

**MINUTES OF THE  
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE  
MONDAY, JANUARY 30, 2006  
Room W135, West Office Building, State Capitol Complex**

Members Present:            Sen. Howard Stephenson, Co-Chair  
                                 Rep. Gordon E. Snow, Co-Chair  
                                 Sen. Beverly Evans  
                                 Sen. Karen Hale  
                                 Rep. J. Stuart Adams  
                                 Rep. Ron Bigelow  
                                 Rep. Duane E. Bourdeaux  
                                 Rep. LaVar Christensen  
                                 Rep. Tim M. Cosgrove  
                                 Rep. James A. Ferrin  
                                 Rep. Julie Fisher  
                                 Rep. Greg Hughes  
                                 Rep. Karen W. Morgan  
                                 Rep. Stephen H. Urquhart

Members Excused:        Pres. John Valentine

Staff Present:            R. Michael Kjar, Legislative Fiscal Analyst  
                                 Ben Leishman, Legislative Fiscal Analyst  
                                 Cherie Schmidt, Secretary

Public Speakers Present: Patrick Ogden, Associate Superintendent, USOE  
                                 Dr. Patti Harrington, State Superintendent, USOE  
                                 Jordan Yu, Vice President, SIUSE  
                                 Gary Wang, SIUSE  
                                 Albert Cheng, Vice President, SIUSE  
                                 Bruce Williams, Business Administrator, Davis School District  
                                 Rob Smith, Business Administrator, Alpine School District  
                                 Mary Shumway, Director of Career and Technical Education, USOE  
                                 Dawn Kay, Coordinator, USOE  
                                 Tom Sachs, Specialist, CCGP, USOE  
                                 Donna Murphy, Parent

A list of visitors and a copy of handouts are filed with the committee minutes.

Committee Co-Chair Stephenson called the meeting to order at 2:20 p.m.

1. Approval of Minutes -

**MOTION:** Rep. Snow moved to approve the minutes of the January 18, 19, and 23, 2006 meetings.

The motion passed unanimously.

2. State Board of Education–Feedback on Program Initiatives Charter Schools and Fine Arts and Sciences - Patrick Ogden, Associate Superintendent, USOE, referred to a handout entitled “Charter School Funding Equity Proposal” which details a formula for calculating how much money per student Charter Schools should receive. The formula covers those funds that Charter Schools do not receive that school districts currently do receive. The idea is to focus solely on revenues that Charter Schools currently do not receive under the Minimum School Program. The formula is as follows:

**MSP Revenues Not Currently Received by Charters**  
(Board and Voted Leeway State Guarantee and Capital Funding Outlay Funding)

**Plus**

**All Local Tax Revenues**

**Minus**

**Revenues Already Covered by State Funding or Charters Not Eligible to Receive**  
(Basic Rate Levy Revenue, Reading Levies Revenue,  
and Special Transportation Levy Revenue)

**Divided By**

**Average Daily Membership**

A spreadsheet is also provided in this handout that details the use of this formula.

Mr. Ogden stated that this revised formula would achieve funding equity between local Charter Schools and District Schools. The Board has endorsed this proposal and suggested that it be evaluated by this Committee.

Rep. Ferrin spoke in support of this proposal and stated that the funding initiatives have been requested by the State Charter School Board and have all been approved by the State Board of Education. The formula changes have been developed in cooperation with the USOE, and the major formula change was proposed by the USOE for fairness,

simplicity, and clarity. These statements are contained in a handout entitled "Funding Equity for Charter Schools" given to the Committee by Rep. Ferrin. Rep. Ferrin explained the contents of the motion in detail.

**MOTION:** Rep. Ferrin moved the following:

1. We adopt the Utah State Board of Education proposal for altering the formula to compute the local property tax replacement fund line items for Charter Schools. We instruct legislative staff to prepare language for inclusion in the recommended formula change. We recommend to Executive Appropriations an increase of ongoing funding pursuant to the restated formula of \$7,169,460 over the base budget.
2. We adopt the Utah State Board of Education proposal for providing funding for School Level Administration for Charter Schools. We instruct legislative staff to prepare language for inclusion in the Minimum School Program Supplemental Act to implement the recommended administrative funding formula. We recommend to Executive Appropriations an appropriation of ongoing funding pursuant to the formula of \$2,403,800.
3. We adopt the Utah Board of Education proposal for providing funding for Facility Lease Aid for Charter Schools. We instruct legislative staff to prepare language for inclusion in the Minimum School Program Supplemental Act to implement the recommended facility lease and funding formula. We recommend to Executive Appropriations an appropriation of ongoing funding pursuant to the formula of \$1,355,900.
4. We recommend the proposal to provide three additional FTE's to the Utah State Office of Education to provide additional charter school administrative staff. We recommend to Executive Appropriations an appropriation of ongoing funding of \$300,000 to fund the three FTE's. We also recommend an appropriation of ongoing funding of \$300,000 to fund an RFP for private contracting for training services for charter applicants and for new Charter Schools.
5. We recommend an appropriation of one-time funding in the amount of \$3,000,000 to assist in meeting startup expenses of new Charter Schools in the 2006-07 school year. We instruct legislative staff to prepare language for inclusion in the Minimum School Program Supplemental Act to implement a funding formula that would allow payments to new Charter Schools or to existing Charter Schools an amount equal to 40 percent of a WPU for each new student in a new school in the 2006-07 school year and for each additional student at an existing charter school over and above the

2005-06 enrollment. The formula should reduce the amount of state funds paid under this formula to Charter Schools by the amount of any federal startup funds received for the same students in the same year but not less than zero.

