



Fiscal Note and Budget Item Follow-Up Report

Executive Appropriations Committee

ISSUE BRIEF

SUMMARY

This report reviews a limited number of fiscal notes and budget items from past legislative sessions to assess the accuracy of earlier estimates, report the current status of associated initiatives, and recommend potential future budget actions. It assesses the work of state agencies and institutions as well as the Office of the Legislative Fiscal Analyst (LFA). The findings not only relate to these specific initiatives themselves, but they will also improve the accuracy of future fiscal notes and budget items.

To prepare this report we reviewed 305 budget items, including those associated with bills. We reviewed primarily items from the 2018 General Session and select items from the 2015 through the 2019 General Sessions. We considered three key criteria, using agency input, supplemental information, and internal analysis:

- **Implementation:** Was the item fully implemented in a timely manner?
- **Accuracy:** Was the estimated cost or collection amount accurate compared to actual experience?
- **Performance:** Was performance measured? How successful was the item?

Using these criteria, we identified items for which an action of the Legislature, LFA, or a state agency or institution could improve the outcome of that item or inform future budget items. We included only items with recommended actions -- a total of 80 or 26 percent -- in the body of this report. (Additional information about item assessment is available in Appendix A.)

Because we selected items based on the opportunity for action, the report does not provide an assessment of the overall quality of work by state agencies or institutions or LFA on average or in total. At the end of the report, we compiled a list of items that we reviewed but which did not need a recommendation, as they were proceeding appropriately and the initial estimates were reasonably accurate. (A list of reviewed items is available in Appendix B. Detailed information on any budget item not included in the report may be requested directly from LFA.)

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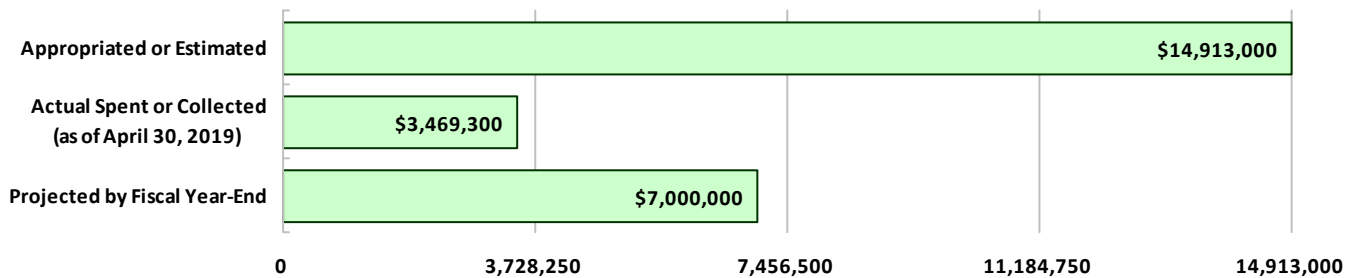
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2017 G.S. Utah Schools for the Deaf and the Blind Springville

Analyst: Brian Wikle

Committee: IGG



Explanation

The Legislature appropriated a total of \$14.9 million one-time from the Education Fund to the Division of Facilities Construction and Management (DFCM) -- \$700,000 in FY 2017, \$10.5 million in FY 2018, \$713,000 in FY 2019, and \$3.0 million in FY 2020 (as a cost overrun) -- for the Utah Schools for the Deaf and the Blind (USDB) Springville School (see H.B. 3, Item 192, 2016 G.S.; S.B. 2, Item 52, 2017 G.S.; H.B. 2, Item 25, 2018 G.S.; and S.B. 2, Item 151, 2019 G.S.).

Issue of Interest

DFCM reported a total funding shortfall for the project of approximately \$5.0 million as of FY 2019 -- estimated construction costs exceeded combined appropriations and USDB commitments by \$3.7 million, and property and site costs exceeded appropriations by \$1.3 million. DFCM attributed the overage to rising labor and material costs and unforeseen utility and soil issues. Through value engineering USDB and DFCM identified elements that could be modified or removed from the building to reduce costs by \$2.0 million.

Potential Action

We recommend that for capital development project requests that come before the Legislature DFCM prepare a list of design elements for which costs could be reduced through the value engineering process and for each element include a comparison between the element's cost as proposed and the value engineering cost.

