

Office of the
Legislative Fiscal Analyst

FY 2003 Budget Recommendations

Joint Appropriations Subcommittee for
Public Education

Utah State Office of Education

Contents:

- 1.0 Summary
- 2.0 Issues
- 3.0 Programs
- 4.0 Additional Information

1.0 Summary: Utah State Office of Education

The Utah Constitution places the responsibility for the “general control and supervision of the public school system” with the State Board of Education. The Board and its appointed State Superintendent administer the Utah State Office of Education (USOE); Utah State Office of Rehabilitation (USOR); Utah Schools for the Deaf and the Blind (USDB); Minimum School Program (MSP); School Building Program; Child Nutrition (School Lunch Program); Fine Arts and Science; and Educational Contracts.

The following budget for the Utah State Office of Education includes those programs that relate to services and functions provided by the Office itself.

The Analyst recommends \$166,368,700 for the State Office of Education, including \$26,000,500 from the Uniform School Fund. This amount reflects \$156,200 in across-the-board administrative cuts not already discussed by the Subcommittee, partially offset by \$78,200 in increased Federal Mineral Lease income.

	Analyst FY 2003 Base	Analyst FY 2003 Changes	Analyst FY 2003 Total
Financing			
Uniform School Fund	26,156,700	(156,200)	26,000,500
Federal Funds	132,424,100		132,424,100
Dedicated Credits Revenue	5,393,800		5,393,800
Federal Mineral Lease	860,700	78,200	938,900
Restricted Revenue	80,900		80,900
GFR - Substance Abuse Prevention	450,200		450,200
USFR - Professional Practices	100		100
Transfers - Interagency	1,080,200		1,080,200
Beginning Nonlapsing	3,371,600		3,371,600
Closing Nonlapsing	(3,371,600)		(3,371,600)
Total	\$166,446,700	(\$78,000)	\$166,368,700
Programs			
Board of Education	1,067,000	13,700	1,080,700
Instructional Services	120,258,000	1,900	120,259,900
Agency Support	4,507,400	(84,000)	4,423,400
Planning and Project Services	21,477,700	(62,200)	21,415,500
Applied Technology Education	15,284,800	(6,000)	15,278,800
District Services	3,645,200	58,600	3,703,800
Utah Education Network	206,600		206,600
Total	\$166,446,700	(\$78,000)	\$166,368,700
FTE/Other			
Total FTE	210.20		210.20

2.0 Issues: Utah State Office of Education

2.1 FY 2002 Recurring Reductions

Through supplemental budget action, the Legislature rescinded \$1,955,000 in ongoing Uniform School Funds from the State Office of Education. The State Board of Education was allowed discretion in determining how these cuts would be implemented. The Analyst's FY 2003 base reflects these reductions as if they have been implemented as originally recommended by the Analyst.

2.2 FY 2003 Administrative Savings

The Legislature approved a 10% reduction in certain administrative cost categories as part of FY 2002 Supplemental action. That amount for FY 2002 was pro-rated for time that had already passed. For FY 2003, the full 10% is recommended by the analyst. This is an incremental impact of -\$156,200 in the State Office of Education, partially offset by increased Federal Mineral Lease income of \$78,200.

2.3 Internal Service Fund Rate Impacts

Department of Administrative Services Internal Service Funds (ISF) provide services to the State Office of Education on a reimbursable basis. Each year, the ISFs review rates and adjust them for changing costs. For FY 2003, rate impacts will reduce the State Office's ISF costs by \$39,500. This savings has been accounted for in the Analyst's base.

2.4 Compensation for One More Work Day in FY 2003

The number of work-hours in fiscal year 2003 will be 2088, compared with the 2080 hours budgeted for fiscal year 2002. The cost of that additional day in the State Office of Education is \$45,800 (\$33,000 USF). The Analyst's base includes funding for this extra day.

2.5 Allocation of Prior-Year Market Comparability and Retirement Adjustments

The Legislature provided \$4.6 million in FY 2002 for statewide market comparability adjustments and improved retirement benefits. The appropriation for FY 2002 was centralized, but has been distributed to agencies for FY 2003. The State Office of Education receives an additional \$547,400 in the Analyst's base under this transfer.

