

**MINUTES OF THE
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING**

Room 445, State Capitol

January 26, 2012

Members Present: Sen. Howard A. Stephenson, Co-Chair
 Rep. Merlynn T. Newbold, Co-Chair
 Rep. Ken Sumsion, House Vice Chair
 Sen. Stuart Adams
 Sen. Mark Madsen
 Sen. Karen Morgan
 Sen. Aaron Osmond
 Sen. Daniel Thatcher
 Rep. LaVar Christensen
 Rep. Tim Cosgrove
 Rep. Steve Eliason
 Rep. Francis Gibson
 Rep. Steve Handy
 Rep. Ken Ivory
 Rep. Carol Spackman Moss
 Rep. Jim Nielson
 Rep. Marie Poulson

Members Excused: Sen. Lyle Hillyard
 Rep. Greg Hughes

Staff Present: Mr. Ben Leishman, Legislative Fiscal Analyst
 Mr. Thomas Young, Legislative Fiscal Analyst
 Ms. Wendy Hill, Secretary

A copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov. A list of visitors and a copy of handouts are filed with the subcommittee minutes.

Co-Chair Newbold called the meeting to order at 8 am.

1. In-Depth Budget Review

Mr. Ben Leishman, Legislative Fiscal Analyst presented the budget overview. Handouts were available to the committee and public. A power point presentation was used. The education budget represents over half of the state budget. The report is divided into six parts, part one is an overview of all, parts two through five are about the Minimum School Program(MSP) and part six examines the Utah State Office of Education (USOE).

Sen. Osmond asked for the definition of "above the line" and "below the line" in regards to the Weighted Pupil Unit (WPU). Mr. Leishman responded "above the line" means programs funded by the WPU, "below the line" are programs funded by legislative directive. He recommended an independent review of allocations made by the USOE to local school districts and charter schools. Co-Chair Newbold asked who originally reviewed MSP

allocations. Mr Leishman responded it was done by the state auditor. A second recommendation was to implement a statewide financial data base to improve data accuracy. Co-Chair Newbold asked when the State Board of Education was going to use transparency website. Mr. Leishman said the information is there but it is difficult to do comparisons, he recommended a statewide financial management database. Rep. Sumsion recommended to improve the statewide reporting on the transparency website and not create a new one. Sen. Osmond asked if local property tax information was on the website. Mr. Leishman answered it was. Sen. Osmond said it was reported in a confusing way, additional transparency on a state level is needed.

The last MSP section deals with performance measurement. A recommendation was made to develop performance level measures for each program and require the State Board of Education to report annually and develop a comprehensive performance plan.

Mr. Thomas Young, Legislative Fiscal Analyst, reviewed the recommendations found in the report. Recommendations included appropriation restructuring, retirement benefits, performance measures and cost benefit analysis. Sen. Ivory asked for an explanation regarding the term pass through. Mr. Young replied it was funds given to a Local Education Agency (LEA). Mr. Leishman said it was mostly federal funds and will be discussed next week.

Sen. Adams said he would like to see the changes over ten years in regards to state appropriation to education, healthcare and retirement. Mr. Leishman said he will bring that information to the next meeting.

Co-Chair Newbold invited all state school board members to sit on the front row.

2. State Board of Education - Comment on In-Depth Budget Review

Mr. Larry Shumway, State Superintendent of Public Instruction gave feedback about the review. He mentioned over the next 20 years the state would spend about \$100 billion on education and to proceed carefully. The state office is committed to the Minimum School Program (MSP).

Mr. Todd Hauber, Associate Superintendent for Business Services, Utah State Office of Education agreed with the recommendation one, a program used in his office called Datamart is designed to improve the reliability of data improve the system. It will be a challenge to implement new performance measures. It is important to understand specifically what needs to be measured.

Sen. Stephenson asked if it was true that Utah had greater equalization than any other state in the nation and why. Superintendent Shumway responded Utah has consistently high grades in equalization because of the high amount of funding that comes through the state.