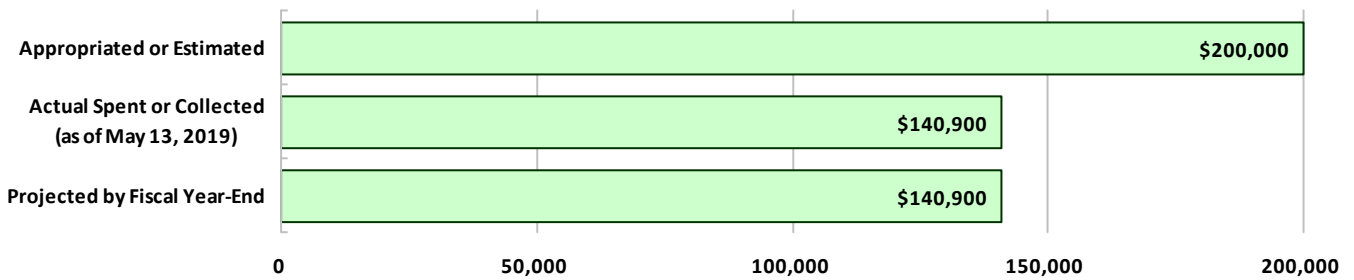
Administrative Services Response

Supports "We agree with this recommendation and have made this part of our process for the projects that were funded this session as well as future projects."

2015 G.S. Charter School Professional Development Grants

Analyst: Ben Leishman

Committee: PED



Explanation

The Legislature appropriated \$200,000 ongoing from the Education Fund during the 2015 General Session to the State Charter School Board for various functions. The initial request submitted to the Public Education Appropriations Subcommittee by the board, stated that funds would be used by the State Charter School Board to provide "outsourced statewide regional seminars associated with existing high-quality school sharing and training services" (i.e. classroom and administrative best practice sharing, special education training, principal/director training, and governing board best practices sharing, etc.). The entity receiving the contract would "research, compile, and publish its findings and outcomes" and present the information in regional seminars.

Issue of Interest

The State Board of Education issued the first request for proposal (RFP) for the program in May 2016, but did not approve a resulting contract due to complications. The board created a new RFP and issued a contract for statewide regional seminars in FY 2018 and FY 2019. The board reported difficulty in finding qualified vendors willing to provide the regional seminars and vendors have not been consistent in providing the trainings, which indicates issues in contract management by the agency. Further, they report that numerous other trainings exist and technology allows for these trainings to be accessed remotely.

The board estimates spending approximately \$140,900 in FY 2019. Vendors may submit invoices by the close of FY 2019, but the Board does not anticipate spending the full amount on trainings.

Potential Action

Due to the reported problems with finding qualified vendors and the fact that there are less costly alternatives, we recommend that the Legislature eliminate the \$200,000 ongoing and remaining balances from prior years targeted for outsourced regional seminars/professional development grants.

2015 G.S. Charter School Professional Development Grants

Analyst: Ben Leishman

Committee: PED

State Board of Education Response

Neutral "The State Charter School Board (SCSB) sees great need for training and mentoring opportunities for charter schools and has appreciated legislative support for this. The SCSB has found positive impact from many of the training and mentoring offerings across the state. However, a challenge to the efficacy of this appropriation is the amount of trainings already offered to all LEAs, including charters. In addition to this appropriation, the SCSB uses its general budget funds to directly provide trainings and technical support to charter schools (§53G-5-205(3)(d)). Start-up costs funds (§53F-2-705(1)(b)(ii)) also provide the SCSB \$200,000 annually to be used for a mentoring program for new and existing charter schools. Not including trainings from this appropriation, during the 2017-2018 school year, 254 trainings were made available to charter schools by the SCSB, the Utah State Board of Education (USBE), and their partners.

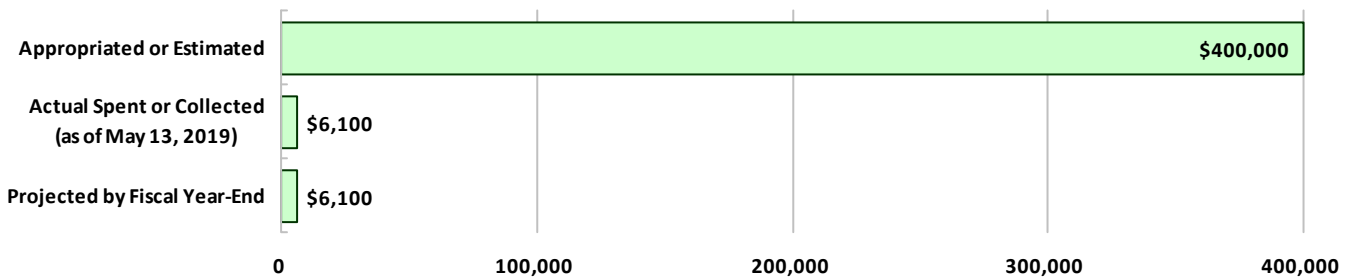
A possible alternative use for these funds could be to repurpose them to the Innovative Student Improvement Program Grant (ISIP). ISIP is a grant program which allows schools to apply for funding to implement or enhance an innovative program which the school believes will directly translate into student improvement. As part of the grant award, schools agree to collect and share outcome data on the effectiveness of the innovative program. During the 2019 session, \$200,000 of one-time funds were provided to the SCSB for this grant program."