2.5 Potential Further Reductions

In response to the Governor's request for FY 2003 Hold-backs, the State Office of Education compiled a list of program reductions and position eliminations totaling \$2,169,500 in potential savings. The Legislature's FY 2002 Supplemental Action utilized some of these items, but, should the subcommittee require funds for other higher-priority items, the State Office's list included additional cuts of \$975,000 in USOE.

3.0 Programs: Utah State Office of Education

3.1 State Board of Education

Recommendation

The Analyst recommends \$1,080,700 for the State Board of Education, including \$830,600 from the Uniform School Fund. This represents a reduction of \$2,453,600 due to anticipated expenditure of nonlapsing balances, adjustments for FY 2002 one-time projects, interagency transfers, and various administrative adjustments as described on page 4.

	2001	2002	2003	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
Uniform School Fund	1,859,000	868,700	830,600	(38,100)
Uniform School Fund, One-time		185,000		(185,000)
Federal Mineral Lease	599,200	229,300	250,100	20,800
Transfers - Interagency		58,400		(58,400)
Beginning Nonlapsing	773,700	2,192,900		(2,192,900)
Closing Nonlapsing	(2,192,900)			
Total	\$1,039,000	\$3,534,300	\$1,080,700	(\$2,453,600)
Expenditures				
Personal Services	406,700	446,200	455,300	9,100
In-State Travel	17,300	15,700	14,900	(800)
Out of State Travel	23,500	22,400	21,800	(600)
Current Expense	294,300	245,000	268,700	23,700
DP Current Expense	12,200	1,007,500	5,200	(1,002,300)
DP Capital Outlay	70,100	70,100	70,100	
Capital Outlay	8,000	8,000	8,000	
Other Charges/Pass Thru	206,900	1,719,400	236,700	(1,482,700)
Total	\$1,039,000	\$3,534,300	\$1,080,700	(\$2,453,600)
FTE/Other				
Total FTE	2.00	2.00	2.00	

Purpose

The State Board of Education directs education policy and makes rules governing educational administration. The Board has three standing committees: Curriculum and Instruction; Law and Policy; and Finance. The board also has an audit committee that meets as needed.

The State Board itself consists of 17 board Members along with a secretary/administrative assistant, and an internal auditor. The budget presented here provides for board members' per diem, travel and other expenses, as well as board member and staff salaries.

3.2 Instructional Services

Recommendation

The Analyst recommends a total budget of \$120,259,900 for Instructional Services, of which \$4,180,000 is from the Uniform School Fund. This is a reduction of \$1,964,700 due to elimination of one-time projects, ongoing supplemental reductions, expenditure of nonlapsing balances, decreasing Federal funds, interagency transfers, and various administrative adjustments as described on page 4.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Uniform School Fund	4,433,800	5,077,400	4,180,000	(897,400)
Uniform School Fund, One-time		491,500		(491,500)
Federal Funds	112,334,500	114,505,800	114,262,600	(243,200)
Dedicated Credits Revenue	127,400	146,000	146,500	500
Federal Mineral Lease	217,700	220,000	240,600	20,600
GFR - Substance Abuse Prevention	350,800	400,700	450,200	49,500
Transfers - Interagency	1,021,800	980,000	980,000	
Beginning Nonlapsing	355,400	653,200	250,000	(403,200)
Closing Nonlapsing	(653,200)	(250,000)	(250,000)	
Total	\$118,188,200	\$122,224,600	\$120,259,900	(\$1,964,700)
Expenditures				
Personal Services	4,794,100	4,515,800	4,533,000	17,200
In-State Travel	114,200	109,900	107,700	(2,200)
Out of State Travel	68,000	65,500	64,200	(1,300)
Current Expense	2,811,800	2,758,600	2,744,500	(14,100)
DP Current Expense	172,800	171,600	171,000	(600)
Other Charges/Pass Thru	110,227,300	114,603,200	112,639,500	(1,963,700)
Total	\$118,188,200	\$122,224,600	\$120,259,900	(\$1,964,700)
FTE/Other				
Total FTE	77.60	84.80	84.80	

Purpose

The Division of Instructional Services provides leadership and support to local school districts, public and private schools, post-secondary educational instructors, parents, teachers, and educational agencies. It accounts for nearly three-quarters of the State Office’s total budget. It assists districts with individual subject planning and curriculum development. It defines, develops, disseminates, and implements Core Curriculum Standards and other curriculum requirements of the State Board or the Legislature. The Division includes specialists in areas such as Math, Science, Arts, Physical Education, and Special Education.

