

SCHOOL FINANCE AMENDMENTS

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Julie Fisher

Senate Sponsor: Howard A. Stephenson

LONG TITLE

General Description:

This bill provides base funding for the Minimum School Program, eliminates the state appropriation for Social Security and retirement for public school employees, and increases the value of the weighted pupil unit.

Highlighted Provisions:

This bill:

- ▶ establishes a ceiling for the state contribution to the maintenance and operations portion of the Minimum School Program for fiscal year 2008-09 of \$2,327,524,711;
- ▶ increases the value of the weighted pupil unit (WPU) and appropriations based on WPU's;
- ▶ eliminates the state appropriation for Social Security and retirement for public school employees; and
- ▶ clarifies that monies appropriated for educator salary adjustments include money to pay for certain employer-paid benefits.

Monies Appropriated in this Bill:

This bill appropriates:

- ▶ as an ongoing appropriation, \$2,306,524,711 from the Uniform School Fund for fiscal year 2008-09; and
- ▶ as an ongoing appropriation, \$21,000,000 from the Interest and Dividends Account.

Other Special Clauses:



28 This bill takes effect on July 1, 2008.

29 This bill coordinates with H.B. 1, Minimum School Program Base Budget
30 Amendments, by providing substantive superseding amendments.

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **53A-17a-103**, as last amended by Laws of Utah 2007, Chapters 107 and 372

34 **53A-17a-104**, as last amended by Laws of Utah 2007, Chapters 2, 344, 368, and 372

35 **53A-17a-105**, as last amended by Laws of Utah 1994, Chapter 268

36 **53A-17a-108**, as last amended by Laws of Utah 2007, Chapter 344

37 **53A-17a-125**, as last amended by Laws of Utah 2004, Chapter 330

38 **53A-17a-135**, as last amended by Laws of Utah 2007, Chapter 2

39 **53A-17a-153**, as enacted by Laws of Utah 2007, Chapter 380



41 *Be it enacted by the Legislature of the state of Utah:*

42 Section 1. Section **53A-17a-103** is amended to read:

43 **53A-17a-103. Definitions.**

44 As used in this chapter:

45 (1) "Basic state-supported school program" or "basic program" means public education
46 programs for kindergarten, elementary, and secondary school students that are operated and
47 maintained for the amount derived by multiplying the number of weighted pupil units for each
48 district by [~~\$2,514~~] \$2,992, except as otherwise provided in this chapter.

49 (2) (a) "Certified revenue levy" means a property tax levy that provides an amount of
50 ad valorem property tax revenue equal to the sum of:

51 (i) the amount of ad valorem property tax revenue to be generated statewide in the
52 previous year from imposing a minimum basic tax rate, as specified in Subsection
53 53A-17a-135(1)(a); and

54 (ii) the product of:

55 (A) new growth, as defined in Section 59-2-924 and rules of the State Tax
56 Commission; and

57 (B) the minimum basic tax rate certified by the State Tax Commission for the previous
58 year.

59 (b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not
60 include property tax revenue received statewide from personal property that is:

61 (i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County
62 Assessment; and

63 (ii) semiconductor manufacturing equipment.

64 (3) "Leeway program" or "leeway" means a state-supported voted leeway program or
65 board leeway program authorized under Section 53A-17a-133 or 53A-17a-134.

66 (4) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.

67 (5) (a) "State-supported minimum school program" or "minimum school program"
68 means public school programs for kindergarten, elementary, and secondary schools as
69 described in this Subsection (5).

70 (b) The minimum school program established in the districts shall include the
71 equivalent of a school term of nine months as determined by the State Board of Education.

72 (c) (i) The board shall establish the number of days or equivalent instructional hours
73 that school is held for an academic school year.

74 (ii) Education, enhanced by utilization of technologically enriched delivery systems,
75 when approved by local school boards, shall receive full support by the State Board of
76 Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing
77 commercial advertising.

78 (d) The program includes the total of the following annual costs:

79 (i) the cost of a basic state-supported school program; and

80 (ii) other amounts appropriated in this chapter in addition to the basic program.

81 (6) "Weighted pupil unit or units or WPU or WPUs" means the unit of measure of
82 factors that is computed in accordance with this chapter for the purpose of determining the
83 costs of a program on a uniform basis for each district.