2015 G.S. H.B. 198 - Strengthening College and Career Readiness

Sponsor: Rep. Patrice Arent

Analyst: Ben Leishman

Committee: PED



Explanation

The Legislature passed H.B. 198, "Strengthening College and Career Readiness" during the 2015 General Session and appropriated \$400,000 one-time from the Education Fund in FY 2016 to the State Board of Education to provide grants to local education agencies (LEAs) for the professional development of school counselors. LEAs can use funds to pay course fees or for other training opportunities to expand school counselor skills in to include college and career counseling. Intent language included in H.B. 198 provided that the Board expend the appropriation in fiscal years 2016, 2017, and 2018.

Issue of Interest

The board reported expending approximately \$6,100 in FY 2019 and that approximately \$393,900 of the original appropriation remained unspent. Expenditures paid a recording fee on behalf of school counselors for the training received. The board reported that approximately one-half of the school counselors in Utah have successfully completed the training and received certificates of completion.

Based on the amount appropriated and the amount expended at the close of the fourth year of funding, the amount appropriated was far greater than the amount needed for the program. Intent language included in H.B. 198 directed the board to use the \$400,000 one-time appropriated from the Education Fund in fiscal years 2016, 2017, and 2018.

Potential Action

Since program expenditures have continued beyond the original intent outlined by the Legislature, we recommend that the Public Education Appropriations Subcommittee consider reallocating \$375,000 one-time to other priorities during the 2020 General Session. Final funding changes would be subject to a vote by the full Legislature.

2015 G.S. H.B. 198 - Strengthening College and Career Readiness

Sponsor: Rep. Patrice Arent

Analyst: Ben Leishman

Committee: PED

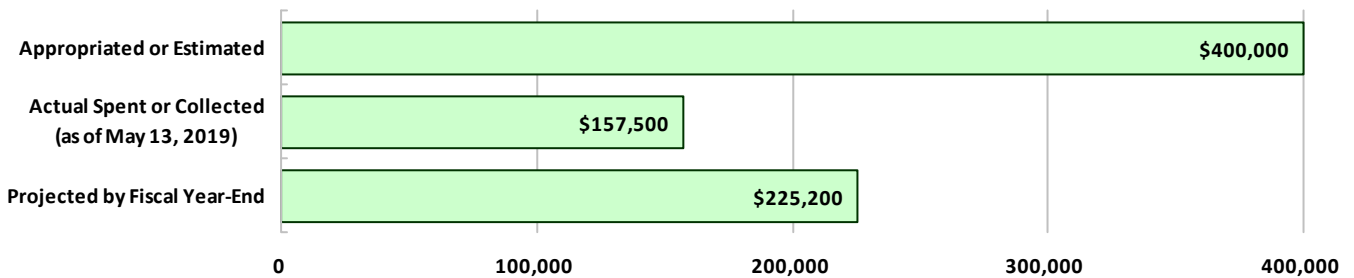
State Board of Education Response

Opposes "The College and Career Readiness Certificate Program is comprised of three components. Allocated funding was prioritized to pay for course content and facilitation of Component One: Building a College-Going Culture for All Students and Component Three: Strengthening Career Readiness for School Counselors. Component Two is a professional development training provided by USBE. Funds were used to contract with USU, U of U and SUU to provide Component One and Component Three. Funds were also used to purchase the curriculum through the Southern Regional Educational Board (SREB). With the ending of legislative funds July 2018, USBE staff looked to provide alternative means for completing these components. Curriculum was developed in-house for both Component One and Component Three, which are now offered online through a USBE Canvas course. It is recommended the remaining funding be used to pay for the facilitation and program management of Component One and Component Three until diminished. This will allow more educators to receive this training. Currently, USBE pays for a part-time employee to facilitate and oversee program management of these courses at a cost of approximately \$12,000 per year."

2018 G.S. Carson Smith Scholarship

Analyst: Ben Leishman

Committee: PED



Explanation

The Carson Smith Scholarship program provides scholarships to qualifying students to attend a private school. After reports of program under-funding and students on a waiting list for scholarships, the Legislature appropriated \$200,000 one-time in FY 2018 and \$200,000 ongoing from the General Fund in FY 2019 to address the issue. In addition to this \$400,000, the Legislature appropriated \$350,000 ongoing from the General Fund in FY 2019 to the program due to a statutory adjustment formula. The statutory formula amount is discussed in a separate entry.

Issue of Interest

The Legislature appropriated the additional funding to support an existing program, so little implementation work was required of the board. The board reports that \$157,500 of the \$400,000 has been expended (\$25,200 in FY 2018 and \$132,300 in FY 2019). They anticipate spending approximately \$67,700 more by the close of FY 2019, for a total of \$225,200. This leaves a balance of approximately \$174,800. This funding will become a nonlapsing balance at the close of FY 2019 and available for scholarships in FY 2020.

