

MINUTES

August 10, 2001

Minutes of the meeting of the State Board of Education and State Board for Applied Technology Education held August 10, 2001, at the Utah State Office of Education, Salt Lake City, Utah. Meeting commenced at 8:40 a.m. Chairman Kim R. Burningham presided. Members present were:

Chairman, Kim R. Burningham

Member R. Michael Anderson

Member Bette O. Arial

Member Linnea S. Barney

Member Laurel Brown

Member Greg W. Haws

Member Judy Larson

Member A. Earl McCain

Member Denis R. Morrill

Member David L. Moss

Member John C. Pingree

Member Joyce W. Richards

Member Marilyn Shields

Member Teresa L. Theurer

Vice Chairman Janet A. Cannon was excused.

Also present were:

Executive Officer Steven O. Laing

Deputy Superintendent Gary L. Carlston

Associate Superintendent Robert O. Brems

Associate Superintendent Patrick Ogden

Associate Superintendent Bonnie Morgan

Board Secretary Twila B. Affleck

Public Affairs Director, Mark Peterson was excused.

Also present for portions of the Board meeting were:

Members of the Press:

Beth Dove, Standard Examiner

Christina Flores, KTVX

Marta Murvosh, Salt Lake Tribune

Jennifer Toomer Cook, Deseret News

Chad Harris, Governor's Office of Planning & Budget

Kevin Walthers, Legislative Fiscal Analyst

Jon Ball, Legislative Fiscal Analyst

Bill Gibson, Division of Services for the Blind and Visually Impaired

Lee Robinson, Superintendent, Utah Schools for the Deaf and the Blind

Con Rowley, Governor's Office

Darrell K. White, Superintendent Davis School District

Corey L. Rowley, Legislative Coalition for People with Disabilities

State Office of Education Staff:

Angenette Pickett, Agency Services

Jean Hill, Planning & Project Services

Jane Zhang, Agency Services

Patricia Bradley, Instructional Services

Nancy Giraldo, Instructional Services

Tom Upton, Agency Services

Pat O'Hara, Agency Services

Board Members repeated the Pledge of Allegiance.

Board Member Joyce W. Richards offered the reverence.

Twila B. Affleck recorded the minutes.

Chairman Kim Burningham excused Vice-Chairman Janet A. Cannon.

Member Linnea S. Barney shared her thoughts on Code of Conduct #8, Represent the needs of all students in the state - as well as local interests - without partisanship. She indicated that there are some who would like to see the State Board be a partisan race. Also, there are several states who do have partisan boards. She felt that it was important that the Board remain nonpartisan and that every effort should be made to keep it non partisan in the future for the benefit of children.

Chairman Burningham noted that this would be the last official board meeting for Con Rowley from the Governor's Office. He expressed appreciation to Mr. Rowley for his 13 years of service in the Governor's office.

Chairman Burningham announced that there is a Teacher Quality Enhancement Conference at which a contingent from the State Office of Education will be attending. As part of this contingent they would like a board member to also participate. He requested that if there is a board member who has interest in attending to please contact Twila and make the arrangements to attend.

Chairman Burningham shared a Thank You note from former Board Member Grant Hurst for the remembrance the Board sent on the passing of his mother.

Chairman Burningham shared a couple of email's from former Board Member Jill Kennedy.

Chairman Burningham reminded the Board that the Planning, Finance and Legislation Committee will be meeting August 24, 8:00 a.m. to review charter school applications.

Board Member Marilyn Shields shared brochures on the Benson Gristmill and the Pioneer Pageant depicting the pioneers coming into the Tooele Valley. She has been involved in the restoration of the Benson Gristmill. She invited Board Members to visit the Gristmill and attend the pageant.

Member Greg Haws reported that MGT of America the firm that is conducting the internal audit will make an interim report to the Board in September. One thing they have indicated is that they have not interviewed every board member. He announced that anyone wishing to talk to them they would be available the week of September 10, 2001. The committee is pleased with the progress of the audit and is looking forward to the report in September.

