

**CORRECTED MINUTES OF THE  
JOINT PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE MEETING  
THURSDAY, JANUARY 18, 2007, 2:00 P.M.  
Room W135, West Office Building, State Capitol Complex**

Members Present: Sen. Howard A. Stephenson, Co-Chair  
Rep. Bradley G. Last, Co-Chair  
Sen. Lyle W. Hillyard  
Sen. Patricia W. Jones  
Sen Kevin T. VanTassell  
Rep. Tim M. Cosgrove  
Rep. Lorie D. Fowlke  
Rep. Gage Froerer  
Rep. Ronda Rudd Menlove  
Rep. Karen W. Morgan  
Rep. Phil Riesen  
Rep. Aaron Tilton  
Rep. Carl Wimmer

Members Absent: Rep. Brad L. Dee  
Rep. Gregory H. Hughes

Staff Present: Ben Leishman, Legislative Fiscal Analyst  
J. Daniel Schoenfeld, Legislative Fiscal Analyst  
Cherie Schmidt, Secretary

Public Speakers Present: Patrick Ogden, Associate Superintendent, USOE  
Don Uchida, Utah Office of Rehabilitation  
Todd Hauber, Finance Director, USDB  
Linda Rutledge, Superintendent, USDB  
Patti Harrington, Superintendent, USOE  
Barbara Calney, Chairperson, Foreign Exchange Association  
Jan Ferre, Legislative Coalition for People with Disabilities  
Nan Gray, State Director of Special Education, USOE  
Matt Worthlin, Attorney and Board Member, United Way

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

Co-Chair Stephenson called the meeting to order at 2:30 p.m.

- 1. Welcome** - Co-Chair Stephenson welcomed the Subcommittee members and members of the audience to the meeting.

2. **Report on 2006 General Session Education Initiatives and Reforms** - Patrick Ogden, Associate Superintendent, USOE, referred to two handouts. The first entitled, "Utah State Board of Education Budget Request for 2008," is the budget request from the Utah State Board of Education's budget and is a guide to that request. It explains why the Board believes and knows that there is a need for more funding for Public Education. The second handout entitled, "Public Education 2006 General Session Education Initiatives and Reforms" was also discussed. Page one of this handout gives the Public Education Budget Terminology and Acronyms. State Funds refer to the General Fund and Uniform School Funds. The General Fund is made up primarily of sales tax revenues. The Uniform School Fund is made up primarily of Income Tax Revenues. The Education Fund is derived from Income Tax which flows into the Education Fund, from the Education Fund it flows into the Uniform School Fund, and from the Uniform School Fund it is appropriated to Public Education. The Education Fund can also be for Higher Education. There are five different organizations, entities, or budget items involved in Public Education:

- Utah State Office of Education
- Utah State Office of Rehabilitation
- Utah Schools for the Deaf and the Blind
- Minimum School Program
- Other smaller items

The Utah State Board of Education FY 2008 Budget for an ongoing increase, one-time funding, and an increase in this year's budget is summarized as follows:

Minimum School Program	\$553,271,700
Utah State Office of Education	\$10,066,100
Utah State Office of Rehabilitation	\$1,614,900
Schools for the Deaf and the Blind	\$1,288,000
One-Time Funding Requests	\$63,620,800

Details of this request are given in "Utah State Board of Education 2008 Budget Request," which is on file with the minutes of this meeting.

Don Uchida, Utah State Office of Rehabilitation, addressed the Subcommittee and referred to a handout entitled, "Utah State Office of Rehabilitation FY 2007 Spending Report." This handout details the accountability of the first half of the fiscal year and represents \$350,000 ongoing provision of Nursing Home Specialists at each of the Independent Living Centers and \$400,000 one-time funding for Assistive Technology.

