

**MINUTES OF THE  
PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE**

Room 445 State Capitol Building

January 30, 2014

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

**Members Absent:** Sen. Mark B. Madsen  
Sen. Daniel W. Thatcher  
Rep. Francis D. Gibson

**Staff Present:** Mr. Ben Leishman, Fiscal Analyst  
Dr. Thomas E. Young, Economics  
Ms. Wendy Hill, Secretary

**Note:** A copy of related materials and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Call to Order/Approval of Minutes**

Co-Chair Last called the meeting to order at 8:23 a.m.

**2. Charter School Local Replacement**

Mr. Ben Leishman, Fiscal Analyst, noted that the per student Charter School Local Replacement formula amount decreases in FY2015. He referred to "[3-Issue Brief - 2014 General Session - Charter School Funding Programs](#)" and "[3-Charter School Local Replacement - State and Local Cost Sharing](#)."

Co-Chair Stephenson talked about Local Replacement funding and referred to "[3-School District Property Tax Comparison - Stephenson](#)." He was concerned with the difference in property tax rates between school districts. He talked about the growing amount of Local Replacement funds

because of the increasing number of charter schools. He suggested freezing the Local Replacement subsidy of \$84.7 million.

Rep. Nielson asked about the sources of revenue in the Education Fund. Mr. Leishman and Co-Chair Last responded. Co-Chair Last said when formulas are restructured the outcome may be different than anticipated. Co-Chair Stephenson said not all funds follow students to charter schools. School districts are receiving funds for phantom students. Rep. Nielson stated school districts need funds for their fixed costs. Co-Chair Last said growth needs to be funded correctly. Co-Chair Stephenson said a bill this year gives preference to charter schools in growth areas. Sen. Jones stated this was a complex issue and asked for future discussion.

Mr. Thomas Young, Economist reported to the subcommittee about the State Charter School Board Budget.

Mr. Howard Headlee, President, Utah State Charter School Board, Mr. Robert Enger, Board Member, Utah State Charter School Board and Ms. Kristin Elinkowski, Board Member, Utah State Charter School Board addressed the subcommittee. Mr. Headlee said money that was intended for more staff was used instead for startup grants, by new unanticipated schools. The board is understaffed and more staff is needed to manage charter schools, conduct audits and visit schools throughout the state.

Co-Chair Last asked for more information about the staff. Mr. Headlee said currently there are three full time positions and a temporary position. Ms. Elinkowski said there are 95 charter schools authorized through the charter school board. They requested five more full time employees. Vice Chair Eliason asked if the board has worked with Utah State Office of Education (USOE) or Department of Human Resource Management (DHRM) and utilize their services. Mr. Headlee said the office is efficient but needs to expand their staff. Rep. Briscoe asked for further clarification.

Dr. Martell Menlove, State Superintendent, USOE, said the positions needed by the Charter School Board are particular to their conditions. USOE has a good relationship with charter schools and offers them support. Sen. Jones asked the purpose of charter schools. Ms. Elinkowski said charter school offer different, innovative technics and curriculum that varies from public school, North Davis Preparatory Academy was the first elementary school to offer foreign language. Mr. Enger said the IB school in Herriman is offering grades K-10 with plans to include grades to the 12<sup>th</sup> grade. Sen. Jones mentioned some of her constituents prefer the smaller classes sizes and parental control found in charter schools. She felt all schools deserved support. Mr. Enger said about nine percent of Utah students are in charter schools.

Co-Chair Stephenson agreed the State Charter School Board is understaffed. He said the low performing charter schools need to be mentored. He asked what the compensation is for Board members. Mr. Headlee said it was \$60.00 per meeting, plus mileage. Vice Chair Eliason asked about the waiting list for the IB school. Mr. Enger said there are 4500 students on the list. Rep. Moss asked about charter schools using management companies. Sen. Urquhart commented

about special needs children in charter schools. Rep. Briscoe asked for clarification on the budget.

**MOTION:** Co-Chair Stephenson moved to keep Charter School Base Budget as it currently stands.

Rep. Christensen asked if charter schools have met the goals outlined in public policy.

The motion passed unanimously with Sen. Adams and Sen. Hillyard, absent for the vote.

Co-Chair Last said the effectiveness of charter schools needs more discussion. Co-Chair Stephenson said all students in charter schools and public schools deserve an excellent education. An artificial image exists that charter schools are better. Pending legislation is designed to build coordination and cooperation between school districts and charter schools. Rep. Christensen mentioned funding as an obstacle. Dr. Menlove said a member of the State Board of Education attends all State Charter School Board meetings. The USOE has a good relationship with the Charter School Board. Rep. Christensen wondered if the USOE applies any new practices from studying charter schools.