3.3 Agency Support

Recommendation

The Analyst recommends a total budget of \$4,423,400 for Agency Support, of which \$3,899,300 is from the Uniform School Fund. This is a net reduction of \$140,200 due to ongoing supplemental reductions, interagency transfers, and various administrative adjustments as described on page 4.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Uniform School Fund	3,855,500	4,232,200	3,899,300	(332,900)
Uniform School Fund, One-time		(183,900)		183,900
Federal Funds	22,600	23,000	23,000	
Dedicated Credits Revenue	588,000	392,100	400,900	8,800
Transfers - Interagency	31,900	100,200	100,200	
Total	<u>\$4,498,000</u>	<u>\$4,563,600</u>	<u>\$4,423,400</u>	<u>(\$140,200)</u>
Expenditures				
Personal Services	2,945,100	3,130,100	3,140,400	10,300
In-State Travel	32,900	30,700	29,600	(1,100)
Out of State Travel	20,100	18,800	18,100	(700)
Current Expense	428,100	380,900	306,300	(74,600)
DP Current Expense	434,100	420,800	414,100	(6,700)
DP Capital Outlay	122,300	114,200	110,100	(4,100)
Other Charges/Pass Thru	515,400	468,100	404,800	(63,300)
Total	<u>\$4,498,000</u>	<u>\$4,563,600</u>	<u>\$4,423,400</u>	<u>(\$140,200)</u>
FTE/Other				
Total FTE	46.00	48.00	48.00	

Purpose

The Division of Agency Support is responsible for providing the State Office of Education and the forty school districts with support in the areas of finance accounting, computer services, public relations, and personnel.

3.4 Planning and Project Services

Recommendation The Analyst recommends a total budget of \$21,415,500 for Planning and Project Services, of which \$11,207,800 is from the Uniform School Fund. This is a net reduction of \$98,800 due to ongoing supplemental reductions and various administrative adjustments as described on page 4.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Uniform School Fund	3,665,500	11,549,000	11,207,800	(341,200)
Uniform School Fund, One-time		(239,500)		239,500
Federal Funds	7,507,700	5,051,900	5,053,000	1,100
Dedicated Credits Revenue	4,347,700	4,625,000	4,625,500	500
Federal Mineral Lease	335,900	410,000	448,200	38,200
Restricted Revenue	77,700	80,900	80,900	
USFR - Professional Practices			100	100
Transfers	3,343,700			
Beginning Nonlapsing	3,084,400	3,158,600	3,121,600	(37,000)
Closing Nonlapsing	(3,158,600)	(3,121,600)	(3,121,600)	
Total	<u>\$19,204,000</u>	<u>\$21,514,300</u>	<u>\$21,415,500</u>	<u>(\$98,800)</u>
Expenditures				
Personal Services	2,624,500	2,572,600	2,581,700	9,100
In-State Travel	21,600	20,100	19,300	(800)
Out of State Travel	29,000	27,900	27,300	(600)
Current Expense	5,480,400	8,014,600	7,914,000	(100,600)
DP Current Expense	390,900	390,000	389,500	(500)
Other Charges/Pass Thru	10,657,600	10,489,100	10,483,700	(5,400)
Total	<u>\$19,204,000</u>	<u>\$21,514,300</u>	<u>\$21,415,500</u>	<u>(\$98,800)</u>
FTE/Other				
Total FTE	46.00	43.70	43.70	

Purpose The Division of Planning and Project Services provides leadership and support for local school districts, educators, and other education institutions. It handles teacher licensing, teacher preparation program approval, Utah Performance Assessment System for Students (U-PASS), legal consultation and support, educational equity and training, and fostering the State Strategic Plan within USOE and local school districts. Adult Education and new innovative programs such as charter schools, Goals 2000, and the Schools for the 21st Century are also within the Division’s purview.