6. We recommend that any nonlapsing balances remaining from the 2005-06 fiscal year from amounts appropriated as one-time funding for charter school startup expenses be transferred to the 2006-07 budget for charter school startup expenses by the formula described in Item No. 5.
7. We recommend an appropriation to the current 2005-06 budget of one-time funding in the amount of \$3,100,000 to provide additional local property tax replacement funding to existing Charter Schools in the amount of \$267 per student.

Ben Leishman, Legislative Fiscal Analyst, provided a clarification to the motion that training and the additional FTE would need to be appropriated to the State Charter School Board line item which is part of the State Office of Education. This is a different bill and is a technical change. Rep. Ferrin agreed that this technical change would be part of his motion.

Discussion to the motion from the Committee members included questions on Facility Lease Aid, whether items in this motion should be included in the prioritization list, and equity issues.

**SUBSTITUTE MOTION:** Sen. Evans moved to pass the equity issue in Item No. 1 and put all the other issues as part of the Priority List so that they can be prioritized with all the other needs of Public Education.

Committee Co-Chair Stephenson clarified this substitute motion by stating that this motion is very similar to dividing the previous motion and to endorse the equity issues and then place the nonequity issues on the Priority List.

Rep. Ferrin stated that all the items in the original motion are all equitable. Rep. Ferrin further stated that the time has come to recognize that Charter Schools are part of our Public Education system, those students are as valuable as any other students, and there is sufficient funding and revenue forecast to solve the issues and put Charter Schools on an equal footing relative to District Schools. Rep. Christensen discussed the issue relating to the statute of Charter Schools.

Rep. Christensen expressed concern that we need to step back and determine what the current statutory system is and what the current statutory compass is. This may require

legislation to alter the code not just an appropriation recommendation. Rep. Ferrin answered these concerns by stating that all the items are fair and equitable funding.

Voting on the Substitute Motion was as follows: those voting in favor were Sen. Evans, Rep. Christensen, Rep. Fisher, Rep. Morgan, Rep. Snow, and Rep. Urquhart. Those voting against the Substitute Motion were Sen. Stephenson, Sen. Hale, Rep. Adams, Rep. Bourdeaux, Rep. Cosgrove, Rep. Ferrin, and Rep. Hughes. The Substitute Motion failed in both the Senate and the House. Rep. Bigelow was absent at the time of voting.

Legislative Fiscal Analysts R. Michael Kjar and Ben Leishman both stated that if the Committee desires to fund these issues and have the funding for Charter Schools be included in the Minimum School Program Act, they would need to reprioritize items within the base budget that have already been approved by the Executive Appropriations Committee. Otherwise if the motion is passed to approve these items, they would be interpreted as the Committee's number one priority for new money. Mr. Kjar further stated that any funding that may come to the Committee from the Executive Appropriations Committee has not been identified. Any new budget items must be prioritized.

**ORIGINAL AMENDED MOTION:** Rep. Ferrin moved to amend the original motion by listing Items 1-7 as a No. 3 priority behind WPU Increase and Enrollment Growth, and this would be made of available funds as a supplemental appropriation to the existing base budget.

Rep. Christensen asked Rep. Ferrin if the Committee is trying to create funded enrollment growth for Charter Schools on a par with public schools enrollment growth and are all the items collectively necessary to add up to enrollment or is only one or more of the items for enrollment growth. Committee Co-Chair Stephenson responded as a point of information that he was a Senate Co-Sponsor of the first Charter School Bill, and he has been a sponsor or co-sponsor of all the bills since. He stated that it has always been the intent for Charter Schools to be on par financially with District Schools. It was never the intent either implied or explicit that Charter Schools were to operate for a lower amount of money. Rep. Ferrin stated that the funding items are not to reflect enrollment growth. They are intended to reflect the need that exists in the Charter Schools to bring them to funding equity relative to District Schools.

**SUBSTITUTE MOTION:** Committee Co-Chair Snow moved to prioritize Item No. 1 as the third item on the Priority List--the first item being enrollment growth; the second being WPU Inflationary Increase--and that Item No. 7 be prioritized as the number one item on a supplemental one-time funding list. Then the rest of the items be referred to the Priority List, and the Committee can prioritize those items.

Committee Co-Chair Snow clarified the motion and stated that Enrollment Growth would be Item No. 1, WPU Inflationary Increase would be Item No. 2, Local Property

Tax Replacement Fund would be Item No. 3, and no other items be prioritized and refer those to the list and prioritize them as we do the rest of the list but allow Item No. 7 to be at the top of the list as far as supplemental one-time funding requests.