Todd Hauber, Finance Director, USDB, spoke to the Subcommittee concerning the funding that was provided during the last legislative session and the position of the programs at this point in time. Funding allocated last session included the merger of the JMS Charter School into the Utah Schools for the Deaf and Blind which was a supplemental amount of \$745,000 for the year that ended June 30, 2006. Total funding amounted to \$1.16 million. This funding was also used for the BYBY Program which is a philosophy of education where deaf students learn directly from their teachers the curriculum through American Sign Language. BYBY means bilingual in that the students learn sign language and English and bicultural because the students learn the cultural world of the deaf as well as the world of the hearing. An appropriation of \$406,900 as part of teacher base was also accounted for.

Linda Rutledge, Superintendent of the Schools for the Deaf and Blind, addressed the Subcommittee and gave an accounting of the location of the schools and the number of students.

**3. Analyst Budget Presentation–Minimum School Program–Basic School Program -**

Ben Leishman, Legislative Fiscal Analyst, addressed the Subcommittee to discuss the Basic School Programs (Tab 4 *Budget Analysis FY 2008*). The Minimum School Program (MSP) is the primary funding source for Utah's school districts and charter schools. The FY 2008 base budget for the Minimum School Programs totals \$2,592,126,800. This budget brief also explains how equalization takes place in the Minimum School Program. The MSP is a state-supported program that equalizes state revenues, as well as the majority of local property tax revenue between richer and poorer school districts. Charter schools also participate in the equalized MSP revenue distribution. Each school district assesses a minimum basic property tax in order to receive state funding allocated through the MSP.

Mr. Leishman also discussed the Budget Brief - MSP Basic School Program. Statute defines the Basic School Programs for kindergarten, elementary, and secondary school students that are operated and maintained for the amount derived by multiplying the number of Weighted Pupil Units (WPU) for each district or charter by the value of the Weighted Pupil Unit. Each year the Legislature establishes a value for each WPU in statute. Total funding for Basic School Programs is determined by the number of WPU in the program multiplied by the value of the WPU. When the WPU Legislature provides an increase to the value of the WPU, it is increasing the overall value of the Basic School Program as allocated equally between school districts and charter schools based on their respective WPU counts. A Budget Detail Table is included in this brief.

Sen. Hillyard asked a question concerning the breakdown of the WPU salary component. The 2005 MSP Compensation Report provided salary and benefit expenditures for major

programs with the MSP. These estimates provide a better picture of how WPU value increases may impact employee compensation. For example, a table contained within the Issue Brief - Increasing the Value of the WPU indicates that approximately 90.8 percent of value increases provided to the Regular Basic School Program is used to provide employee compensation. Due to the local nature of educator compensation decisions, it is difficult for the Legislature to directly influence increases to educator compensation. The Legislature could direct educator compensation increases each year through statute. Superintendent Harrington commented that the increases in monies that go to districts are negotiated one by one, district to district, and charter school to charter school. She stated that in general most teachers received a 3.5 to 5 percent increase last year. This increase is actual salary not health benefits. Health insurance does vary district to district. There is also a table in this issue brief that compares the percent of the WPU increase from 1996 to 2000 with the statewide average salary schedule increases.

Throughout the session, the Subcommittee will be debating about WPU increases. Mr. Leishman stated that each year the Legislative Fiscal Analyst's Office provides an estimate of how much an increase in the WPU will cost. A table contained in the brief gives a cost estimate to increase the WPU value by 1 percent by category. For FY 2008, a 1 percent increase to the value of the WPU is estimated at \$16,841,269 for WPU driven programs. Associated social security and retirement costs increase the estimate by another \$3,205,643, for a total of \$20,046,912. During the 2005 General Session, the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget worked out a consensus methodology for calculating WPU value increases. This consensus includes several non-WPU driven programs in the WPU value estimate. Incorporation of these Non-WPU programs provides revenue to programs that are heavily personnel intensive. Including these programs brings the total cost of a 1 percent WPU increase to \$22,015,943.