84 Section 2. Section **53A-17a-104** is amended to read:

85 **53A-17a-104. Amount of state's contribution toward minimum school program.**

86 (1) The total contribution of the state toward the cost of the minimum school program
87 may not exceed the sum of [~~\$2,273,574,120~~] \$2,327,524,711 for the fiscal year beginning July
88 1, [~~2007~~] 2008, except as otherwise provided by the Legislature through supplemental
89 appropriations.

90 (2) There is appropriated from state and local funds for fiscal year [~~2007-08~~] 2008-09
91 for distribution to school districts and charter schools, in accordance with this chapter, monies
92 for the following purposes and in the following amounts:

93 (a) basic program - kindergarten, [~~\$61,819,260 (24,590)~~] \$75,679,648 (25,294 WPU)s);
94 (b) basic program - grades 1-12, [~~\$1,202,446,200 (478,300)~~] \$1,460,882,896, (488,263
95 WPU)s);
96 (c) basic program - professional staff, [~~\$112,436,136 (44,724)~~] \$135,037,936 (45,133
97 WPU)s);
98 (d) basic program - administrative costs, [~~\$4,072,680 (1,620)~~] \$4,847,040 (1,620
99 WPU)s);
100 (e) basic program - necessarily existent small schools and units for consolidated
101 schools, [~~\$19,229,586 (7,649)~~] \$22,885,808 (7,649 WPU)s);
102 (f) special education - regular program - add-on WPU for students with disabilities,
103 [~~\$143,034,030 (56,895)~~] \$180,878,368 (60,454 WPU)s);
104 (g) preschool special education program, [~~\$20,918,994 (8,321)~~] \$25,638,448 (8,569
105 WPU)s);
106 (h) self-contained regular WPU, [~~\$33,587,040 (13,360)~~] \$40,140,672 (13,416 WPU)s);
107 (i) extended year program for severely disabled, [~~\$922,638 (367)~~] \$1,124,992 (376
108 WPU)s);
109 (j) special education programs in state institutions and district impact aid, [~~\$4,090,278~~
110 ~~(1,627)~~] \$4,984,672 (1,666 WPU)s);
111 (k) career and technical education district programs, [~~\$65,147,796 (25,914)~~
112 \$78,405,360 (26,205 WPU)s), including [~~\$1,114,000~~] \$1,340,699 for summer career and
113 technical education agriculture programs;
114 (l) career and technical education district set-aside, [~~\$2,742,774 (1,091)~~] \$3,342,064
115 (1,117 WPU)s);
116 (m) class size reduction, [~~\$82,330,986 (32,749)~~] \$102,604,656 (34,293 WPU)s);
117 [~~(n) Social Security and retirement programs, \$333,315,119;~~]
118 [~~(o)~~] (n) pupil transportation to and from school, [~~\$70,928,797~~] \$72,631,088, of which
119 not less than [~~\$2,462,300~~] \$2,521,400 shall be allocated to the Utah Schools for the Deaf and
120 Blind to pay for transportation costs of the schools' students;

