

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

Room 445, State Capitol
February 19, 2013

Members Present: Sen. Howard A. Stephenson, Co-Chair
 Rep. Bradley G. Last, Co-Chair
 Rep. Steve Eliason, House Vice Chair
 Sen. Lyle Hillyard
 Sen. Patricia W. Jones
 Sen. Aaron Osmond
 Sen. Daniel Thatcher
 Sen. Steve Urquhart
 Rep. Joel K. Briscoe
 Rep. LaVar Christensen
 Rep. Steve Handy
 Rep. Mike S. Kennedy
 Rep. David E. Lifferth
 Rep. Carol Spackman Moss
 Rep. Jim Nielson
 Rep. Kraig Powell

Members Excused: Sen. Stuart Adams

Members Absent: Sen. Mark B. Madsen, Rep. Francis Gibson

Staff Present: Mr. Ben Leishman, Legislative Fiscal Analyst
 Mr. Thomas E. 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 Last called the meeting to order at 8:07 am.

1. Utah Education Association – Social Security & Retirement

Mr. Kory Holdaway, Director Government Relations, Utah Education Association (UEA) distributed a handout to the Subcommittee. He addressed the members about funding public education. The UEA asked for a 3 percent increase of the Weighted Pupil Unit (WPU). He gave a history of funding social security & retirement benefits and the flexible allocation. Many in the education community want a return of the Social Security & Retirement line item to set aside the funding in a well-defined manner. Teachers have worked five years devoid of any increase to their take-home pay. The public supports adding revenue to public education.

Rep. Nielson asked why the UEA wants the state making decisions about retirement instead determining benefits on a local level. Mr. Holdaway replied fixed costs are set by the Utah Retirement Systems (URS) and there is no power to negotiate. Rep. Nielson was opposed to the line item but supported more funding. Co-Chair Stephenson asked if the proposal was to reduce the WPU and put the social security & retirement funds below the line. Mr. Holdaway said the proposal was to set aside funds for the increased costs of Social Security & Retirement below the line and not reduce the WPU. Rep. Eliason asked where the money should come from and would UEA support a proposal to opt-out of retirement benefits in exchange for a salary increase. Mr. Holdaway said the money for the increase cost could come from the new money projections. He would not support the proposal to opt-out of the retirement system. Rep. Lifferth said, "The only way that I see we can increase funding of education ... is using the lands within our state borders that were intended to benefit the education of our children, but are being blocked by the federal government that won't let us use these lands for their intended purpose." He asked, "Has the UEA taken a position on accessing and using our public lands for their original intended purposes to benefit education?" Mr. Holdaway said some in the UEA are supportive but believes the outcome is in the distant future.

Dr. Patti Harrington, Executive Director, Utah School Superintendents Association expressed full support for a Social Security & Retirement line item. Retirement funds are not flexible and should not be in competition with other concerns.

Sen. Jones asked if legislation would be required to restore the line item. Mr. Leishman said there is already a statutory reference to Social Security & Retirement and that could be funded in that line item. Sen. Jones supports restoring the Social Security & Retirement line item.

Mr. Holdaway concluded by saying the UEA wants the public as well as their members to understand where funds are being expended.

2. Minutes

Sen. Osmond moved to approve the minutes of Jan 31, 2013, February 4, 2013 and February 7, 2013. The motion passed unanimously with Sen. Hillyard and Sen. Thatcher absent for the vote.

3. Bills/Appropriations Requests: Funding Equalization

Sen. Osmond discussed a concept for property tax equalization. His bill would freeze the basic rate and let the new money move into the WPU. The new dollars would be offset by a required reduction in the local board levy. The bill would enable districts to restore the offset through truth in taxation through the local board levy. The bill also addresses property tax cap rates but allows for some flexibility in the rate.

Co-Chair Stephenson commented on Sen. Osmond's bill. He said there is no net tax rate increase, but the distribution would slowly bring the districts closer together. He endorsed the bill and asked the Subcommittee to support it. Rep. Briscoe asked if this bill focused on capital outlay equalization. Sen. Osmond said the districts did not support that idea and he replaced that idea with this bill. Rep. Briscoe asked for more clarification on school districts raising more revenue. He also talked about the history of the creation of school district boundaries. Rep. Nielson mentioned some districts have higher tax rates than others because they want to increase support their schools. Some districts mismanage their funds. Taking the board leeway and

equalizing it, negates the districts choices and socializes the entire state. Sen. Osmond said the bill allows school districts the option to raise revenue to overcome the offset. Rep. Nielsen said the bill concerns him because it will increase funding from state sources and decrease funding from local sources and consequently reduce local control. Sen. Jones enquired if this bill was revenue neutral. Sen. Osmond said it was not completely because a school district may elect to restore the offset and that would be new money. Sen. Jones mentioned some problems in the past within Salt Lake County. Some funds left one school district and went to another causing frustration. Sen. Osmond said the bill addresses the need to equalize the tax burden and the revenue generated per student. Rep. Christensen commented on the tax structure in Utah and cautioned about compromising its overall structure.

