

MINUTES OF EQUALIZATION TASK FORCE

Monday, October 29, 2007 – 2:00 p.m. – Room W110 House Building

Members Present:

Sen. Dan R. Eastman, Senate Chair
Rep. David Clark, House Chair
Sen. Chris D. Buttars
Sen. Scott D. McCoy
Sen. Mike Dmitrich
Sen. Lyle W. Hillyard
Sen. Howard A. Stephenson
Sen. Michael G. Waddoups
Rep. Carol Spackman Moss
Rep. Merlynn T. Newbold
Rep. LaWanna Lou Shurtliff

Rep. Aaron Tilton
Rep. Carl Wimmer

Members Absent:

Rep. Melvin R. Brown
Rep. Brad L. Dee
Rep. James R. Gowans

Staff Present:

Ms. Angela D. Oakes, Associate General Counsel
Mr. Ben Leishman, Fiscal Analyst
Ms. Chelsea Barrett, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Task Force Business

Chair Eastman called the meeting to order at 2:09 p.m.

MOTION: Chair Eastman moved to approve the minutes of the October 9, 2007 meeting. The motion passed unanimously with Sen. Stephenson, Sen. Waddoups, and Rep. Wimmer absent for the vote.

2. Statewide Equalization Proposals

Mr. Bruce Williams and Mr. Rob Smith, Utah Association of School Business Officials (UASBO), introduced themselves. They outlined and distributed the draft proposal "School Capital Outlay Equalization," introduced in a previous meeting of the Task Force. Mr. Williams described the five recommendations for the Task Force to consider while developing a school capital outlay equalization proposal. These recommendations included: (1) retaining local authority in building decisions; (2) developing facility benchmarks; (3) infusing "new" money into existing facility programs; (4) expanding revenue sources into capital programs; and (5) maintaining existing capital tax levies and bond authorization. Mr. Williams noted that recommendation number five is favored by UASBO for an equalization proposal. Mr. Williams and Mr. Smith entertained questions from the Task Force.

Mr. Larry Newton, School Finance Director, State Office of Education, further explained and answered questions from the Task Force regarding tax collections for a given year and how this effects the proposed equalization plan presented by UASBO.

Sen. Waddoups asked a question regarding funding in the current capital equalization program in the state. Ms. Oakes distributed "School Building Program," which helped to answer Sen. Waddoups question regarding current funding for the schools in Utah. She continued to answer questions from the Task Force.

Rep. Moss asked Mr. Williams to use Granite School District as an example to help understand the details of the Capital Outlay Foundation and Enrollment Growth Program presented by UASBO. Mr. Williams reviewed the programs as requested.

Sen. Stephenson noted that the UASBO is not focusing on the growth component of equalization, but rather on equalization through the foundation program. He questioned Mr. Williams and Mr. Smith why the growth aspect is not emphasized in their recommendations.

Mr. Williams responded by explaining that emphasizing enrollment growth in an equalization plan only allows a small percentage of districts to qualify for compensation. Mr. Williams added that the USABO is currently looking into the political ramifications of the proposal. He concluded by stating that the USABO would gladly welcome suggestions from the Task Force.

Mr. Smith elaborated on Mr. Williams response by noting the need to look at growth in its entirety when deciding whether to rely more heavily on growth. Secondly, he explained that the policies presented have been used for several years and are dependable. He concluded by stating that doing anything other than using current programs would require a significant amount of time to produce an efficient product.

Chair Eastman asked if the UASBO is ready to support the drafting of a bill based on the proposal presented today. Mr. Williams and Mr. Smith noted that this proposal has support from its members and, representing the UASBO, they feel confident in its contents.

Chair Eastman invited Rep. Tilton to describe his proposal.

Rep. Tilton distributed and outlined "Rep. Tilton's Equalization Proposal Flow Chart." He introduced and distributed his proposal entitled "Equalization Proposal," examined in a previous meeting of the Task Force. He noted the need to consider the public's needs, efforts, and changes in each respected community. He explained that many of these equalization proposals are similar, however, Rep. Tilton noted the difference in his proposal by focusing on equalization through the property tax. He noted that this is important because: (1) it is hard to integrate the two different revenue sources that currently are in place, and (2) property tax allows communities to have ownership that comes along with a building in a particular area. Rep. Tilton noted that communities would feel a sense of autonomy and ownership for building construction and he explained this as a positive way to recognize the public voter. Rep. Tilton entertained questions from the Task Force.

Chair Eastman introduced Rep. Newbold and asked her to present her proposal.