3.5 Applied Technology Education

Recommendation

The Analyst recommends a total budget of \$15,278,800 for Applied Technology Education, of which \$2,179,000 is from the Uniform School Fund. This is a net reduction of \$506,500 due to elimination of one-time projects, ongoing supplemental reductions, decreasing Federal funds, interagency transfers, and various administrative adjustments as described on page 4.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Uniform School Fund	2,376,400	2,266,800	2,179,000	(87,800)
Uniform School Fund, One-time		(79,100)		79,100
Federal Funds	14,770,100	13,583,400	13,085,500	(497,900)
Dedicated Credits Revenue	14,200	14,200	14,300	100
Transfers	(1,300)			
Beginning Nonlapsing	25,600			
Total	<u>\$17,185,000</u>	<u>\$15,785,300</u>	<u>\$15,278,800</u>	<u>(\$506,500)</u>
Expenditures				
Personal Services	2,193,000	1,961,500	1,967,800	6,300
In-State Travel	55,800	53,400	52,200	(1,200)
Out of State Travel	20,900	20,000	19,600	(400)
Current Expense	585,600	547,900	543,800	(4,100)
DP Current Expense	78,600	78,100	77,800	(300)
Other Charges/Pass Thru	14,251,100	13,124,400	12,617,600	(506,800)
Total	<u>\$17,185,000</u>	<u>\$15,785,300</u>	<u>\$15,278,800</u>	<u>(\$506,500)</u>
FTE/Other				
Total FTE	38.90	29.70	29.70	

Purpose

The Applied Technology Education (ATE) Division provides leadership and assistance to school districts and Applied Technology Colleges regarding secondary education. It develops curricula for secondary ATE programs and works with local employers to insure training is relevant to employer needs.

ATE works in concert with the State Board of Applied Technology Education and State Board of Regents in administering ATE across the state.

3.6 District Services

Recommendation

The Analyst recommends \$3,703,800 from the Uniform School Fund for the District Services Block Grant. This is a net increase of \$547,500 due to interagency transfers and various administrative adjustments as described on page 4.

	2001 Actual	2002 Estimated	2003 Analyst	Est/Analyst Difference
Financing				
Uniform School Fund		3,575,556	3,703,800	128,244
Uniform School Fund, One-time		(419,256)		419,256
Total	<u>\$0</u>	<u>\$3,156,300</u>	<u>\$3,703,800</u>	<u>\$547,500</u>
Expenditures				
Personal Services			488,900	488,900
Other Charges/Pass Thru		3,156,300	3,214,900	58,600
Total	<u>\$0</u>	<u>\$3,156,300</u>	<u>\$3,703,800</u>	<u>\$547,500</u>
FTE/Other				

Purpose

The District Services Block Grant, formerly part of the Minimum School Program, includes funding for Staff Development, Regional Service Centers, and Reading Scholarships. Funding for the Superintendent’s Contingency Fund, included in this block for FY 2002, was proposed for elimination through Legislative supplemental action.

For FY 2003, the Analyst proposes transferring \$58,600 for Regional Service Center compensation from a separate line-item to this program.

3.7 Regional Service Centers Compensation

Recommendation The Analyst recommends transferring \$58,600 from this separate line-item to the State Office of Education – District Services program beginning in FY 2003.

	2001 Actual	2002 Estimated	2003 Analyst	Est/Analyst Difference
Financing				
Uniform School Fund		58,600		(58,600)
Total	\$0	\$58,600	\$0	(\$58,600)
Expenditures				
Personal Services		58,600		(58,600)
Total	\$0	\$58,600	\$0	(\$58,600)

Purpose This funding was included by the 2001 Legislature to cover compensation increases at Regional Service Centers beginning in FY 2002.