Voting on the Substitute Motion was as follows: those voting in favor were Sen. Evans, Sen. Hale, Rep. Snow, Rep. Bigelow, Rep. Christensen, Rep. Fisher, and Rep. Cosgrove. Those voting against were Sen. Stephenson, Rep. Adams, Rep. Ferrin, and Rep. Hughes. Those absent at the time of voting were Rep. Bourdeaux, Rep. Morgan, and Rep. Urquhart. The Substitute Motion passed in both the Senate and the House.

Dr. Patti Harrington spoke on the issue of dividing the Fine Arts and Science Program. Dr. Harrington stated that the Board has no recommendation for this division but is in favor of the 10 percent increase in funding for the Arts and Science Programs whether they are together or separate.

Sen. Hale acknowledged the great partnership between the Arts and Science Programs. Sen. Hale proposed adopting the concept of Bifurcation and also to consider including an Arts Enhancement to mirror the Science Enhancement as proposed for the Science Program.

**MOTION:** Sen. Hale moved to adopt the concept of the Bifurcation proposal and include in this concept \$330,000, which is one-time now, to make that ongoing and to include the 10 percent increase in funding.

The motion passed unanimously with Rep. Bourdeaux, Rep. Morgan, and Rep. Urquhart absent at the time of voting.

Patrick Ogden, Associate Superintendent, USOE, referred to a handout entitled "State Board of Education Proposed Budget Initiatives" and stated that these items be considered as the budget is prepared. These items do not entail additional funding but are some accountable items. These items include the following:

- Recreate a Categorical Program for Alternative Language Services
- ~~Stabilize the Basic School Levy~~ (Deleted)
- Recreate the Educational Technology Initiative Fund (ETI)
- Dedicate a Portion of the Uniform School Fund Surplus to the Education Technology Initiative
- Make Special Needs Scholarship Funding Ongoing and Nonlapsing
- Seek legislative approval to use unspent FY 2006 Charter School startup funding for startup grants in FY 2007
- Transfer \$150,000 of MSP Funding for USOE Youth-in-Custody Specialist

- Compliance, Training, and Support for Charter Schools (\$600,000)

Detailed funding for these items is explained in this handout.

Committee Co-Chair Stephenson stated that the Agenda Item Fiscal Impact Bills will be deferred to the next meeting of the Committee.

3. E-Chinese Presentation–Jordan Yu, Sino US Education - Jordan Yu, Gary Wang, and Albert Cheng all representing SIUSE provided a PowerPoint Presentation to the Committee giving an overview of current situations, SIUSE's E-Chinese Program, Growth and Cost Forecast, and Features and Benefits of this organization. A copy of this presentation is included in the materials filed with the Committee minutes. Students from Springville and Payson High Schools gave testimony in support of this program.
4. Pupil Transportation - Bruce Williams, Assistant Superintendent and Business Administrator for Davis School District, and Rob Smith, Business Administrator for Alpine School District, gave a presentation on School District Operational Funding Needs. Details for this funding are explained in a handout. Funding requests include the following:
  - \$11 million ongoing appropriation to Local Discretionary Block Grant for energy cost increases
  - Supplemental appropriation for 2005-06 Year to cover fuel cost increases - \$5 million
  - Fund Block Grants with the same percentage increase as the WPU
  - Fund the Voted and Board Leeway Guarantee Increases
  - Fund \$5 million increase to the Capital Equalization Programs split equally between the Foundation and Growth Programs

Mr. Williams stated that these funding requests will allow districts to continue to operate at current service levels.

Sen. Hale made a recommendation to the Fiscal Analysts that a supplemental appropriation for energy costs of \$10,795,993 be placed on the Prioritization List.

Committee Co-Chair Snow also recommended that all capital outlay be added to the Prioritization List.

5. Career and Technical Education - Mary Shumway, Director of Career and Technical Education, USOE, provided handouts and testimony in support of the Career and Technical Education Program. Ms. Shumway stated that this program has challenges in

equipment, software, staff development needs, and lower class sizes. Over the years, WPU funding has decreased from 92 percent to 62 percent of the total cost. Through the State Board, requests have been made to close that gap and meet some of these needs through one-time equipment funding or ongoing funding.

Dawn Kay, Coordinator for Student Services for K-12 Counseling and Guidance Program, USOE, and Tom Sachs, Counseling and Guidance Specialist, gave testimony in support of guidance counselors in schools.

A request was made for an additional 67 counselors for secondary schools.

Donna Murphy gave testimony in support of the Career and Technical Education Program.

6. Foreign Exchange Students - This agenda item was not discussed at this time. However, Rep. Morgan requested that this item be added to the Prioritization List.
7. Committee Business - Committee Co-Chair indicated that there are two meeting left for this Committee. Fiscal Note Bills will be heard on Thursday, February 2, 2006.
8. Adjourn -

**MOTION:** Rep. Fisher moved to adjourn.

Committee Co-Chair Snow adjourned the meeting at 5:00 p.m.

Minutes were reported by Cherie Schmidt, Secretary

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Sen. Howard Stephenson, Committee Co-Chair

Rep. Gordon Snow, Committee Co-Chair