Governor's Request to Withhold

Capital Outlay Funding

Superintendent Steve Laing reported that due to current state revenue projections for FY 2002 showing slower revenue

growth than anticipated, the Governor has required state agencies, including the State Office of Education, to hold back a portion of their FY 2002 budget. In addition to the operating budget reductions, the Governor has requested that the State Board of Education hold back \$10 million of new funding for the capital outlay foundation program. (For complete details of the request, see General Exhibit No. 8636.) Dr. Laing reviewed the history of the capital outlay foundation and the distribution of those funds. Dr. Laing noted that the actual distribution of capital outlay foundation funds do not take place until late fall. He reviewed with the Board a table of the estimated impact on school districts of the capital outlay holdbacks. (For complete details, see General Exhibit No. 8637.)

Con Rowley, Deputy for Education, Governor's Office explained the Governor's request and the reasons for the request to holdback funds in the capital outlay budget. He indicated that the Governor elected to ask the State Board to take the additional \$10 million of ongoing funding within the Minimum School Program that the legislature appropriated with the hope that revenues would be coming forth significantly well to permit those funds to be released at a later date. Mr. Rowley asked that Board to accept the Governor's request to help the state balance the budget in the stressing time of reduced revenue.

Member Denis Morrill questioned if the Board was affected by other holdbacks outside the Minimum School Program.

Superintendent Laing indicated that the State Office of Education, State Office of Rehabilitation and the Utah Schools for the Deaf and the Blind have all been affected and that the Board had previously approved the plan for these holdbacks. The districts, through the Minimum School Program, have been unaffected except for this request.

Member Mike Anderson questioned if there would be a priority to reinstate these funds should there be monies available at a later date? Mr. Rowley responded that all areas will be considered.

Superintendent Laing indicated that it was his understanding that if this actually becomes a cut, state statutes give the Minimum School Program first claim on the rainy day fund to make it whole.

Discussion ensued relative to the possibility of a guarantee that the restoration of the funds would be a priority next year and whether or not they would be recoverable in budget requests next year. Concern was expressed that the districts have integrated the funds into their budgets and in some of the districts the capital outlay funds are already maxed out.

Associate Superintendent Patrick Ogden reported that we have received guidelines from the Governor's Office of Planning and Budget to keep the holdbacks in our base budget for developing our budget for 2003. In case we need to pull that money from the base budget we should include building blocks for the holdbacks.

Darrell White, Superintendent, Davis School District commented that the superintendents understand the need for the holdbacks, and commend Governor's office and the State Board for dealing with this issue in a timely manner. He accepted the proposed method of the holdback. His purpose today was to remind the Board about the importance of equalization of funding for educating the children of this state. The capital outlay equalization is just as important as maintenance and operation equalization. These are funds spent by school districts to build classrooms, put roofs on buildings, and all of the other kinds of things that are just as essential as textbooks and other materials in the education of children. He also encouraged the Board's support, and hopefully the Governor and legislative leadership, in restoring these funds as soon as funds can be made available. Dr. White indicated that as you review the spread sheet, the money is not being held from all 40 school districts, but only from 18 of the poorest school districts in the state. This is the only way to do it, but to make this a permanent cut would be extremely inequitable for the children across the state. He plead for restoration of these monies to the affected school district through whatever method, from the rainy day fund or increased revenues, etc. He indicated that because of the sunset of the emergency, some districts, like Davis will actually, with this holdback, receive substantially less money than they did one year ago.

Superintendent Laing indicated that in the summary that was published by the Utah Legislature of the appropriations report it indicates that the Legislature created an education protection fund for future public education spending needs with up to \$20 million of residual Uniform School Funds for fiscal year 2002. He questioned if these funds were part of the holdback or are they funds that have gone into the residual fund and might be used to offset this \$10 million.

Associate Superintendent Patrick Ogden explained that the \$20 million that was to flow into the education protection fund would flow only if there was a surplus at the end of this fiscal year. Since it looks that we have less money than we have budgeted, there will be no money flowing into that rainy day fund.

Member Greg Haws questioned what would be the result if our response was that we have looked at this closely and there is a tremendous need for these funds and it is not possible for us to do this?

Superintendent Laing responded that the amounts listed on the spread sheet are estimates and they will be updated as actual data becomes available, which is based on the October 1 enrollments and assessed evaluations in the counties as they are being determined. The money, therefore, does not flow to the districts until January. If the Board decides to reject the request, we would have to start flowing the money to the districts in one-sixth increments. However, we need to recognize that this will be when the legislature goes into session and if the budget is to be cut or reduced, they will do it at that time.