3.8 Utah Education Network Support

Recommendation The Analyst recommends \$206,600 in dedicated credits revenue for Utah Education Network Support.

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Dedicated Credits Revenue	128,400	205,200	206,600	1,400
Beginning Nonlapsing	79,200			
Total	<u>\$207,600</u>	<u>\$205,200</u>	<u>\$206,600</u>	<u>\$1,400</u>
Expenditures				
Personal Services	150,200	151,500	152,500	1,000
In-State Travel	8,600	8,600	8,600	
Out of State Travel	3,400	3,400	3,400	
Current Expense	14,000	14,000	14,300	300
DP Current Expense	1,100	1,100	1,100	
Other Charges/Pass Thru	30,300	26,600	26,700	100
Total	<u>\$207,600</u>	<u>\$205,200</u>	<u>\$206,600</u>	<u>\$1,400</u>
FTE/Other				
Total FTE	2.00	2.00	2.00	0.00

Purpose This account tracks reimbursable costs borne by the Utah State Office of Education in support of the Utah Education Network. The State Office bills and is reimbursed by the Utah Education Network for these expenses.

3.10 Programs: Office of the Superintendent - Indirect Cost Pool

Recommendation The Analyst recommends revenue of \$3,764,200, authorized capital outlay of \$75,000, 47 Full Time Equivalent (FTE) employees, and the rates shown below for the State Board of Education Indirect Cost Pool (ISF).

	2001	2002	2003	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
Transfers	3,626,200	3,444,400	3,504,400	60,000
Beginning Nonlapsing	422,600	572,200	305,200	(267,000)
Closing Nonlapsing	(572,200)	(305,200)	(45,400)	259,800
Total	<u>\$3,476,600</u>	<u>\$3,711,400</u>	<u>\$3,764,200</u>	<u>\$52,800</u>
Expenditures				
Personal Services	2,747,000	2,938,800	2,947,600	8,800
In-State Travel	9,200	9,200	9,200	
Out of State Travel	10,800	10,800	10,800	
Current Expense	460,200	460,200	511,700	51,500
DP Current Expense	221,100	221,100	209,900	(11,200)
DP Capital Outlay	23,000	71,300	75,000	3,700
Capital Outlay	5,300			
Total	<u>\$3,476,600</u>	<u>\$3,711,400</u>	<u>\$3,764,200</u>	<u>\$52,800</u>
FTE/Other				
Total FTE	47.00	47.00	47.00	0.00
Authorized Capital Outlay	28,300	71,300	75,000	3,700
Retained Earnings	572,200	305,200	45,400	(259,800)

Purpose

The Indirect Cost Pool (ICP) funds those programs and individuals who administer the State Office of Education. It supports accounting, budgeting, purchasing, and government liaison functions of USOE. It is not directly funded from Uniform School Funds, but rather takes a proportion of all federal and state funds that support personal services.

Under Utah Code Annotated 63-38-3.5, the Indirect Cost Pool may not bill another program unless the Legislature review's its budget request and authorizes the its revenue, rates, and FTE. Further, the ICP may not acquire capital unless such acquisition is authorizes by the Legislature.

The Analyst recommends the revenue, capital outlay, and FTE noted above, as well as the following rates:

- 11.1% of personal services supported by restricted funds
- 14.9% of personal services costs supported by unrestricted funds

