

**MINUTES OF THE
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING**
Room 445, State Capitol
February 2, 2012

Members Present: Rep. Merlynn T. Newbold, Co-Chair
 Rep. Ken Sumsion, House Vice Chair
 Sen. Stuart Adams
 Sen. Lyle Hillyard
 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. Greg Hughes
 Rep. Ken Ivory
 Rep. Carol Spackman Moss
 Rep. Jim Nielson
 Rep. Marie Poulson

Members Excused: Sen. Howard A. Stephenson, Co-Chair

Members Absent: Sen. Mark Madsen

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 8:02 am. Sen. Osmond assumed the Co-Chair for Sen. Stephenson.

1. Budget Presentation

a. MSP - Voted & Board Leeway Programs

Mr. Leishman talked about the Voted and Board Leeway property tax guarantee programs. The total program cost is \$387 million, an additional \$11.9 million will cover enrollment growth. The cost estimate to fund a rate change is \$43 million but can be delayed by the Legislature. This committee may make recommendations to the executive appropriations

committee about an increase.

b. School Building Program

Mr. Leishman explained two programs, the Capitol Outlay Foundation Program with most of the money, as outlined in statute, and the Enrollment Growth Program with the remainder of the funds. The amount varies from year to year, the current amount is \$14.5 million. It is distributed to the school districts according to their Average Daily Membership (ADM).

Co-Chair Newbold noted the operating budget is equalized but capitol improvements needs an increase in funding.

2. Fine Arts Outreach

Mr. Leishman described the statewide program. It provides core based educational opportunities at schools or at professional venues. The current funding level is three million dollars. Professional Outreach Programs in the Schools (POPS) is one of the programs funded the other is the Art Subsidy. POPS is free to the public schools, the Art Subsidy charges a nominal fee.

Ms. Hillary Hahn, Director, Foundation and Government Gifts, Utah Symphony, Utah Opera presented the POPS program. A handout was distributed. They requested an increase in funding to cover student population growth. Co-Chair Newbold asked for a clarification from the handout on the statistics of students and teachers. Ms. Hahn explained the numbers represent an actual total, and the student and teachers reached columns are projected numbers. Rep. Moss supports an increase in funding and asked about private funding. Ms. Hahn said that they are always looking to increase private donations. Ms. Jessica Weiss, Associate Curator of Education and Art at Springville Museum of Art, Utah said there is continued effort to match dollars from the Legislature. Rep. Nielson inquired if funds were available would the State School Board not fund this program. Ms. Weiss replied she does not know what the school board will do. Rep. Nielson said he approves of this program but it should be decided by the school board. Mr. Leishman said there is a separate line item in the Utah State Office of Education (USOE) for appropriation for this program. Rep. Nielson said there should be unrestricted funds given to the school board to decide about this program. Rep. Ivory asked if there is a contingency plan for possible cuts in FY2013 because nine percent of federal funding has been cut. Mr. Brent Haymond, Springville Art Museum, POPS, said currently a contingency plan is operating because of cuts. Our children are major resource that require support. Sen. Hillyard said many art groups want state funding but the state has limited funds. Ms. Weiss recommended reinstating the RFP program. Sen. Morgan said the money is well spent for the POPS program. Ms. Shirley V. Ririe, Co-Founder, Ririe-Woodbury Dance Company commented the POPS program is committed to bringing in many groups that are qualified, if the RFP money is restored. Rep. Poulsen remarked she supports education in the arts.

3. H.B.15 Statewide Adaptive Testing

Rep. Hughes introduced and explained H.B.15 Statewide Adaptive Testing. It is the top priority of the Utah State Board of Education. Enactment of this bill appropriates \$6,700,000 ongoing from the Education Fund for costs associated with computer adaptive testing. In addition, the State Office of Education has \$4,700,000 in its base budget for the Criterion Reference Test.

4. Funding of Termination and Other Post Retirement Employee Benefits

Rep. Eliason gave an update on funding termination and other post retirement benefits. A handout was distributed. The current figures shows the state is 56.6 percent underfunded. Sen. Osmond asked how will this problem be solved and if the state was liable. Mr. Leishman said it is the individual school district responsibility to meet these obligations. Sen. Hillyard agreed. Mr. Larry Shumway, State Superintendent of Public Instruction this is the responsibility of the local entity. It is separate from state benefits. Encouragement has been made to the school districts to address this problem. Rep. Eliason asked the committee to consider if the open ended programs should continue. Superintendent Shumway asked the committee to be cautious in criticizing districts with large reserves because funding for retirement benefits comes from reserves the districts carry. Rep. Sumsion said the transparency website should have this information more accessible. The state has unfunded liabilities that should be addressed more efficiently then they are currently. Rep Ivory observed the real rate of returns versus the projected rate of return on investments differ widely. Co-Chair Newbold said this issue should be resolved at a local level.

5. H.B. 397 Charter School Start-up Amendments

Rep. Dee presented H.B. 397 Charter School Start-up Amendments. It has a fiscal note of \$2.5 million.