Discussion ensued as to possible other areas to look at for the possible cut, and that this was viewed as the most convenient way of dealing with the required cuts.

Superintendent Laing commented that the reason this \$10 million from capital outlay was identified primarily because it has traditionally been the responsibility of the local districts, inequitable as it is, and that this was new money and it doesn't usually flow until January. He further commented that it is within the Boards authority that they could holdback in other areas as well.

Further discussion ensued relative to the ramifications of the \$10 million holdback from the capital outlay foundation program and whether or not there are other ways of holding back funds that would be more equitable.

Motion was made by Member Joyce W. Richards and seconded by Member Teresa L. Theurer to direct staff to withhold \$10 million from the capital outlay foundation program and reduce the capital outlay loan program by \$462,000. Further to ask the Legislature to consider this in the light we are presenting it, that it is very painful.

Member A. Earl McCain offered an amendment to the motion which was seconded by Member David L. Moss to request that the Legislature and the Governor, within 90 days, offer their commitment that it will be their number one priority to restore this \$10 million in addition to any other funds that might be allocated in the future.

Member Denis Morrill commented that he was in favor of the amendment in concept, but as a practical matter he did not know how to accomplish it because the legislature could only make a commitment by vote when in session.

Member Greg Haws spoke in opposition to both motions. He commented that we need to tell them that we have looked at this very carefully and we can't do this. We will, however, look at our budget in other areas to see if there is a way to holdback funds in other areas. He felt that the Legislature had prioritized this item by putting it in the budget. It is not new money if it replaces a prior program that was already being funded. He further commented that if this money really is as critical as it has been represented to be, we need to look at other areas to take this reduction from.

Superintendent Laing clarified that the \$10 million is new money. Under the old program our budget figure would have been \$23 million and we would have approximately \$5 million that was distributed under the capital outlay emergency building portion which went to a selected number of districts. By folding it all back into the \$28 million and distributing it under the formula for the capital outlay foundation program, all of the districts that have money will receive it along with some new districts that were added. Then the \$10 million was added to bring it up to \$38 million and under that distribution the districts that were receiving the most under the emergency portion were essentially held harmless.

It was clarified that the motion was that the \$10 million holdback would be from the capital outlay. Further, that the term "holdback" does not mean it is gone for sure, only if there are not sufficient funds available.

Member Denis Morrill commented that he felt it was out of order to seek a commitment from the Governor or the legislature, just knowing how people react to those kinds of demands. He would prefer to indicate that because this is a

voluntary action, we fully believe and expect it to be at the top of the refunding list.

Member Dave Moss commented that his interpretation of the amendment is that this is a reasonable compromise. Initially we are committed to these funds, and districts have planned on how they are using them. We are taking the smallest hit, and the money has been committed.

Member Earl McCain proposed adding the word voluntarily to his amendment to the motion. The proposal was agreed to by Member Moss who seconded the amendment.

Amendment to the motion failed with Members Barney, McCain, Moss and Shields voting in favor; Members Anderson, Brown, Haws, Larson, Morrill, Richards and Theurer voting against.

Member Denis R Morrill proposed an amendment to the original motion seconded by Member R. Michael Anderson that the Board request that the Governor in his budget preparation and the legislature in their considerations voluntarily put this at the top of their priority list if the cuts occur, in recognition of the fact that we are voluntarily holding back these funds from the Minimum School Program. Amendment to the motion carried with Members Anderson, Barney, Brown, Haws, Larson, Morrill, Moss, Richards, Shields and Theurer voting in favor; Member McCain opposed.

Further discussion of the original motion as amended.

Original motion as amended carried with Members Anderson, Barney, Brown, Haws, Larson, Morrill, Moss, Richards, Shields and Theurer voting in favor; Member McCain opposed. Con Rowley, Governor's Office expressed appreciation to the Board for their thoughtful discussion of this issue.

Installation of New Board Member

Carol Lear, Coordinator, School Law and Legislation, and a Notary Public, issued the Oath of Office to John C. Pingree who was appointed by Governor Michael O. Leavitt in District 7 following the resignation of Jill G. Kennedy, July 1, 2001. Mr. Pingree will fill the remainder of the term previously held by Mrs. Kennedy.

Member Pingree stated that he was happy to be a part of the board and for the opportunity of being able to contribute.

