Overview

Since the close of the 2018 General Session in March, subcommittee staff and staff of the State Board of Education have identified several budget related issues and technical corrections for review by the subcommittee. Primarily, these issues deal with minor budgetary transfers to fully implement changes made by the Legislature during the General Session or to correct errors in appropriation. The following sections detail each of these changes and provide a recommended solution.

1. **House Bill 293, Tax Rebalancing Revisions**

The equalization provisions of House Bill 293 increased the State Guarantee Rate for the Voted & Board Local Levy Programs. The rate was increased from the $41.26 per WPU for each guaranteed tax rate increment to $43.10 to fully allocate appropriated funding to qualifying school districts. However, the underlying statute that directs how the State Guarantee Rate is calculated in future years was not changed.

Statute indexes the State Guarantee Rate to the WPU Value increase of the prior year. This indexing causes the rate to increase each year. Applying the index factor in the current statute (0.011962) produces a state guarantee rate for FY 2020 lower than the rate appropriated in FY 2019, from $43.10 down to approximately $40.61. The index factor would need to be 0.012696 to produce the $43.10 rate.

**Recommended Action:**

- Direct staff to work with the State Board of Education and the Governor’s Office to prepare enrollment growth cost estimates for FY 2020 that include an adjusted index to ensure the State Guarantee Rate does not decrease.
- Recommend to the Executive Appropriations Committee to include a statutory change in the Public Education Base Budget Bill correcting the underlying statutory language.

2. **House Bill 404, Land Trusts Protection and Advocacy Act**

The bill passed after the Bill of Bills (House Bill 3) was completed. As a result, funds were not transferred from the State Board of Education to the Treasurer’s office in FY 2019. The Board reports that they are working with the State Treasurer on a transfer of funds for FY 2019. The Legislature will need to make the transfer permanent beginning in FY 2020.

**Recommended Action:**

- Reduce the Trust Distribution Account appropriation to the State Board of Education by $211,100 in FY 2020.
- Appropriately $211,100 from the Trust Distribution Account to the State Treasurer’s Office to fund the Trusts Protection and Advocacy Office created in the bill.
3. Senate Bill 16, Public Safety Fee Revisions
The bill changed fees for services provided by the Utah Department of Public Safety. As a result, background check costs for licensing educators and paid by the State Board of Education to the Department will be lower.

**Recommended Action:**
- Reduce the appropriation from the Education Fund to the Utah State Board of Education – Educator Licensing line item by $77,900 one-time in FY 2019 and $77,900 ongoing in FY 2020.

A portion of the funding appropriated to the State Board of Education for the bill should have gone to the Department of Human Services to administer grants to Higher Education institutions. The Board was appropriated $775,000 ongoing, and $500,000 is to fund the grants. The remaining portion will be used by the Board to fund suicide prevention personnel. The Board is working with Human Services to transfer the funds for FY 2019. The Legislature will need to make the transfer permanent beginning in FY 2020.

**Recommended Action:**
- Reduce the Education Fund appropriation to the State Board of Education by $500,000 in FY 2020.
- Appropriate $500,000 from the General Fund to the Utah Department of Human Services to fund the Higher Education grants program created in the bill.

5. Digital Teaching and Learning Administration
During the 2018 General Session, the Legislature transferred $187,600 from the Digital Teaching and Learning program in the Minimum School Program to the administration function for the program in the State Board of Education budget. This transfer was in error, the funds were already transferred during the 2017 General Session. This funding should be moved back to the Digital Teaching and Learning program and distributed to schools.

**Recommended Action:**
- Reduce the appropriation from the Education Fund to the Utah State Board of Education – MSP Categorical Program Administration line item by $187,600 one-time in FY 2019 and appropriate the same amount to the Digital Teaching and Learning program in the Minimum School Program in FY 2019.