Of the total \$750,000 in additional funding appropriated to the Carson Smith Scholarship Program in the 2018 General Session (FY 2018 and FY 2019 amounts), approximately \$474,300 will remain unspent at the close of FY 2019. This unspent amount totals approximately 63.3 percent of the additional funding appropriated.

Potential Action

We recommend that the State Board of Education report to the Public Education Appropriations Subcommittee on the annual growth/change in scholarship requests over the course of the program, how growth trends relate to the statutory funding adjustment formula, and recommend programmatic changes to limit both over funding and implementing student waiting lists for scholarship funding.

We further recommend that during the 2020 General Session that the Public Education Appropriations Subcommittee evaluate the remaining balances from the FY 2019 appropriation and reallocate up to \$474,300 in estimated unspent funding for other priorities.

2018 G.S. Carson Smith Scholarship

Analyst: Ben Leishman

Committee: PED

State Board of Education Response

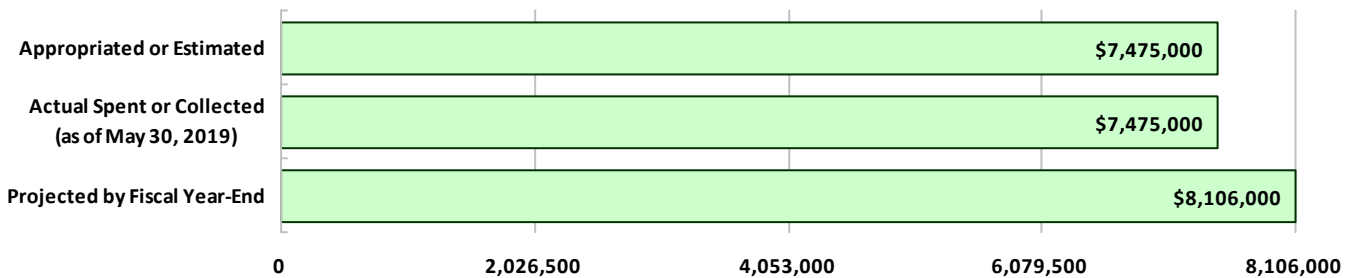
Supports "There were three major changes made to the Carson Smith Scholarship program in SB 153 in the 2018 General Session. These changes have provided needed clarity. The changes allowed students to stay at their chosen school throughout the year, even when eligibility is changing. This provides needed consistency for the students in their educational environment. Also, the changes allowed Carson Smith students to access additional classroom resources through the Statewide Online Education Program (SOEP). The last change is to the funding of full day preschool students. This change equalized the funding of these students to the same level as those in K-12, subject to funding availability. All of these changes have been highly beneficial to the students enrolled in the Carson Smith Scholarship Program. The USBE supports the continuation of the Carson Smith Scholarship program."

2018 G.S. H.B. 233 - Teacher Salary Supplement

Sponsor: Rep. Val Potter

Analyst: Ben Leishman

Committee: PED



Explanation

The Legislature passed H.B. 233, "Teacher Salary Supplement Revisions" (2018 General Session) which expanded the \$4,100 salary supplement to qualifying special education teachers. An educator must have a degree in special education, be assigned to teach in a special education environment, and apply to the State Board of Education to receive a supplement. Legislators appropriated \$7,475,000 ongoing from the Education Fund to support the supplement payments to teachers. This amount was based on potential qualifying teacher data in the year prior to funding (FY 2018.)

Issue of Interest

The Legislature added special education teachers to an existing program that provides a salary supplement to certain teachers in the high-need areas of math, science, and computer science. Total funding for the program in FY 2019 was \$14.3 million. This total includes the program base for math/science teachers at \$6.8 million and the additional \$7.5 million for special education teachers.

The State Board of Education implemented the changes to the program in October 2018. Payments are made to qualifying teachers after application (at the end of a semester or year-end.) As of May 30, 2019, the Board reports salary supplement requests for both math, science, and special education teachers of approximately \$631,000 more than the total appropriation of \$14.3 million for the program.

Statute, 53F-2-504, provides direction to the board when the appropriation for the program is insufficient to cover the costs associated with providing salary supplements. Specifically, the board "shall distribute the funds in the Teacher Salary Supplement Program on a pro rata basis." This language impacts the entire program, regardless of which educator category causes the insufficiency.

Potential Action

We recommend that the State Board of Education address the anticipated over-expenditure of program funding by using available statutory mechanisms, namely, reducing the \$4,100 salary supplement on a pro rata basis or shifting uncommitted funding within the line item to balance. We further recommend that the Board report to the Public Education Appropriations Subcommittee on updated qualifying teacher estimates and costs for the program during the 2020 General Session.