Board Budget Presentation/Discussion

Chairman Burningham reminded the Board that in years past it was the procedure of the Board to give long lists of priorities. Very often, the list was looked at and ignored. In the last two years, it has been the Board's tendency to present a shorter list of 10 to 15 items, and it is clear that we have had much better recognition of those particular items. He indicated that available funds will be much tighter in the approaching year. Also, there is the concept of block granting giving local districts more power which is an important consideration the Board should take as it proceeds with the budget recommendations.

Chairman Burningham indicated that at the last meeting the Board took action that the most important of the priorities would be a significant increase in general funding for education. Also action was taken that the Board would have a maximum of five priorities.

Chairman Burningham reported that since the last Board meeting, he, Superintendent Laing and Janet Cannon have met and are in agreement with the approach that Superintendent Laing will present. This approach employs all of the decisions the Board has made to date, it adapts to the block granting approach and acknowledges the fact that there are limited funds.

Superintendent Laing presented a review of the prior Board actions and the proposed approach. (For complete details, see General Exhibit No. 8638.) The Board discussed priorities and implications for budget requests. The following actions were taken by the Board following the discussion.

Motion was made by Member Judy Larson and seconded by Member Greg W. Haws to accept the general approach of four priority items as a starting point (1) WPU Increase minimally equal to the inflation rate; (2) block funding for needed enhancements: literacy, ELL, educator improvement; (3) state guarantee of local tax effort; and (4) additional increase to the WPU, with the possibility they could change. Motion carried with Members Anderson, Barney, Haws, Larson, McCain, Morrill, Moss, Pingree, Richards, Shields, and Theurer voting in favor; Member Brown opposed.

Priority #1 - WPU Increase . . . minimally equal to inflation rate.

Motion was made by Member Greg W. Haws and seconded by Member John C. Pingree that the wpu increase be equal to the inflation rate as increased by the CPI, plus 2%. Motion carried unanimously. It was clarified that this also includes growth in students.

Priority #2 - Block Funding for Needed Enhancements.

Motion was made by Member David L. Moss and seconded by Member Marilyn Shields to create a new multifaceted block with the possibility of rearrangement of others to come into it.

Superintendent Laing suggested that this new block and items contained in it be reflective of the priorities of the Board. Also, the Board may request an increase to an existing block for something else. Dr. Laing indicated that for the items contained in the block that districts be required to submit plans as to how they plan to use the money.

Motion carried unanimously.

Motion was made by Member Judy Larson and seconded by Member R. Michael Anderson to put Literacy Staff Development in the newly created block. Motion carried unanimously.

Motion was made by Member Laurel Brown and seconded by Member R. Michael Anderson to place ELL Services into the new block and further that existing alternative language services be rolled into the block. Motion carried unanimously.

Motion was made by Member Denis R. Morrill and seconded by Member R. Michael Anderson to move the Reading Initiative into the new Literacy block Motion carried unanimously.

Motion was made by Member David L. Moss and seconded by Member Laurel Brown to place a quality educator component into the new block, including professional development.

Discussion ensued as to whether to place this in the new block, whether or not that would enhance this issue, or if it would be better to leave it in the block that it currently exists.

Deputy Superintendent Gary Carlston suggested that the Board change the name of the professional development block to "Promoting Quality Educators." This block would include career ladder, professional development, mentor teaching induction programs, math, science, technology teachers, and national board certification.

Superintendent Laing suggested that the new multifaceted block be identified as a "Student Success Block (U-PASS Interventions Block)." Included within that block would be literacy, staff developers, reading initiative, ELL, ALS, which have already been addressed by the Board in earlier motions. Dr. Laing suggested that along with this list the Board include from the existing Local Discretion Block, truancy intervention/prevention, incentives for excellence, alternative middle schools, reading initiative, experimental development, and local discretionary program. This will allow districts to focus on intervening in behalf of students to help them be successful. Dr. Laing further suggested that the Board take the remaining categories under the Local Discretionary Block grant (unrestricted local program, educational technology initiative, character education, and school nurses) leave it as that but recommend the legislature roll it back above the line and put weighted pupil units with it. This will allow the local districts to use the money for character education programs, school nurses, educational technology initiative, etc. We would also require that they

have a plan which is submitted to the State Board as to how they will use the resources to intervene.