6. Budget Presentation

a. Utah State Office of Education

Mr. Thomas Young, Legislative Fiscal Analyst spoke about the budget brief. He recommended to adopt the base budget, consider intent language, grant spending requests for computer testing, college readiness and Common Core (the governor did not recommend this item), lastly he recommended increasing appropriation units for the USOE from 4 to 13. Co-Chair Newbold said to review the intent language.

b. Educator Licensing

Mr. Young continued the review. He recommended adoption of the base budget and

adoption of fees listed in the brief.

7. S.B. 97 Grants for Online Testing

Sen. Osmond presented his bill S.B. 97 Grants for Online Testing. Enactment of this bill appropriates \$5,000,000 ongoing and \$15,000,000 one-time from the Education Fund to the State Board of Education to develop a matching fund for local education agencies to implement online testing systems. Rep. Cosgrove asked if these funds included costs for training. Sen. Osmond said it is included.

8. USOE - Initiative Programs

Mr. Young asked the committee to consider two issues, adoption of the base budget and intent language as outlined in the brief. Co-Chair Newbold commented on the electronic high school and its future.

9. USOE - Indirect Cost Pool

Mr. Young said these funds cover administration overhead. He recommended approving a ten percent rate of restricted funds for personnel services and a 14 percent rate of unrestricted funds for personnel services. Sen. Osmond asked for a definition of indirect costs. Mr. Young said the funds cover accounting and administration costs. Mr. Leishman said it pays for office wide operating costs with allocations coming from federal and state government. Sen. Osmond asked about the number of employees in Utah State Office of Education (USOE). Mr. Larry Shumway, State Superintendent of Public Instruction and Mr. Todd Hauber, Associate Superintendent for Business Services, Utah State Office of Education responded that they have 201 Full Time Equivalent (FTE) and will bring information of the breakdown of employees for the committee. Rep. Christensen commented about trying to see the organizational chart, federal involvement in the state education system and cost of employees. Rep Handy asked if the USOE is funded 70 percent by federal money.

Rep. Moss asked about the cut of funds for the electronic high school. Sen. Osmond expressed concern with cutting electronic high school. Co-Chair Newbold agreed and said more discussion is needed. Mr. Leishman said the reason it was phased out was because the online education program through S.B. 65 may replace some of its function, electronic high school ends in FY2013.

10. State Charter School Board

Mr. Young talked of three recommendations, adoption of the base budget, intent language and start-up money for charter schools. From 2011 to 2012 there was a 37 percent growth in new charter school students. Thirty-seven of the eighty charter schools are within five percent of capacity. Rep. Nielson discussed the enrollment cap for individual charter

schools. Superintendent Shumway responded requests for increasing enrollment caps are generally granted. Rep. Poulson asked for statistics regarding charter school enrollment vs. public school. Superintendent Shumway said 92 percent of students attend traditional school, eight percent attend charter school. Rep. Christensen asked what percentage of students go to private school. Superintendent Shumway said approximately 97 percent go to public school, one percent are home schooled and two percent go to private school.

11. State Board of Education Response & Budget Priorities

Superintendent Shumway said he would like to work with the committee when reviewing the electronic high school. He has submitted information about the breakdown of staff but is reluctant to make public individual salaries. He hoped additional funds would be available when new estimates of tax revenue are made and would like more money for the education budget. Computer adaptive testing requires \$21.7 million to implement. Enrollment growth needs \$40 million. The State Board would like At Risk funding restored. He asked for funding for Early Intervention with additional funds of \$2.5 million from last year. Teacher training for Utah Core Standards would be \$2 million. State charter school startup funding of \$2.3 million is needed. UCAT funding is a board priority. Special education incurs high costs and funding is necessary. Rep. Nielson asked specifics on the \$2 million spent for Common Core. Superintendent Shumway replied teachers are taught skills to ensure high quality instruction in the classroom. Ms. Brenda Hales, Associate Superintendent, Utah State Office of Education added the money assists teachers to become familiar with the new core. Superintendent Shumway said the Utah Core teaches students analytical reading skills needed for college. Co-Chair Newbold added she has received positive feedback from educators about the Common Core training. Rep. Gibson commented math teachers have been frustrated because they have to write their own programs. Superintendent Shumway said they are moving forward with this issue and expect to resolve it, first level math is online and the rest will soon follow. Rep. Christensen said every year professional development should be part of the budget. Superintendent Shumway agreed. Rep. Moss commented she had positive feedback about Common Core training.

Co-Chair Newbold asked the committee to review the reports included in their binder.

12. Adjourn

MOTION: Sen. Osmond moved to adjourn. The motion passed unanimously with Sen. Hillyard, Sen. Morgan, Sen. Thatcher, Rep. Hughes and Rep. Nielson absent for the vote.

Co-Chair Newbold adjourned the meeting at 9:54 am.

Minutes were reported by Ms. Wendy Hill, Senate Secretary

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Sen. Howard A. Stephenson, Co-Chair

Rep. Merlynn Newbold, Co-Chair