4. Budget Review

a. Utah State Office of Education

Mr. Thomas E. Young, Fiscal Analyst reported the recommended budget is \$12,700 higher than

the base budget due to a re-estimate by the Division of Finance regarding the Land Exchange

Distribution Account. The State Board of Education has requested increases totaling \$23,650,000.

b. Federal Funds

Mr. Young presented the Federal Funds Public Education issue brief. The Subcommittee has three options: one, recommend that the agency accept the federal funds or participate in the federal program for the fiscal year under consideration; two, instruct the agency to not accept the federal funds or participate in the federal program for the fiscal year under consideration; lastly, direct the agency to accept some, but not all the federal funds listed.

c. USOE Initiatives

Mr. Young presented the USOE Initiatives Contracts and Grants Brief. The State Office of

Education's Initiative Programs line item covers costs associated with, among other one-time

programs, the following ongoing programs: Carson Smith Special Needs Scholarships, Pro Start Culinary Arts Program, UPSTART Early Childhood Education, Financial and Economic Literacy

Education, CTE Online Assessments, The Utah Electronic High School, K-3 Reading

Technology Program, Sixth Grade Math Assessment, ELL Software Licenses, and Paraeducator to Teacher scholarships. The recommended budget is \$40,000 lower than ongoing appropriations from last year. House Bill 149 from 2012 had conflicting language. The recommended

appropriation changes the appropriation from ongoing to one-time. He recommended adjusting

the budgeted amount for the Electronic High School down by \$12,800 to bring the budgeted balance in line with appropriated balance. He also recommended specific intent language for USOE Initiatives.

d. Utah Schools for the Deaf and the Blind

Mr. Young recommended adoption of the Base Budget, considering Utah Schools for the Deaf

and the Blind (USDB) request for fee increases, eliminating Schedule-AH employees from the

compensation package increase, funding for Educator Steps and Lanes, funding five additional outreach educators, two professional staff development days and bringing outsourced pupil

transportation in-house. He also recommended intent language for the USDB line item.

Rep. Lifferth asked who paid the USDB fees. Mr. Young said it is the school districts. Co-Chair Last described the services. Rep. Briscoe asked about the Educator Conference Attendance fee. Mr. Michael Sears, Finance Director, Utah Schools of the Deaf and the Blind, said the \$25 fee is charged to school districts and out of state participants when they attend USDB conferences. Rep. Powell asked about transportation costs. Mr. Young said currently USDB spends \$3.2 million outsourcing their transportation needs. He estimated ongoing savings of 1,355,500 by changing their transportation in house, with a one-time startup fee of \$2 million. Mr. Steve Noyce, Superintendent, Utah Schools for the Deaf and the Blind answered studies were made on

transportation and contracting was deemed the best option. The Board of Education suggested studying the proposal one more year before bringing this to the Legislature. Dr. Heber F. Fuller, President, Wasatch Transportation presented a handout to the Subcommittee. He said his company gave an important service to the state and questioned if the estimated cost savings were correct. Mr. Noyce said USDB does not have enough time to implement in house transportation this year and they are satisfied with Wasatch Transportation. Because of time restraints Co-Chair Last asked if Wasatch Transportation would come to an interim meeting to finish the report.

5. CTE Online Testing

Mr. Edson Barton, Chief Executive Officer, Precision Exams & Surveys partners with USOE and provides Career and Technical Education (CTE) online testing in Utah. The demand for CTE exams has grown to over 200,000 each school year. He requested \$165,000 in additional on-going funds of \$341,000 to meet the growing needs of this program.

6. Appropriation Requests

Mr. Chris Bleak, President, Utah Association of Public Charter Schools, spoke for the Charter School Finance Authority. The Charter School Credit Enhancement program accepts financially qualified charter schools to receive backing from the state when bonding for a building subsequently assisting them in obtaining lower interest rates. He requested \$25,000-\$50,000 to help with administrative costs. Rep. Eliason, Rep. Handy, Rep. Lifferth, Rep. Briscoe, Co-Chair Stephenson and Rep. Christensen commented and inquired about the program.

Rep. Moss presented the Teacher Mentoring Pilot, a program of teachers helping teachers. Dr. Sydnee Dickson, Director of Education Quality and Licensing, Utah State Office of Education talked to the Subcommittee about the success of the pilot program and the need for it to continue. A request of \$300,000 was made for this program. Rep. Kennedy and Rep. Briscoe voiced their support for the program.

Rep. Last talked about the Beverly Taylor Sorenson Arts Learning Program. This program places art specialists in the schools. He asked to increase the funding and make the funds ongoing. Ms. Lisa Cluff, Executive Director, Friends of Art Works for Kids, expressed appreciation to the Subcommittee for support. Rep. Briscoe inquired how much the funding request was. Ms. Cluff said it was \$4 million. Sen. Jones commented about the program's professional development plans. Rep. Moss remarked on the popularity of the program.

Rep. Last mentioned the UPSTART program. Software is used in the home to teach preschool children language arts, math and science. He requested a \$3 million in appropriation. Co-Chair stated the program was a success especially with lower income populations.

Sen. Urquhart said last year, \$2.5 million, was used in the K1 early intervention initiative for literacy and numeracy. He requested another \$2.5 million to continue the program. He asked for an additional \$5 million in funding to expand the program and include more grade levels. He is sponsoring a bill that will contain the details.

7. Adjourn

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

Co-Chair Last adjourned the meeting at 9:57 am.

Minutes were reported by Ms. Wendy Hill, Senate Secretary

Sen. Howard A. Stephenson, Co-Chair

Rep. Bradley G. Last, Co-Chair