State Board of Education Response

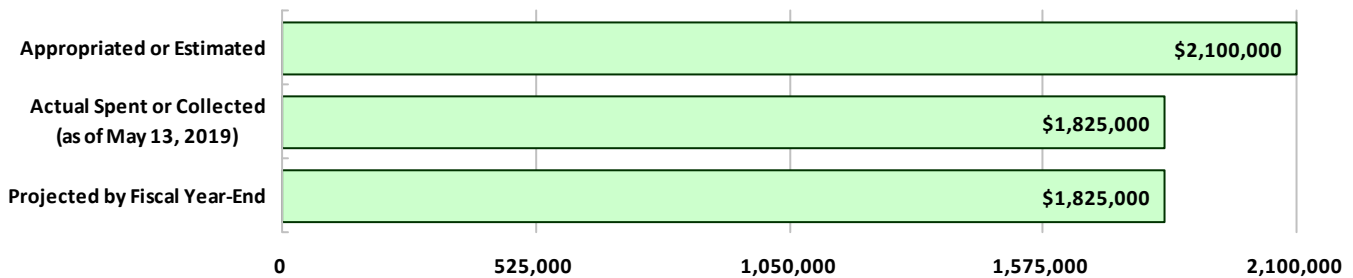
Supports

2018 G.S. H.B. 264 - Elementary Counseling and Trauma-Informed Practices

Sponsor: Rep. Steve Eliason

Analyst: Ben Leishman

Committee: PED



Explanation

H.B. 264, "Elementary Counseling and Trauma-Informed Practices" (2018 General Session), provided \$2.1 million ongoing from the Education Fund to the State Board of Education for grants to local education agencies (LEAs) to increase qualified personnel and support targeted school-based mental health support in elementary schools. Funding supports training for district- and school-level adults to recognize and respond to student trauma and suicide prevention.

Issue of Interest

The State Board of Education developed the program criteria in May 2018 and awarded funds to participating LEAs in June 2018. Payment to schools began in FY 2019 as planned. The board has distributed \$1,825,000 to LEAs for their programs. The board will not distribute the remaining \$275,000 in FY 2019, but will include this funding in FY 2020 for grants to schools that applied but were not funded during the original application process.

This is the first year for the program, so performance reporting is not yet available. First-year reports by participating LEAs are due to the board in June 2019. The board will be able to conduct an analysis of the programs' performance at that time.

Potential Action

We recommend that the State Board of Education report first-year performance outcomes and established baseline data for future comparisons to the Public Education Appropriations Subcommittee prior to the beginning of the 2020 General Session.

State Board of Education Response

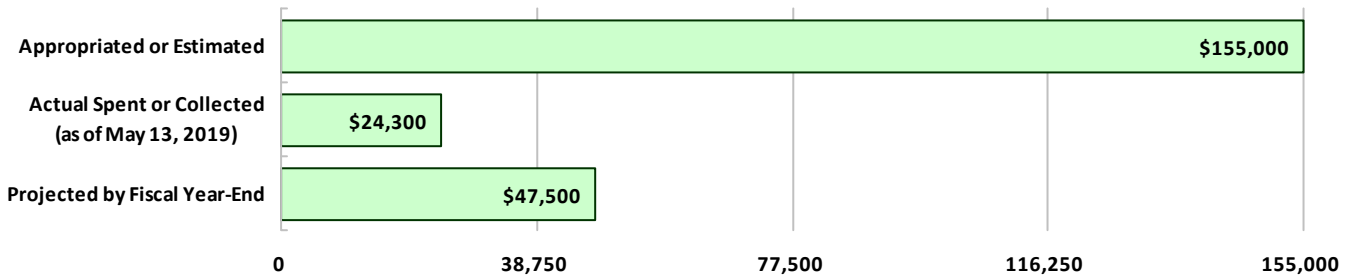
Supports "The Utah State Board of Education agency staff gathered baseline data through the original grant application process. Grant participants are required to submit an Accountability and Data Report by June 15, 2019. Aggregate data will be reported to the Public Education Appropriations Subcommittee prior to the beginning of the 2020 General Session."

2018 G.S. H.B. 313 - Public School Revisions

Sponsor: Rep. Daniel McCay

Analyst: Emily Willis

Committee: PED



Explanation

During the 2018 General Session, the Legislature passed H.B. 313, “Public School Revisions,” requiring the State Board of Education to establish minimum standards for a charter school application and monitor charter school compliance. The legislation outlined consequences should a charter school authorizer fail to comply with statute and board rules, a process for the authorizer to review the governance and financial viability of a charter school, and a process to evaluate compliance with agreements and maintenance of academic standards.

