



# MINIMUM SCHOOL PROGRAM RELATED TO BASIC SCHOOL PROGRAM

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE  
STAFF: BEN LEISHMAN & THOMAS YOUNG

BUDGET BRIEF

## SUMMARY

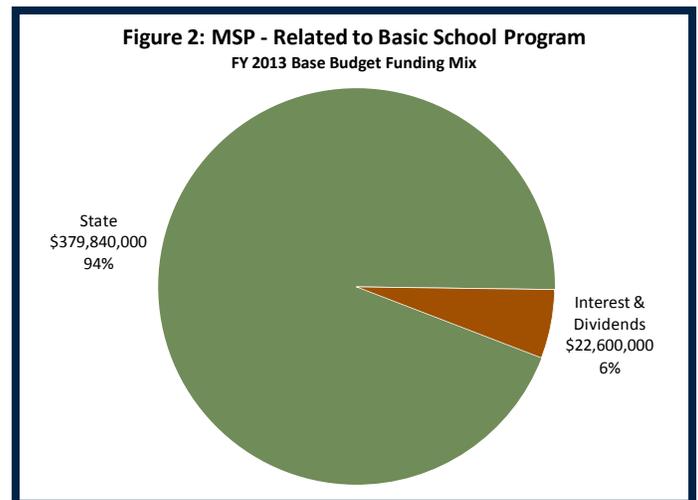
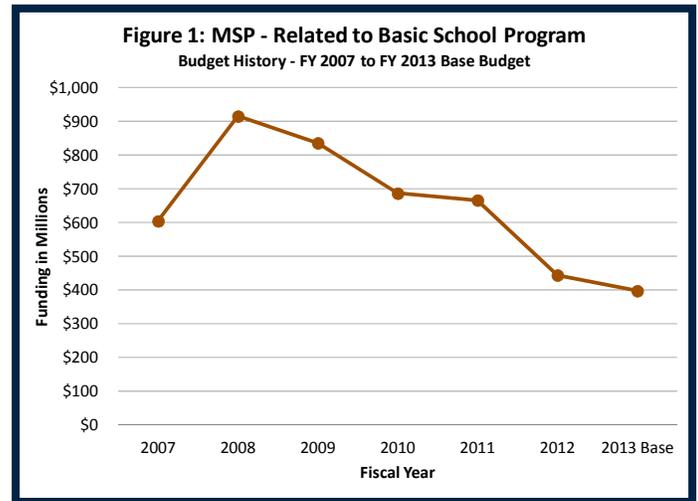
Categorical program appropriations within the Related to Basic School Program compliment the general education program provided through the Basic School Program. Allocations to LEAs generally target funding to a specific educational need, student population sub-group, or a teacher sub-group. Program funding levels are not determined by the number of WPU's, but determined by the Legislature each year.

In most cases, funding allocated through each categorical program is distributed to LEAs based on a formula defined in statute or State Board of Education rule. However, some programs require an LEA to either qualify or apply for funding.

### Recommendation

For the Related to Basic School Program, the Fiscal Analyst recommends a FY 2013 base budget of \$419,959,100 and the following increases to the base budget:

1. \$13,806,300 ongoing from the Education Fund for student enrollment growth costs in certain programs;
2. \$21,371,000 supplemental of federal Education Jobs Fund revenue remaining from the FY 2011 authorization;
3. \$2,682,000 supplemental from the Education Fund for Educator Salary Adjustments;
4. \$6,300,000 ongoing from the Education Fund for Pupil Transportation;
5. \$15,000,000 one-time from the Education Fund for a Computer Adaptive Testing – Technology Matching Fund; and
6. \$5,000,000 one-time from the Education Fund for Teacher Supplies and Materials.



Additional detail on each of these recommendations may be found throughout this brief.

## BUDGET ISSUES

Figure 1 provides a budget history for the Related to Basic School Program. Since FY 2008, program funding has decreased by approximately \$500 million through budget reductions and funding reallocations. The Related to Basic School Program is funded entirely with state funds, 94 percent from the Education Fund and 6 percent from the Interest & Dividends account in the Uniform School Fund. The Interest & Dividends account contains the revenues earned off of the school trust lands dedicated for public schools.

