical programs in the Minimum School Program, namely, Pupil Transportation Unsafe Routes, Educator Salary Adjustments, Teacher Salary Supplement, Matching Fund for School Nurses, K-3 Reading Improvement, Flexible Allocation, Class Size Reduction, and Early Intervention.

Recommendation: The subcommittee recommends that the Executive Appropriations Committee exclude the following programs from the initial FY 2019 Public Education Base Budget. We also request that the funding associated with these programs remain part of the subcommittee allocation for the 2018 General Session to allow the subcommittee to determine how funds will be distributed and how effective measurement of each program can be implemented in the FY 2019 budget.

- a. Pupil Transportation Unsafe Routes - \$500,000
- b. Educator Salary Adjustments - \$171,089,400
- c. Matching Fund for School Nurses - \$1,002,000
- d. K-3 Reading Improvement - \$15,000,000
- e. Flexible Allocation - \$7,788,000
- f. Class Size Reduction - \$135,449,700
- g. Early Intervention - \$7,500,000
- h. Early Intervention Software Program - \$7,600,000

The motion further directed staff to work with the subcommittee chairs to develop scenarios to include the associated funding in the Weighted Pupil Unit Value while mitigating the first-year (FY 2019) distributional impacts among local education agencies.

2. Performance Measures (Item 2)

The subcommittee approved performance measures for many budget line-items last session. After some push back, there was agreement to continue studying these measures during the interim and allow the State Board of Education opportunity to recommend replacement measures.

The Education Interim Committee developed measures for the P-20 system. These measures closely align with those adopted for the Minimum School Program last session. These measures are not unique to a specific budgetary line-item or categorical program as they measure outcomes of “the system.” In the future, as the subcommittee continues to review categorical programs it may determine additional program specific measures.

In addition, the State Board of Education recommended multiple changes to the line-item performance measures for the administrative office.

Recommendation: The subcommittee recommends implementing the measures developed by the Education Interim Committee and the State Board of Education as a starting point in the 2019 base budget. The subcommittee will continue review of these in the session.

3. Technology in Education (Item 4)

We reviewed the Early Intervention Reading Software program, specifically looking at usage fidelity, cost comparisons, program updates, and whether to continue the program. We also discussed program and student performance.

4. State Administrative Office – Regulatory vs Support Services (Item 5)

The State Board of Education reported on intent language from the 2016 General Session directing them to evaluate administrative office functions, determine which functions are regulatory and which provide support to LEAs. Then determine if any of the support functions could be moved to the LEAs, regional service centers, or turned into a fee-for-service arrangement

Recommendation: The subcommittee did not act on this item. We will continue to monitor the work of the administrative office to improve efficiency and ensure state objectives are met.

5. Legislative Audits (Item 6)

The Legislative Audit Subcommittee referred three audits to the subcommittee for further review, namely, Public Education Federal Grants, STEM Action Center, and USBE’s Aspire Student Information System. Legislative auditors presented the federal grants and STEM Action Center reports to the subcommittee. The committee did not hear an oral report on the Aspire program as the State Board of Education has acted on the audit.

Recommendation: The subcommittee requested that the STEM Action Center report to them on their strategic plan during the 2019 General Session.

6. Teacher Compensation (Item 7)

Four school districts reported to the subcommittee perspectives on recent events raising beginning teacher salaries to \$40,000 in some school districts. Jordan School District reported on its decision to increase beginning salaries and Cache School District on its decision to follow. Juab and Tooele school districts reported on the impact of these changes on them, their ability/in-ability to match, and what actions they have taken.

Recommendation: The subcommittee did not act on this item. However, continued review by the Legislature is warranted specifically on issues of equity (certain district's ability/in-ability to afford changes), the structure of teacher compensation in the state (changing salary schedules from steps-lanes to levels), and the impact the allocation of state funding has on these items.

7. School Level Expenditure Reporting (Item 11)

House Bill 331 (2016 General Session), required the State Board of Education to report on the feasibility of reporting certain school-level expenditures on the Board's website. This report was initially scheduled for the Education Interim Committee but moved during the coordination of study items.

Recommendation: The subcommittee chairs requested that the State Board of Education report back to the subcommittee cost data to implement an end-to-end enterprise accounting system during the 2019 General Session.

D. Items Not Studied

We were not able schedule the following approved study items. We plan to evaluate these items and determine what issues remain. Where issues remain, we will schedule the items during the 2018 General Session or include them on our list of study items for the 2018 Interim.

1. Early Education
2. Youth-in-Custody/Youth-in-Care/Education Contracts
3. Building Block & Fiscal Note Follow-up
4. Career & Technical Education – Maintenance of Effort Requirements
5. Enrollment Growth for Categorical Programs
6. Statutory & Intent Language Reports

These reports will be provided in writing to the subcommittee. They were not scheduled for oral presentation.

E. Summary of Requested Action by Legislative Leadership

In summary, we request that legislative leadership approve the following actions pertaining to the items we worked on during the Interim:

1. Exclude from the initial FY 2019 base budget bill for Public Education the programs listed in item C1 above. The subcommittee requests that this funding remain with the subcommittee until it determines final recommendations during the 2018 General Session.
2. Include the revised performance measures in the FY 2019 base budget bill as outlined in item C2 above.

Conclusion.

Sincerely,

Chairs of the Public Education Appropriations Subcommittee.

Sen. Lyle W. Hillyard, Co-Chair

Rep. Daniel McCay, Co-Chair

Rep. Robert M. Spendlove, Vice Chair