Sen. Adams commented that the inequality in does not come from the state but from

property tax values in school districts.

3. Budget Presentation

Mr. Leishman passed out a list of acronyms and a spreadsheet of the base budget bill. An overview of the Minimum School Program was given. The public education budget takes half of the state budget. The Minimum School Program makes up 64 percent of all the appropriations for public education statewide. Since 1995 the Minimum School Program has grown 120 percent.

Rep. Nielson said that for the years 2010-2012 state dollars have increased, federal dollars decreased and local funding has stayed about the same. The state has increased its funding even though total funding has gone down. Rep. Sumsion commented additional funding for education comes from other sources.

Mr. Leishman noted that \$2.3 billion dollars comes from state funding, \$1.6 billion from local revenue sources and \$577 million from federal land. Co-Chair Newbold said that \$590 million dollars comes from the basic property tax levy.

Rep. Eliason asked about the 629 Full Time Equivalent (FTE) employees in the budget, the WPU in comparison to total number of students and about unfunded liabilities and a balance sheet. Mr. Leishman responded the FTE count only includes employees at the USOE and agencies such as the School for the Deaf and Blind. There are over 765,000 WPU's, and just under 600,000 students, the annual financial report contains a balance sheet.

Rep. Sumsion mentioned a graph showing \$374 million in unfunded liability for pensions in the In-Depth Budget Review. Mr. Leishman said that amount is for the entire state, the state office of education component is \$15 million. Co-Chair Newbold noted a need to clarify the information. Rep. Eliason said there is a need to know what the unfunded liability is and the plan to address it.

Rep. Moss asked if it was true that state spending hasn't kept up with the increase of students resulting in higher class sizes. Sen. Stephenson commented local school boards may have put their focus in other places. There are not standards in place for using the class size reduction money. Standards should be used for the entire \$110 million dollars. Rep. Moss said it looks like the level of commitment has not increased. Rep. Eliason asked if LEA's were supplanting the use of those funds. Sen. Stephenson replied the money goes to general funds with no strings attached.

4. MSP - Basic School Program & Annual Adjustment Variables

Mr. Leishman said the Basic School Program forms the core of the budget, \$2.13 billion dollars, it funds all the WPU's. Rep. Christensen asked for a demographic breakdown of the new enrollment growth and if the projected growth of 12,000 students is mostly

kindergartners. Mr. Leishman answered most growth comes from natural birth and a large proportion would be kindergartners but because of migration factors all grades would grow. Superintendent Shumway said to consider enrollment growth as a rising pyramid.

Mr. Leishman said the largest change is in special education. Currently there are two WPU values, it would cost \$23.8 million to bring up the Special Education Add-on and Career and Technical Education Add-on (CTE) programs to the same WPU value.. Sen. Sumsion explained why there were two WPU values implemented last year.

Rep. Cosgrove asked if more than \$23 million dollars is needed for enrollment growth. Mr. Leishman responded yes, the \$23 million is need for growth in WPU's only, about \$43 million is required to cover all enrollment growth costs.

Rep. Powell presented H.B. 258 Education Funding Amendments. He was assisted by Mr. Paul Hacking, former President of Uintah Basin Applied Technology College. The bill reverses language put in H.B.1 from 2011. The bill is supported by many superintendents and the Utah School Board Association.

Rep. Arent presented H.B. 65 College and Career Counseling for High School Students. This bill provides a counselor specifically for post high school admissions. Ms. Lillian Tsosie-Jensen, Specialist, K-16 Comprehensive Counseling & Guidance, Utah State Office of Education spoke for the bill.

Sen. Morgan presented S.B. 31 Classroom Size Amendments. This bill addresses class size reduction in grades K-3.

Co-Chair Newbold reminded everyone of the next meeting at 8:00 am on Monday.

5. Adjourn

MOTION: Sen. Eliason to adjourn. It passed unanimously.

Co-Chair Stephenson adjourned the meeting at 9:48 am.

Minutes were reported by Wendy Hill, Senate Secretary