121 ~~[(p)]~~ (o) guarantee transportation levy, \$500,000;
 122 ~~[(q)]~~ (p) Local Discretionary Block Grant Program, \$21,820,748;
 123 ~~[(r)]~~ (q) Interventions for Student Success Block Grant Program, [~~\$17,953,612~~
 124 \$18,384,499;
 125 ~~[(s)]~~ (r) Quality Teaching Block Grant Program, [~~\$73,947,829~~] \$75,722,577;
 126 ~~[(t)]~~ (s) highly impacted schools, \$5,123,207;
 127 ~~[(u)]~~ (t) at-risk programs, [~~\$29,926,867~~] \$30,645,112;
 128 ~~[(v)]~~ (u) adult education, [~~\$9,781,008~~] \$10,015,752;
 129 ~~[(w)]~~ (v) accelerated learning programs, [~~\$3,975,546~~] \$4,093,250;
 130 ~~[(x)]~~ (w) concurrent enrollment, [~~\$9,215,497~~] \$9,436,669;
 131 ~~[(y)]~~ (x) electronic high school, \$2,000,000;
 132 ~~[(z)]~~ (y) School LAND Trust Program, \$21,000,000;
 133 ~~[(aa)]~~ (z) state-supported voted leeway, [~~\$227,700,777~~] \$273,337,346;
 134 ~~[(bb)]~~ (aa) state-supported board leeway, [~~\$62,066,336~~] \$71,575,858;
 135 ~~[(cc)]~~ (bb) charter schools, pursuant to Section 53A-1a-513, [~~\$28,509,000~~
 136 \$36,549,000;
 137 ~~[(dd)]~~ (cc) charter school administrative costs, [~~\$750,000~~] \$898,566;
 138 ~~[(ee)]~~ (dd) K-3 Reading Improvement Program, [~~\$12,500,000~~] \$15,000,000;
 139 ~~[(ff)]~~ (ee) state-supported board leeway for K-3 Reading Improvement Program,
 140 \$15,000,000; ~~[and]~~
 141 ~~[(gg)]~~ (ff) Public Education Job Enhancement Program, \$2,430,000[-];
 142 ~~(gg)~~ charter schools ongoing per student funding, \$3,512,488;
 143 ~~(hh)~~ educator salary adjustments, \$90,731,500;
 144 ~~(ii)~~ library books and electronic resources, \$1,500,000;
 145 ~~(jj)~~ school nurses, \$1,000,000; and
 146 ~~(kk)~~ critical languages, \$230,000.
 147 Section 3. Section **53A-17a-105** is amended to read:
 148 **53A-17a-105. Action required for underestimated or overestimated weighted**
 149 **pupil units -- Action required for underestimating or overestimating local contributions.**
 150 (1) If the number of weighted pupil units in a program is underestimated in Section
 151 53A-17a-104, the amount per pupil in that program paid under this chapter must be reduced so

152 that the amount paid does not exceed the estimated amount by program.

153 (2) If the number of weighted pupil units in a program is overestimated in Section
154 53A-17a-104, the state superintendent of public instruction shall either increase the amount
155 paid in that program per weighted pupil unit or transfer the unused amount in that program to
156 another program included in the minimum school program.

157 (3) (a) If surplus funds are transferred to another program, the state superintendent, if
158 he determines certain districts have greater need for additional funds, may designate the
159 districts as well as the programs to which the transferred funds will be allocated.

160 (b) Any amounts transferred under Subsection (3)(a) may be spent in addition to the
161 amounts listed in Section 53A-17a-104.

162 (4) The limitation on the proceeds from local tax rates for operation and maintenance
163 programs under this chapter is subject to modification by local school boards under Sections
164 53A-17a-133 and 53A-17a-134 and to special tax rates authorized by this chapter, and shall be
165 adjusted accordingly.

166 (5) If local contributions are overestimated, the guarantee per weighted pupil unit is
167 reduced for all programs so the total state contribution for operation and maintenance programs
168 does not exceed the amount authorized in Subsection 53A-17a-104(1).

169 (6) (a) If local contributions from the basic tax rate for operation and maintenance
170 programs are underestimated, the excess is applied first to support the value of the weighted
171 pupil unit as set by the Legislature for total weighted pupil units generated by the districts and
172 those costs of [~~Social Security and retirement,~~] transportation[;] and board and voted leeway
173 that occur as a result of the additional generated weighted pupil units, following internal
174 adjustments by the state superintendent as provided in this section.

175 (b) The state contribution is decreased so the total school program cost for operation
176 and maintenance programs does not exceed the total estimated contributions to school districts
177 for all programs under Subsection 53A-17a-104(2) plus the amount of local revenue necessary
178 to support the value of the weighted pupil unit for weighted pupil units generated and those
179 costs of [~~Social Security and retirement,~~] transportation[;] and board and voted leeway that
180 occur as a result of the additional generated weighted pupil units.

181 (7) As an exception to Section 63-38-8, the state fiscal officer may not close out
182 appropriations from the Uniform School Fund at the end of a fiscal year.

183 Section 4. Section **53A-17a-108** is amended to read:

184 **53A-17a-108. Weighted pupil units for school district administrative costs --**
 185 **Appropriation for charter school administrative costs.**

186 (1) Administrative costs weighted pupil units are computed and distributed to districts
 187 in accordance with the following schedule:

Administrative Costs Schedule	
School District Enrollment as of October 1	Weighted Pupil Units
189 1 - 2,000 students	53
190 2,001 - 10,000 students	48
191 10,001 - 20,000 students	25
192 20,001 and above	16

194 (2) Money appropriated to the State Board of Education for charter school
 195 administrative costs, including an appropriation in Section 53A-17a-104, shall be distributed to
 196 charter schools in the amount of [~~\$62~~] \$31 for each charter school student in enrollment.