Mr. Enger spoke about H.B. 344, Establishment of Charter Schools Amendments from the 2013 General Session. The bill required the State Charter School Board to request new and creative applications for charter schools. The Charter School Board asked how much funding they have for new charter schools. Co-Chair Stephenson was pleased with the applicants. Mr. Leishman discussed the formulas used to estimate funding. All H.B. 344 students would be funded through the Enrollment Growth cost estimate. Rep. Lifferth expressed satisfaction with the applicants for the new schools.

### **3. Voted & Board Leeway**

Mr. Leishman talked about the funds in the Voted and Board Leeway program. [“5-Budget Trend - Voted and Board Local Levy Programs,”](#) [“5-Minimum School Program - Voted and Board Local Levy Programs - Funding Allocations”](#) and [“5-Minimum School Program - Voted and Board Local Levy - State Guarantee”](#) were discussed.

Co-Chair Stephenson thought more equalization was needed with this program. Mr. Leishman said the formula in statute is indexed to the Weighted Pupil Unit (WPU) value. When the WPU value increases the rate increases. Often there is a nonlapsing balance in the Voted & Board Leeway because the way the formula functions. In the 2013 General Session Rep. Handy’s bill allowed the USOE to allocate the nonlapsing balance to school districts that qualify for the State Guarantee. Rep. Briscoe said school districts are reticent to use this money to build programs because it is not known if funds will be there in the future.

#### **4. School Building Program**

Mr. Leishman said the School Building Program is similar to the Voted & Board Leeway Program but it is not directly tied to WPU's. Three programs comprise the School Building Program: the Capital Outlay Foundation Program, the Enrollment Growth Program, and the School Building Revolving Account. These programs assist qualifying school districts in providing school facilities and paying debt service on capital facilities. He reported on "[6-School Building Program - Budget Trend](#)" and "[6-School Building Program - Capital Outlay Program Allocations](#)."

Co-Chair Last, Co-Chair Stephenson, Rep. Lifferth commented about the presentation.

#### **5. Base Budget Review: Utah State Office of Education Line Items**

Mr. Thomas Young, Economist presented "[2a - State Office of Education](#)," He referred to "[COBI for the 2014 General Session](#)" and made recommendations.

Dr. Menlove responded to the report. He was concerned about targeted cuts in the budget. He talked about past cuts to the USOE budget and new programs that are managed by the USOE. He said adopting the recommended base budget reduction would potentially eliminate some new programs. He mentioned challenges faced by USOE and expenses serving growing needs. Nonlapsing funds were used for public relations, IT, Utah Professional Practices Advisory Commission (UPPAC) and other ongoing needs. He mentioned Contract Funding for Prisons, transportation, charter schools, the arts program, staff restructuring, security of student data, accounting software, IT staff turnover, internal auditing, the need for a pupil services section, legal representation costs, and performance measures.

Rep. Lifferth asked about differences in mileage rates. Mr. Young responded. The maximum mileage rate is given when a state vehicle is unavailable. Sen. Adams asked if the USOE coordinates with the state fleet. Rep. Briscoe asked about personnel increases. Dr. Young said the recommendation of a one percent increase in personnel was determined by the number of new staff in 2013. Co-Chair Last commented about the pass through budget and available funds. Rep. Christensen asked about the elected State School Board interaction with the USOE. David Crandall, Acting Chair, Utah State Board of Education said every month board members review the budget. The board will meet soon to discuss the recommendations of Dr. Young. Co-Chair Last expressed appreciation to the board.

Dr. Young reported on "[2e - Education Contracts](#)" and made recommendations. Co-Chair Last commented about the budget. Dr. Lory Curtis, Principal, South Park Academy asked the subcommittee to not cut to the corrections education budget. Mark Hugentobler, Director, Central Utah Academy and Kent R. Larsen, Superintendent, South Sanpete School District joined him at the table. Dr. Curtis talked about education within correctional facilities, the needs and goals of the program.

Vice Chair Eliason asked for the recidivism rates. Dr. Curtis said national statistics indicate inmates that do not receive education have an 80 percent return rate to prison. In Utah about 55 percent of inmates that receive education come back to prison. Education makes it possible for more inmates to return to society. Mr. Larsen commented about the correctional facility in Gunnison. Mr. Hugentobler talked about recidivism rates and education levels. Low risk inmates are usually moved to county jails. Their ability to learn is higher than those in prisons.

Rep. Moss talked about the great return on investment with the program. Dr. Curtis responded to her comment. Rep. Lifferth mentioned past cuts in the program reduced the number of General Educational Development (GED) diplomas. Dr. Curtis said the test is more difficult than it has been in the past. Co-Chair Last said GED diplomas have gone down but the high school diplomas have gone up.

**MOTION:** Vice Chair Eliason moved to adjourn. The motion passed unanimously with Sen. Adams, Sen. Hillyard, Sen. Osmond, Sen. Urquhart and Rep. Briscoe absent for the vote.

Co-Chair Last adjourned the meeting at 11:04 a.m.

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Sen. Howard A. Stephenson, Co-Chair

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Rep. Bradley G. Last, Co-Chair