The Legislature appropriated \$155,000 ongoing in FY 2019 to hire an additional full-time equivalent (FTE) employee to assist the Board with these duties.

Issue of Interest

In October 2018, the Board implemented the bill’s provisions by repealing old administrative rules and introducing six new charter school rules. The Board waited to hire the additional FTE for implementation and compliance monitoring until February 2019. As a result, the Board anticipated only spending approximately \$47,500 of the \$155,000 appropriated by the close of FY 2019. Approximately \$107,400 will remain unspent at the close of FY 2019 and will become part of the Board's nonlapsing balance in FY 2020. The Board reported that they will need the full ongoing appropriation in FY 2020 to maintain the salaries and benefits for the personnel hired.

Potential Action

We recommend that the Board present to the Public Education Appropriations Subcommittee during the 2020 General Session and that the Subcommittee consider reallocating \$107,400 to other committee priorities. Final funding changes would be subject to a vote by the full Legislature.

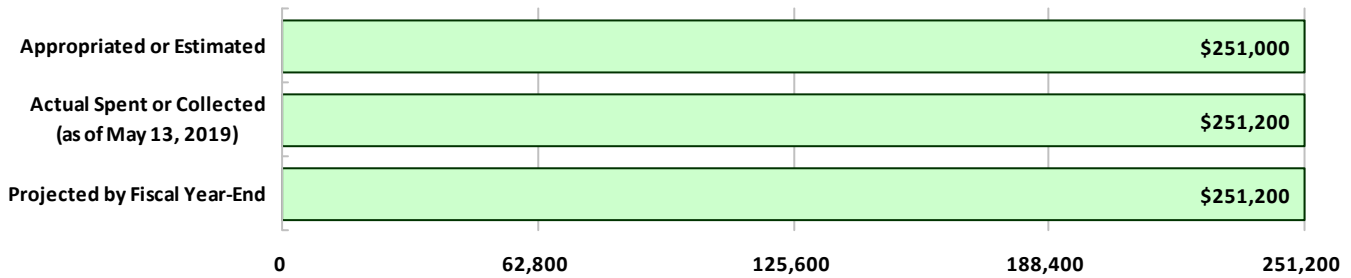
State Board of Education Response

Opposes "The USBE can use the \$107,400 towards productive means in SFY 2020. This amount of funding is minimal to reduce and use elsewhere outside of public education. This funding is useable for charter school financial personnel or Management Company training and support by and with the newly hired employee. Recruiting is especially difficult during these economic times and the right person is in the position going forward."

2018 G.S. Necessarily Existent Small Schools

Analyst: Ben Leishman

Committee: PED



Explanation

Legislators provided an additional \$251,200 ongoing from the Education Fund to the Necessarily Existent Small Schools (NESS) program in the Minimum School Program. This amount brings the total funding for the program to \$32.6 million in FY 2019. The board distributes program funding to qualifying school districts that fall under statutory maximum school size and location thresholds. The funding enables small, rural schools to provide additional education opportunities and programs to students and helps schools to recruit and retain qualified educators.

Issue of Interest

The State Board of Education reports that all funds will be distributed to qualifying school districts by the close of the fiscal year. However, the Board has identified some underlying issues with the distribution formula for the NESS program and is working on a solution. Fixing the formula issues requires school-level financial reports to quantify the cost differential of running a NESS school compared to a regular school. The Board currently has FY 2018 preliminary data and is awaiting FY 2019 reports.

Acknowledging this issue, legislators included intent language in the FY 2020 budget directing the board to continue to work on a solution to the formula problems and provide a preliminary report in October 2019 and a final report in October 2020.

Potential Action

We recommend that the Public Education Appropriations Subcommittee continue to monitor the work of the board in addressing the identified NESS formula issues and recommend statutory and funding changes as needed in the FY 2022 budget.