The next Issue Brief discussed was Property Taxes and the State. This brief was developed by the Legislative Fiscal Analyst's Office in response to the proposals to increase or decrease the basic rate. The brief identifies what possibly could happen through those scenarios. Assuming that the revenue created by the basic rate is replaced with Uniform School Revenue, theoretically there will no impact on Public Education. There may be some side impacts especially with redevelopment agencies that Legislators should be aware of as negotiations continue.

The Issue Brief - Class Size Reduction provides some information on class sizes in the state. During the 2006 General Session, policymakers introduced legislation to allocate additional revenue for class size reduction. No class size reduction initiative emerged from that the 2006 General Session. Mr. Leishman stated that most cost estimates to reduce the class size reduction are actually pupil to teacher ratio reduction cost estimates.

This brief includes information on Utah's pupil-teacher ratio, compares this ratio to other western states, and provides cost estimates to reduce the pupil-teacher ratio in Utah. The Utah State Office of Education does collect some information from school districts on actual class sizes. For these reports, the USOE relies primarily on Utah Performance Assessment Systems for Student (U-PASS) school level reports. These reports provide average class sizes for a given school and are not combined into district or state level composite reports. A table in this brief gives actual class sizes for approximately 20 schools in 2005.

Two programs within the Minimum School Program focus on class size reduction, the Class Size Reduction Program and the Board Leeway. The Legislature began appropriating funding for class size reduction in 1994. Since 1994, the annual allocation for class size reduction has increased to more than \$79 million. Program funding is targeted for class size reduction efforts in Kindergarten through the 8<sup>th</sup> grade. School districts and charter schools receive program revenues on a formula basis. The formula distributes revenue on a WPU basis to school districts and charter schools based on their prior year K-8 student enrollment plus student growth in grades K-8. Fifty percent of program revenues must support class size reduction efforts in grades K-2. If the average class size in these grades falls below 18, districts and charter school may seek State Board approval to use class size reduction funds in grades 3-8.

The Board Leeway Program is a state-supported property tax that school districts can opt to levy, and the money supports class size reduction. An estimate is given in this brief which gives an estimate of the cost to reduce pupil-teacher ratio by one and also to reduce the pupil-teacher ratio to national average.

Mr. Leishman continued with this presentation by stating that last year the Legislature amended the Minimum School Program Act on the last night of the session to resume funding for Foreign Exchange Students. State financial support for foreign exchange students was eliminated during the budget reduction process occurring between FY 2002 and FY 2004. Initially, the Legislature attempted to mitigate the decline in the number of foreign exchange by allowing a one-to-one student exchange; meaning, if a Utah student participated in an exchange, a foreign student could attend (and be funded) in Utah. Prior to the elimination of state funding, foreign exchange student enrollment exceeded 300 annually. After state financial support was eliminated, annual enrollment of foreign exchange students decreased to fewer than 40 students. During the 2006 General Session, Legislators adopted an amendment by Sen. Karen Hale that reinstated state funding for foreign exchange students attending Utah's public schools. This statute provides state funding to school districts and charter school on a one-year lag. Funding for foreign exchange students will resume FY 2008 after July 7, 2007, but the level is based on the enrollment of foreign exchange students in the schools the prior Fall. This

has created some issues among the implementation of the funding as to whether the school districts can actually count on that revenue. The Analyst recommends that the Legislature should first appropriate funding for the students who enrolled in good faith last fall and reestablish whether or not the Legislature intends to fund foreign exchange students on a lag or reinstate the number of WPU's. The way it is set up now in statute is each year funding will be provided for foreign exchange students, but school districts will not receive that funding until the year they have enrolled the student. It is also recommended that the USOE through intent language develop a mechanism for managing the exchange student enrollment cap and report actual student enrollment each Fall.