The Legislature may wish to consider the following issues as it considers the FY 2013 budget for the Related to Basic School Program.

***Student Enrollment Growth***

The Issue Brief titled “MSP – Basic School Program Annual Adjustment Variables” includes the FY 2013 cost estimate for student enrollment growth. Three programs in the Related to Basic School Program have statutory provisions or formulas that adjust funding levels for additional students, programs include: Charter School Local Replacement, Charter School Administrative Costs, and Educator Salary Adjustments. The total estimated enrollment growth cost for these programs is \$13,806,300 from the Education Fund, with \$10,610,000 for the Charter School Local Replacement, \$2,682,000 for Educator Salary Adjustments, and \$510,300 for Charter School Administrative Costs.

Additional information on the Charter School Local Replacement and Administrative Costs can be found in the Issue Brief titled “MSP – Charter Schools in Utah.”

***FY 2012 One-time Funding Programs***

The FY 2012 budget includes several programs funded from one-time sources and will not continue in FY 2013. One-time funding totals \$23.8 million, and funded the following programs:

- \$6,300,000 for To & From School Pupil Transportation;
- \$5,000,000 to reimburse teachers for out-of-pocket expenditures on supplies and materials;
- \$4,000,000 for the Beverley Taylor Sorenson Elementary Arts Program;
- \$7,500,000 for Early Intervention; and
- \$1,000,000 for a large school district pilot assessment program.

***FY 2012 Supplemental Funding Items***

The Legislature may wish to examine two issues in the FY 2012 budget for possible supplemental adjustments, namely, the Educator Salary Adjustment (ESA) program and continued authorization for school districts and charter schools to use remaining federal Education Jobs funding in FY 2012.

***Educator Salary Adjustments***

Statutes governing the ESA program require an annual adjustment to “maintain educator salary adjustments provided in prior years; and provide educator salary adjustments to new employees” (53A-17a-153). During the 2009 General Session, the Legislature decided to stop trying to predict LEA hiring practices and fund increases to the ESA program on a supplemental basis. This allows the Legislature to know exactly how many teachers LEAs hired and adjust program appropriations half-way through the school year.

Since supplemental appropriations are one-time in nature, the mid-year adjustment requires two steps. First, adjust the current year budget through a supplemental appropriation. Second, adjust the ongoing funding base in the upcoming fiscal year to account for the ongoing impact of the new educators qualifying for the salary adjustment.

An ongoing amount of \$2,682,000 from the Education Fund is included in the FY 2013 enrollment growth cost estimate. A corresponding amount in one-time funding is also needed in the FY 2012 budget.

*Federal Education Jobs Fund*

During the 2010 Second Special Session, the Legislature approved the acceptance of federal funding associated with the Education Jobs Fund. Utah's total award was a one-time amount of approximately \$101 million in FY 2011. The funding is restricted to support school-level education jobs. All school-site employment categories qualified for use of the federal funding and funds could not be used for general administrative expenses or other support service expenditures.

The federal government intended for LEAs to use this funding during the 2010-11 school year, but federal law allows LEAs to carry-over any unused funding into the 2011-12 school year. LEAs used approximately \$79.6 million of authorized funding in FY 2011, leaving \$21,371,000 for use in FY 2012.

**BUDGET SUMMARY**

The FY 2013 base budget for the Basic School Program totals \$419,959,100. Most categorical program funding comes from the Education Fund, or \$397,359,100 of the total. The remaining \$22.6 million comes from the restricted Interest & Dividends account in the Uniform School Fund and supports the School LAND Trust program. This budget includes all ongoing funding appropriated in the FY 2012 budget, adjusted to round to the nearest \$100. As stated previously, programs funded from one-time sources are not included in the FY 2013 base budget.

The Budget Detail Table below provides program-level funding information for FY 2012 and the FY 2013 base budget.