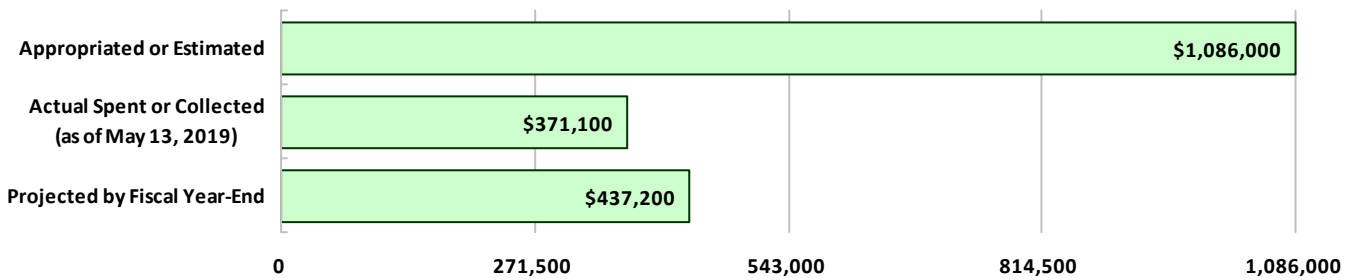
State Board of Education Response

Supports

2018 G.S. State Board Program Support FTEs

Analyst: Emily Willis

Committee: PED



Explanation

The Legislature appropriated \$543,000 ongoing in FY 2019 and \$543,000 one-time in FY 2018 to the State Board of Education to prioritize hiring a number of requested support personnel. The Board initially requested approximately \$1.6 million in ongoing funding to hire research analysts (2.0 FTE), a risk specialist (1.0 FTE), financial operations analysts (1.5 FTE), charter school support (2.0 FTE), and restorative discipline staff (2.0 FTE). The appropriation would allow the Board to hire approximately 3.0 to 4.0 permanent FTE depending on compensation and focus one-time funding on time-limited or temporary employees as needed.

Issue of Interest

FY 2019 Ongoing - \$543,000

The Board hired a total of 3 positions with the appropriated funding: 1) a program evaluator to conduct research on policies and implementation of programs; 2) a school safety specialist to oversee and monitor the program; and 3) a data steward to assist with generating real-time data requests for decision making and/or research projects.

The Board began recruiting for the positions in July 2018 and filled all three positions with the only delays due to the hiring process (advertising and selection of candidates). The Board reported expenditures as of May 13, 2019, of \$269,300 and anticipated spending an additional \$66,100 through the end of FY 2019. Based on this spending pattern, a balance of approximately \$207,600 may exist at the close of FY 2019. With the positions fully staffed, the Board anticipated using all of the appropriated funding in FY 2020.

FY 2018 One-time - \$543,000

In response to juvenile justice reforms made by the Legislature, the Board dedicated the one-time funding to hire support personnel to provide training to Local Education Agencies (LEAs) on the implementation of restorative justice practices. The training focuses on dealing with aggressive behavior, truancy, and misdemeanor offenses committed in the public schools with the goal of providing alternatives to suspensions or referrals to court and keeping students in schools. The Board planned to use the funding to provide salary and benefits for 1.0 FTE across 3.5 years.

The Board hired a full-time specialist in April 2018. That person resigned in March 2019 and the Board is interviewing for a replacement. Scheduled trainings were covered by existing Board staff. In the year the specialist was employed, 30 trainings were provided to LEAs across the State. As of May 13, 2019, the Board has expended approximately \$101,800, or approximately 18.8 percent of the appropriated funding. The Board anticipated spending the remaining funding in FY 2020 and FY 2021 after they hire a new specialist and complete two additional years of LEA trainings.

Due to the timing of hiring personnel, the Board indicates that approximately \$207,600 of the ongoing \$543,000 will remain unspent at the close of FY 2019 and will become part of the Board's nonlapsing balance in FY 2020. The

2018 G.S. State Board Program Support FTEs

Analyst: Emily Willis

Committee: PED

Board reported that they will need the full ongoing appropriation in FY 2020 to maintain the salaries and benefits for the personnel hired.

Potential Action

We recommend that the Board present to the Public Education Appropriations Subcommittee during the 2020 General Session and that the Subcommittee consider reallocating \$207,600 one-time to other committee priorities. Final funding changes would be subject to a vote by the full Legislature.

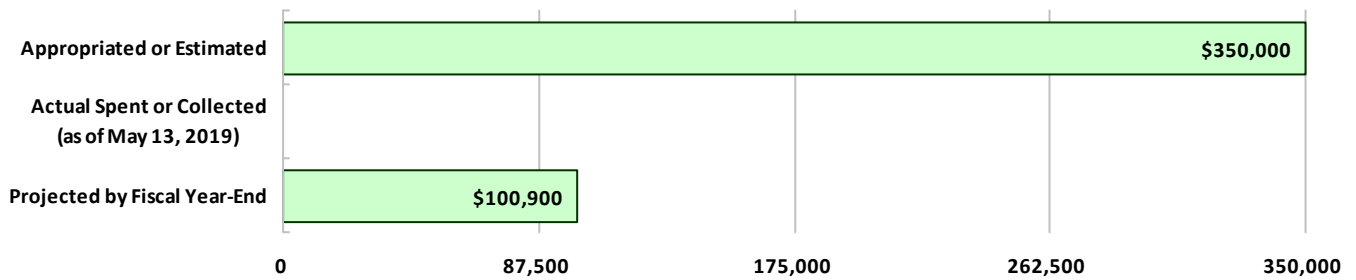
State Board of Education Response

Opposes "All efforts were made to hire the three positions quickly and effectively. The USBE can execute the \$207,600 in meaningful and productive ways across all three positions. Recruiting processes are challenging during economic booms and now that the personnel are on board there is measurable, positive differences made to date. Allowing the USBE to maintain the excess funding will allow for constructive use in support of the three employees and their efforts in the interests of individual students."