Motion made by Member Dave Moss to move quality educators into the new block failed with Members Barney, Brown, Moss and Shields voting in favor; Members Anderson, Haws, Larson, McCain, Morrill, Pingree, Richards and Theurer voting against.

Member Denis Morrill suggested that the Utah State Office of Rehabilitation and the Utah Schools for the Deaf and the Blind be treated as separate budgets. It was generally agreed that the budget would be presented as suggested, public education, rehabilitation and the Schools for the Deaf and the Blind.

Member Morrill spoke in favor of Superintendent Laing's suggestion of moving seemingly related items from other areas of the existing budget with the money, but without the name.

Member Mike Anderson suggested that it might be better to split the block with items above the line and leave the rest of them in that block.

Motion was made by Member Denis R. Morrill and seconded by Member Teresa Theurer that the new student success block contain the funds from incentives for excellence, alternative middle schools, experimental developmental, truancy, intervention/prevention, and local discretionary programs.

Member Mike Anderson clarified that the intention was to move the following items above the line and appropriate with the wpu: unrestricted local program, educational technology initiative, character education, and school nurses. It was clarified that this should be part of the motion and was accepted by Members Morrill and Theurer.

Associate Superintendent Patrick Ogden suggested that class size reduction monies also be included in that new block above the line. This suggestion was accepted into the motion.

Motion carried with Members Anderson, Barney, Brown, Haws, Larson, Morrill, Moss, Pingree, Richards, Shields, and Theurer voting in favor; Member McCain abstained.

Discussion ensued relative to the block for Professional Development, which included career ladders and U-PASS.

Superintendent Laing suggested that if we want to do something here to advance quality educators in every classroom in school, we should not only add new money but put a lever with it such as requiring a match or a district identification of what they will do differently to address the critical issues to justify the new money.

Superintendent Laing further suggested that the Board may want to put into the professional block fully funding the two days, add a 3rd day as new money with additional new money. The districts could use those monies as they are intended for career ladder and professional development days; the new money could also be used for a mentoring program, or district developed plan for differential pay, and some evidence of a district commitment to that by reprioritizing some of their existing money.

Motion was made by Member Teresa L. Theurer and seconded by Member Linnea S. Barney that the professional development block contain the items listed plus full funding for 2nd and 3rd days, mentoring and differential pay, alternative licensure, and in order to use it in the new areas districts must match the monies. Motion carried unanimously.

Discussion ensued relative to the dollar amounts for each block and items within the blocks. It was agreed that the staff would come back in September with recommendations and rationale for the Board's consideration.

General Consent Calendar

Motion was made by Member Earl McCain and seconded by Member Joyce W. Richards to approve the General Consent Calendar as presented. Motion carried with Members Anderson, Barney, Brown, Has, McCain, Morrill, Moss, Pingree, Richards, Shields and Theurer voting in favor; Member Larson absent.

1. Minutes of Previous Meeting

Minutes of the Meeting of the State Board of Education and State Board for Applied Technology Education held July 13, 2001.

2. Utah State Office of Rehabilitation FY 2001 State Plan for Independent Living

Public hearings on the State Plan were held in Logan, Ogden, Salt Lake City, Provo, Price and St. George. Participants at these public hearings received a personal copy of the state plan and the plan was discussed in detail. Copies of the State Plan were also sent to other agencies for their review and comment. Comments received discussed various aspects of the vocational rehabilitation program and how it is implemented. The Utah Statewide Independent Living Council also provided consultation concerning the plan. The comments and the agency's response will be included as part of the plan that is sent to the Rehabilitation Services Administration.

The State Board of Education approved the 2001 State Plan for Independent Living.

3. Utah Valley State College Secondary Education Teacher Preparation Program

Utah Valley State College currently prepares teachers in Early Childhood and Elementary Education. The Educator Advisory Committee has considered and recommends approval of the proposed Utah Valley State College Secondary Teacher Education Program.

The State Board of Education approved the Utah Valley State College Secondary Education Teacher Preparation Program in the endorsement areas of Biology, English and Earth Science.

Superintendent Laing reported that 41 people viewed the Board meeting last month over the internet. He questioned if the Board would like to continue to broadcast their meetings over the internet. It was agreed to continue to do so.

Meeting adjourned at 1:55 p.m.