Continuing on with the Budget Brief - MSP Basic School Program, other issues and recommendations were discussed. The State Board of Education requests a budget increase to reduce the counselor to student ratio in Utah high schools. In FY 2006, Utah's average counselor to student ratio in secondary schools was 1:388. The State Board of Education requests \$8.6 in ongoing Uniform School Funds to bring the secondary counselor student ratio to 1:350. Secondary school counselors administer statewide assessments under No Child Left Behind (NCLB) and the Utah Performance Assessment System for Students (U-PASS) ensuring each student meets graduation requirements. Many school counselors also administer the UBSCT test ensuring students meet increased graduation requirements, schedule student classes, provide personalized career development opportunities, and counsel students. The Analyst recommends that the Legislature consider prioritizing funding for reducing the counselor to student ratio in Utah's secondary schools among other FY 2008 budget issues. Further recommendations include a request from the Legislature to the State Board of Education to develop accountability measures to ensure a reduction in counselor to student ratios. This language could specify that increased revenues, if provided by the Legislature, supplement and not supplant current counselor expenditures made by school districts and charter schools. Some school districts and charter schools may have ceilings placed on the secondary counselor to student ratios. Receipt of state funds could be contingent on lowering any preestablished caps placed on counselor to student ratios.

Mr. Leishman also discussed the Special Education State Program. This program includes an Impact Aid program used to support school districts and charter schools in serving special education students whose extensive needs cost the district or charter school more than \$15,000 per student. The State Board of Education requests an additional \$1.7 million in state support for the program. The increased state support, when combined with the MSP base funding of \$161,000 and Federal IDEA funds of \$983,300 provides a total Impact Aid pool of \$2.8 million. Legislators may wish to further review the Impact Aid Program, consider revenue sharing options between state,

local, and federal sources, and prioritize any state funding increase with other items before the Subcommittee.

4. **Agency Response-State Board of Education** - Patti Harrington, Superintendent, USOE, referred to the handout entitled, "Utah State Board of Education 2008 Budget Request." The Board of Education request encompasses three areas:

Amount of new funding just to maintain the quality of today's educational programs  
Funding for parts of the public school system that are broken, or at least cracking, and are in need of repair  
Funding to help students achieve more academically.

Details of this request are summarized in this handout.

5. **Public Comment** - Barbara Calney, representing the membership of the Utah Exchange Association, referred to a letter she had written to the Subcommittee concerning the importance of the Foreign Exchange Program. Some foreign exchange students were recognized and introduced themselves to the Subcommittee. Co-Chair Stephenson mentioned that there would be consideration funding for critical languages to give schools an incentive for starting new languages that the State Department has determined as critical. There will also be a request that any school that has one of these language classes to have a foreign exchange student come to that school and to be assigned to that class to provide a native speaker to help in the instruction of that language.

Jan Ferre representing the Legislative Coalition for People with Disability introduced Nan Gray, State Director of Special Education, USOE. She provided information in support of the State Board Building Block request entitled, "Special Education High Cost Student Funding," also referred to as Impact Aid. Two handouts were distributed to the Subcommittee containing information about the request. The Utah State Office of Education is requesting a building block to address the shortfall in the impact aid for high-cost low-incidence special education from the Utah State Legislature in the amount of \$1,720,000. Tina Persels spoke in support of this program and also introduced her son Adam.

Matt Worthlin also addressed the Subcommittee. Mr. Worthlin is an attorney and is a member of a group called the Young Leaders established under United Way of Salt Lake. This group was established to promote civic mindedness and philanthropy among the emerging young leaders in the community in the business world. The group is composed of individuals from every profession. Mr. Worthlin spoke in support of the optional extended-day kindergarten. United Way of Salt Lake's Board of Directors is comprised of 50 business leaders who consider the issue of optional extended-day kindergarten a

priority in strengthening the workforce, stimulating economic development, and building a stronger education base in Utah. They also recognize that learning must begin early in order for children to have the tools they need to succeed in school and in life. A handout entitled, "Optional Extended-Day Kindergarten" was given to the Subcommittee which details this information.

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

Co-Chair Stephenson adjourned the meeting at 5:10 p.m.

Minutes were reported by Cherie Schmidt, Secretary

---

---

Sen. Howard Stephenson, Committee Co-Chair

Rep. Bradley G Last, Committee Co-Chair