2018 G.S. Statutory Increase for Carson Smith Scholarship

Analyst: Emily Willis

Committee: PED



Explanation

Utah statute provides an annual adjustment formula for funding for Carson Smith Scholarships which award scholarships to students with disabilities to attend an eligible private school. The formula is based on a calculation that considers the average scholarship amount in the prior school year and the number of special education students in the State. Using the formula calculation, the Office of the Legislative Fiscal Analyst identified a statutory increase for FY 2019 of \$350,000. The Legislature appropriated this amount to the program.

Legislators also appropriated \$400,000 (\$200,000 one-time and \$200,000 ongoing) to support the program. These amounts are reported in a separate entry in this report.

Issue of Interest

The Board reported that, as of (date), they have not expended any of the appropriation. They anticipated spending approximately \$100,900 by the close of FY 2019, leaving a balance of \$250,000. The Board intends to carry this funding forward into FY 2020 to be used for scholarships at that time.

Of the total \$750,000 in additional funding appropriated to the Carson Smith Scholarship Program in the 2018 General Session (FY 2018 and FY 2019 amounts), approximately \$474,300 will remain unspent at the close of FY 2019. This unspent amount totals approximately 63.3 percent of the additional funding appropriated.

Potential Action

We recommend that the State Board of Education report to the Public Education Appropriations Subcommittee during the 2020 General Session on the annual number of scholarship requests over the course of the program, how growth trends relate to the statutory funding adjustment formula, and recommend programmatic changes to limit both over funding and implementing student waiting lists for scholarship funding. We also recommend that the Subcommittee consider reallocating any surplus funds to other committee priorities. Final funding changes would be subject to a vote by the full Legislature.

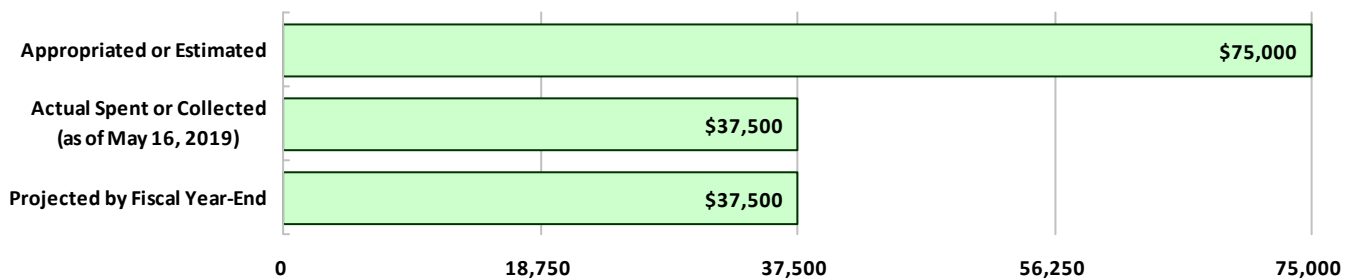
State Board of Education Response

Supports "The increased funding of the Carson Smith Program has allowed the USBE to continue to fully fund all scholarships, in spite of the increased growth of students in the scholarship program. Last year the program had a student growth of greater than 6%. These additional funds also allowed funding of the increased preschool scholarships as described in SB 153. The USBE supports the continuation of the statutory increase of Carson Smith Scholarship funds."

2018 G.S. STEM Group Simulations

Analyst: Emily Willis

Committee: PED



Explanation

The Legislature appropriated \$75,000 ongoing to the State Board of Education to fund a 3-year pilot program for Science, Technology, Engineering, and Math (STEM) based group simulations. The simulations integrate state science and math standards through computer-based programs that encourage students to apply what they have learned in class. Participating schools must provide matching funds to participate in the program.

Issue of Interest

The State Board of Education contracted with a private entity called InfiniD to implement the pilot program and the contract was signed in October 2018. As of May 2019, the Board has paid the contractor approximately 50 percent of the funding for the first year. The Board is awaiting final payment requests to know how much of the appropriation will be used by the end of the fiscal year.

The Board also reported that the contractor is providing services to schools in approximately 14 school districts. Schools use state funding primarily to make technology purchases. A more detailed view on program performance may be available following the end of the first year of operations.

Potential Action

Due to the limited funding expended for the first year of operations and limited performance indicators, we recommend that the State Board of Education provide an update on program spending and performance to the Public Education Appropriations Subcommittee during the 2020 Interim, following the close of the pilot's second year.

State Board of Education Response

Neutral "The STEM Group Simulations currently supports a few districts with STEM projects. Given we are just finishing our first year of the project, there is limited information on the impact of the project at this time."