197 (3) Charter schools are not eligible for funds for administrative costs under Subsection
 198 (1).

199 Section 5. Section **53A-17a-125** is amended to read:

200 **53A-17a-125. Employer and employee contributions for retirement -- Charter**
 201 **school retirement programs.**

202 (1) The employee's retirement contribution shall be 1% for employees who are under
 203 the state's contributory retirement program.

204 (2) The employer's contribution under the state's contributory retirement program is
 205 determined under Section 49-12-301, subject to the 1% contribution under Subsection (1).

206 (3) [~~(a)~~] The employer-employee contribution rate for employees who are under the
 207 state's noncontributory retirement program is determined under Section 49-13-301.

208 [~~(b) The same contribution rate used under Subsection (3)(a) shall be used to calculate~~
 209 ~~the appropriation for charter schools described under Subsection (5).]~~

210 [~~(4) (a) Money appropriated to the State Board of Education in Section 53A-17a-104~~
 211 ~~for retirement and Social Security monies shall be allocated to school districts and charter~~
 212 ~~schools based on a district's or charter school's total weighted pupil units compared to the total~~
 213 ~~weighted pupil units for all districts in the state.]]~~

214 ~~[(b) The monies needed to support retirement and Social Security shall be determined~~
 215 ~~by taking the district's prior year allocation and adjusting it for:]~~

216 ~~[(i) student growth;]~~

217 ~~[(ii) the percentage increase in the value of the weighted pupil unit, and]~~

218 ~~[(iii) the effect of any change in the rates for retirement, Social Security, or both.]~~

219 ~~[(5)]~~ (4) A charter school that has made an election of nonparticipation in the Utah
 220 State Retirement Systems in accordance with Section 53A-1a-512 and Title 49, Utah State
 221 Retirement and Insurance Benefit Act, shall ~~[use the funds described under this section for~~
 222 ~~retirement to]~~ provide its own compensation, benefit, and retirement programs.

222a **H→ (5) In setting the value of the weighted pupil unit, the Legislature shall consider a**
 222b **change in the retirement contribution rate. ←H**

223 Section 6. Section ~~53A-17a-135~~ is amended to read:

224 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

225 (1) (a) In order to qualify for receipt of the state contribution toward the basic program
 226 and as its contribution toward its costs of the basic program, each school district shall impose a
 227 minimum basic tax rate per dollar of taxable value that generates ~~[\$245,254,790]~~ \$260,731,750
 228 in revenues statewide.

229 (b) The preliminary estimate for the ~~[2007-08]~~ 2008-09 minimum basic tax rate is
 230 ~~[:001474]~~ .00125.

231 (c) The State Tax Commission shall certify on or before June 22 the rate that generates
 232 ~~[\$245,254,790]~~ \$260,731,750 in revenues statewide.

233 (d) If the minimum basic tax rate exceeds the certified revenue levy as defined in
 234 Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.

235 (2) (a) The state shall contribute to each district toward the cost of the basic program in
 236 the district that portion which exceeds the proceeds of the levy authorized under Subsection
 237 (1).

238 (b) In accord with the state strategic plan for public education and to fulfill its
 239 responsibility for the development and implementation of that plan, the Legislature instructs
 240 the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each
 241 of the coming five years to develop budgets that will fully fund student enrollment growth.

242 (3) (a) If the proceeds of the levy authorized under Subsection (1) equal or exceed the
 243 cost of the basic program in a school district, no state contribution shall be made to the basic
 244 program.

245 (b) The proceeds of the levy authorized under Subsection (1) which exceed the cost of
246 the basic program shall be paid into the Uniform School Fund as provided by law.

247 Section 7. Section **53A-17a-153** is amended to read:

248 **53A-17a-153. Educator salary adjustments.**

249 (1) As used in this section, "educator" means a person employed by a school district,
250 charter school, or the Utah Schools for the Deaf and the Blind who holds:

251 (a) a license issued under Title 53A, Chapter 6, Educator Licensing and Professional
252 Practices Act; and

253 (b) a position as a:

254 (i) classroom teacher;

255 (ii) speech pathologist;

256 (iii) librarian or media specialist;

257 (iv) preschool teacher;

258 (v) school administrator;

259 (vi) mentor teacher;

260 (vii) teacher specialist or teacher leader;

261 (viii) guidance counselor;

262 (ix) audiologist;

263 (x) psychologist; or

264 (xi) social worker.