**RECOMMENDATIONS**

- For the Minimum School Program – Related to Basic School Program, the Fiscal Analyst recommends a FY 2013 base budget of \$419,959,100 shown in the budget detail table below.
- The Fiscal Analyst further recommends that the subcommittee forward to the Executive Appropriations Committee for further consideration the following FY 2012 supplemental and FY 2013 funding increases from the Education Fund:
  - \$13,806,300 ongoing for student enrollment growth costs for the Related to Basic School Program as outlined in Figure 5 in the Issue Brief titled “Minimum School Program – Basic School Program Annual Adjustment Variables;”
  - \$6,000,000 ongoing for To & From School Pupil Transportation;
  - \$15,000,000 one-time to support a Computer Adaptive Testing – Technology Matching Fund;
  - \$5,000,000 one-time to reimburse teachers for out-of-pocket expenditures on classroom supplies and material; and
  - \$2,682,000 supplemental to provide Educator Salary Adjustments for newly hired educators.
- The Fiscal Analyst also recommends that the subcommittee forward to the Executive Appropriations Committee for further consideration continued authorization for LEAs to use in FY 2012 the \$21,371,000 in federal Education Jobs Fund revenue remaining from the FY 2011 appropriation. This authorization will provide additional clarity under Utah's federal fund approval process outlined in statute (63J-5-202-204).

**BUDGET DETAIL TABLE**

<b>Related to Basic School Program - Non-WPU Programs (Below-the-Line)</b>				
<b>Sources of Revenue</b>		<b>Total Revenue</b>		<b>Total Revenue</b>
A. State Revenue				
1. Education Fund		\$397,358,969		\$397,359,100
a. Education Fund, One-time		13,500,000		0
2. USFR - Interest & Dividends		22,600,000		22,600,000
B. Federal Revenue - ARRA/Education Jobs Fund		21,371,000		0
C. Beginning Nonlapsing Balances		13,718,100		9,718,100
1. Beginning Balances - Basic Program		6,300,000		0
D. Closing Nonlapsing Balances		(9,718,100)		(9,718,100)
<b>Total Revenue:</b>		<b>\$465,129,969</b>		<b>\$419,959,100</b>
<b>Programs of Expenditure</b>		<b>Funding</b>		<b>Funding</b>
A. Related to Basic Programs				
1. To and From School - Pupil Transportation		59,346,865		59,346,900
2. Guarantee Transportation Levy		500,000		500,000
3. Flexible Allocation - WPU Distribution		22,698,864		22,698,900
4. Federal Education Jobs Fund - WPU Distribution		21,371,000		0
<b>Subtotal:</b>		<b>\$103,916,729</b>		<b>\$82,545,800</b>
B. Special Populations				
1. Enhancement for At-Risk Students		22,432,273		22,432,300
2. Youth-in-Custody		18,321,100		18,321,100
3. Adult Education		9,000,000		9,000,000
4. Enhancement for Accelerated Students		3,979,881		3,979,900
5. Concurrent Enrollment		8,531,186		8,531,200
<b>Subtotal:</b>		<b>\$62,264,440</b>		<b>\$62,264,500</b>
C. Other Programs				
1. School LAND Trust Program		22,600,000		22,600,000
2. Charter School Local Replacement		67,258,900		67,258,900
3. Charter School Administrative Costs		4,627,800		4,627,800
4. K-3 Reading Improvement Program		15,000,000		15,000,000
5. Educator Salary Adjustments		152,104,700		152,104,700
6. Teacher Salary Supplement Restricted Account		5,000,000		5,000,000
7. Library Books & Electronic Resources		500,000		500,000
8. Matching Fund for School Nurses		882,000		882,000
9. Critical Languages & Dual Immersion		975,400		975,400
10. Year-Round Math & Science (USTAR Centers)		6,200,000		6,200,000
<b>Subtotal:</b>		<b>\$275,148,800</b>		<b>\$275,148,800</b>
D. One-time Funding Items				
1. Pupil Transportation		6,300,000		0
2. Teacher Supplies & Materials		5,000,000		0
3. Beverley Taylor Sorenson Arts Learning Program		4,000,000		0
4. Early Intervention		7,500,000		0
5. Pilot Assessment (Large School District)		1,000,000		0
<b>Subtotal:</b>		<b>\$23,800,000</b>		<b>\$0</b>
<b>Total Expenditures:</b>		<b>\$465,129,969</b>		<b>\$419,959,100</b>