4.0 Additional Information: Utah State Office of Education

4.2 Funding History: Appropriated Entities

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
Uniform School Fund	13,683,700	14,784,500	16,190,200	27,569,656	26,000,500
Uniform School Fund, One-time				(18,756)	
Federal Funds	103,463,300	124,901,200	134,634,900	133,164,100	132,424,100
Dedicated Credits Revenue	5,000,700	4,798,400	5,205,700	5,382,500	5,393,800
Federal Mineral Lease	607,900	739,000	1,152,800	859,300	938,900
Restricted Revenue		57,500	77,700	80,900	80,900
GFR - Substance Abuse Prevention	307,300	350,800	350,800	400,700	450,200
USFR - Professional Practices	59,300				100
Transfers			3,342,400		
Transfers - Interagency	291,400	290,700	1,053,700	1,138,600	1,080,200
Beginning Nonlapsing	4,753,400	4,598,700	4,318,300	6,004,700	3,371,600
Closing Nonlapsing	(4,540,700)	(4,361,900)	(6,004,700)	(3,371,600)	(3,371,600)
Lapsing Balance		(7,800)			
Total	\$123,626,300	\$146,151,100	\$160,321,800	\$171,210,100	\$166,368,700
Programs					
Board of Education	1,534,800	1,176,700	1,039,000	3,534,300	1,080,700
Instructional Services	80,083,500	105,197,900	118,188,200	122,451,100	120,259,900
Agency Support	4,279,700	4,383,100	4,498,000	4,563,600	4,423,400
Planning and Project Services	13,336,400	14,492,100	19,204,000	21,514,300	21,415,500
Applied Technology Education	24,391,900	20,695,800	17,185,000	15,785,300	15,278,800
District Services				3,156,300	3,703,800
Utah Education Network		205,500	207,600	205,200	206,600
Total	\$123,626,300	\$146,151,100	\$160,321,800	\$171,210,100	\$166,368,700
Expenditures					
Personal Services	12,184,500	12,735,800	13,113,600	12,777,700	13,378,200
In-State Travel	309,400	268,500	250,400	238,400	232,300
Out of State Travel	146,700	163,300	164,900	158,000	154,400
Current Expense	5,474,100	6,449,500	9,614,200	11,961,000	11,791,600
DP Current Expense	1,218,000	892,700	1,089,700	2,069,100	1,058,700
DP Capital Outlay	45,300	329,600	192,400	184,300	180,200
Capital Outlay			8,000	8,000	8,000
Other Charges/Pass Thru	104,248,300	125,311,700	135,888,600	143,813,600	139,565,300
Total	\$123,626,300	\$146,151,100	\$160,321,800	\$171,210,100	\$166,368,700
FTE/Other					
Total FTE	208	208	213	210	210

4.2 Funding History: Internal Service Funds

	1999	2000	2001	2002	2003
Financing	Actual	Actual	Actual	Estimated	Analyst
Dedicated Credits - Intragvt Rev	1,197,300	1,058,200	1,300,600	1,157,500	1,200,800
Transfers	3,389,500	3,525,900	3,626,200	3,444,400	3,504,400
Beginning Nonlapsing	330,700	356,400	516,300	685,300	418,400
Closing Nonlapsing	(413,100)	(396,500)	(685,300)	(418,400)	(157,900)
Total	\$4,504,400	\$4,544,000	\$4,757,800	\$4,868,800	\$4,965,700
Programs					
ISF - USOE Internal Service Fund	1,121,700	1,027,600	1,281,200	1,157,400	1,201,500
ISF - USOE Indirect Cost Pool	3,382,700	3,516,400	3,476,600	3,711,400	3,764,200
Total	\$4,504,400	\$4,544,000	\$4,757,800	\$4,868,800	\$4,965,700
Expenditures					
Personal Services	2,904,600	3,014,400	3,006,200	3,230,200	3,239,900
In-State Travel	8,200	10,300	9,300	9,300	9,300
Out of State Travel	15,200	15,400	10,800	10,800	10,800
Current Expense	1,174,600	1,130,200	1,413,600	1,236,200	1,330,800
DP Current Expense	281,000	243,700	221,500	221,500	210,300
DP Capital Outlay	15,900	61,800	23,000	71,300	75,000
Capital Outlay	58,400	17,300	19,300	39,400	39,400
Other Charges/Pass Thru	46,500	50,900	54,100	50,100	50,200
Total	\$4,504,400	\$4,544,000	\$4,757,800	\$4,868,800	\$4,965,700
FTE/Other					
Total FTE	53.50	53.50	55.50	55.50	55.25
Authorized Capital Outlay	74,300	79,100	68,900	88,600	92,300
Retained Earnings	469,800	396,500	685,300	418,400	157,900

4.3 Federal Funds

4.4 State Office Proposed FY 2003 Reductions