Rep. Newbold pointed out the strengths of Rep. Tilton's proposal. She pointed out flaws in her own proposal presented during last meeting of the Task Force and suggested increasing the minimum basic levy rate, distributing the increased revenue generated through the Weighted Pupil Unit (WPU), and decreasing other property tax rates within districts. She distributed "Minimum School Program - Basic School Program" and Mr. Leishman briefly explained the handout, showing the impacts of the basic program with an increased levy rate. Ms. Oakes further explained the details of Rep. Newbold's proposal and helped to answer questions from the Task Force. Mr. Williams and Mr. Smith, UASBO, commented on the weaknesses and concerns from UASBO, specifically that no new revenue will be accumulated in this proposal causing a strain on the overall funding.

Rep. Tilton noted that he was willing to re-work his proposal based on suggestions from the Task Force.

Sen. Hillyard noted that there are two issues for any given equalization proposal. They include: (1) the method of equalization, and (2) how it will be funded. He advised the Task Force to treat these

two issues separately.

Chair Eastman invited Sen. Buttars to present his proposal.

Sen. Buttars presented a proposed equalization amendment entitled "Proposed Amendment to Utah Code Ann. §53A-2-118." Sen. Buttars explained the difficulties in equalization. He noted that this proposed amendment would amend the provisions regarding the time line for a school district split to take effect and fulfill the promise that a funding solution will be made.

MOTION: Sen Buttars moved to approve the draft amendment, "Proposed Amendment to Utah Code Ann. §53A-2-118."

Chair Eastman invited the Task Force to discuss the motion.

Rep. Wimmer noted his support for the amendment. He explained that the proposed amendment would help keep the promises of equalization to the Legislature's constituents by allowing more time to decide an outcome.

Rep Clark expressed concern whether this proposed amendment is outside the scope of the Task Force.

Sen. McCoy noted that the amendment stands as a sentiment from the Task Force to the public as a means to communicate an expectation for equalization.

Ms. Oakes clarified the language in the proposed amendment noting that it will not stop voting or the potential separation of districts, but it will however, change the time within which a new school district may begin to provide educational instruction. The Task Force discussed the strengths and weaknesses of the proposed amendment.

Rep. Brown explained the issues with the word "equalization." He proposed to change the wording of Sen. Buttars' proposed amendment from "equalization" to "provides additional assistance and funding for school capital projects." Sen. Buttars accepted the changes proposed by Rep. Brown.

Sen. Buttars continued by introducing his proposal "Utah School Facilities Board Proposal."

Sen. Dmitrich noted support for Sen. Buttars proposal by noting that it brings the Task Force closer to a solution.

Rep. Newbold commented on the building board proposal and asked about the logistics. She added that some schools are unable to support themselves if a certain dollar amount is not available and this may cause issues if funding is not received. Sen. Buttars noted that the state building governing bodies proposal prevents elimination of certain school districts.

MOTION: Sen. Stephenson moved to prepare draft legislation for "Utah School Facilities Board Proposal." He moved to have Sen. Buttars work with business administrators to make recommendations.

Rep. Brown noted that the details of board membership have not been addressed. He noted that it should be non-partisan.

Sen. Waddoups noted his support for the motion presented by Sen. Buttars and advised the Task Force to take time when allocating funds after the equalization method is decided.

The motion passed with Chair Clark voting against the motion.

Sen. Stephenson suggested to have Rep. Tilton's proposal made into draft legislation.

MOTION: Sen. Stephenson moved to have Rep. Tilton meet with business officials to recommend draft legislation for his equalization proposal and have it prepared for the next meeting.

SUBSTITUTE MOTION: Rep. Wimmer moved to prepare draft legislation for Rep. Newbold's proposal, as well as, Sen. Buttars' and Rep. Tilton's. The motion passed unanimously.

Chair Eastman invited the public to comment.

Mr. Williams explained three issues with the school building program proposal proposed by Sen. Buttars. First, he noted that the state cannot fund 80 percent of the building costs assumed in this proposal. Secondly, there will most likely be challenges with growing districts. He noted that a proposal must be able to accommodate areas of rapid growth quickly and noted that this particular proposal does not satisfy that requirement. In conclusion, he noted the possibility of costs associated with a state building program board.

Mr. Lynn Crane, Mayor, Herriman City, noted his concern for the southwest part of the valley. He noted thanks for the work of the Task Force and his support to come up with a conclusion for this issue.

3. Other Items / Adjourn

The Task Force decided that their next meeting will be Monday, November 19 at 2:00 p.m. Additionally, the Task Force decided to meet Monday, December 3 at 2:00 p.m.

MOTION: Sen McCoy moved to adjourn. The motion passed unanimously.

Chair Eastman adjourned the meeting at 4:43 p.m.