265 (2) In recognition of the need to attract and retain highly skilled and dedicated
266 educators, the Legislature shall annually appropriate money for educator salary adjustments,
267 subject to future budget constraints.

268 (3) Money appropriated to the State Board of Education for educator salary
269 adjustments shall be distributed to school districts, charter schools, and the Utah Schools for
270 the Deaf and the Blind in proportion to the number of full-time-equivalent educator positions
271 in a school district, a charter school, or the Utah Schools for the Deaf and the Blind as
272 compared to the total number of full-time-equivalent educator positions in school districts,
273 charter schools, and the Utah Schools for the Deaf and the Blind.

274 (4) School districts, charter schools, and the Utah Schools for the Deaf and the Blind
275 shall award bonuses to educators as follows:

276 (a) the amount of the salary adjustment shall be the same for each full-time-equivalent
277 educator position in the school district, charter school, or the Utah Schools for the Deaf and the
278 Blind;

279 (b) a person who is not a full-time educator shall receive a partial salary adjustment
280 based on the number of hours the person works as an educator; and

281 (c) salary adjustments may be awarded only to educators who have received a
282 satisfactory rating or above on their most recent evaluation.

283 (5) (a) Each school district and charter school and the Utah Schools for the Deaf and
284 the Blind shall submit a report to the State Board of Education on how the money for salary
285 adjustments was spent, including the amount of the salary adjustment and the number of full
286 and partial salary adjustments awarded.

287 (b) The State Board of Education shall compile the information reported under
288 Subsection (5) and submit it to the Public Education Appropriations Subcommittee by
289 November 30 each year.

290 (6) The State Board of Education may make rules as necessary to administer this
291 section, in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

292 (7) (a) Subject to future budget constraints, the Legislature shall appropriate sufficient
293 monies each year to:

294 [~~(a)~~] (i) maintain educator salary adjustments provided in prior years; and

295 [~~(b)~~] (ii) provide educator salary adjustments to new employees.

296 (b) Money appropriated for educator salary adjustments shall include money for the
297 following employer-paid benefits:

298 (i) retirement;

299 (ii) worker's compensation;

300 (iii) Social Security; and

301 (iv) Medicare.

302 **Section 8. Effective date.**

303 This bill takes effect on July 1, 2008.

304 **Section 9. Coordinating H.B. 280 with H.B. 1 -- Substantively superseding**
305 **amendments.**

306 If this H.B. 280 and H.B. 1, Minimum School Program Base Budget Amendments, both

307 pass, it is the intent of the Legislature that the amendments to Section 53A-17a-104 in H.B.
308 280 supersede the amendments to Section 53A-17a-104 in H.B. 1 when the Office of
309 Legislative Research and General Counsel prepares the Utah Code database for publication.

Legislative Review Note
as of 1-7-08 6:50 AM

Office of Legislative Research and General Counsel

H.B. 280 - School Finance Amendments

Fiscal Note

2008 General Session
State of Utah

State Impact

Enactment of this bill appropriates \$2,919,643,685 in ongoing revenue to support public schools through the Minimum School Program. Of this appropriation, \$2,306,524,711 is from the Uniform School Fund; \$21,000,000 is from the Uniform School Fund Restricted - Interest and Dividends Account; and \$592,118,974 is from school district local property tax revenues that support programs within the Minimum School Program. Expenditures listed in the bill total \$2,919,590,220, a difference of \$53,465 in unallocated revenue. This unallocated revenue represents the difference between the funding provided for Social Security and Retirement and the distribution of the funding based on the total number of WPUs and the value of the WPU.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
Uniform School Fund	\$0	\$2,306,524,711	\$2,306,524,711	\$0	\$0	\$0
Uniform School Fund Restricted	\$0	\$21,000,000	\$21,000,000	\$0	\$0	\$0
Local Revenue	\$0	\$592,118,974	\$592,118,974	\$0	\$0	\$0
Total	\$0	\$2,919,643,685	\$2,919,643,685	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill provides revenue to local school districts and charter schools to support the operation and maintenance of public schools. Individuals and businesses may also benefit through associated dealings with public schools.