

Public Schools Alert: Amended SB38 Continues Bad Public Policy and Will Lead to Local Tax Increases

This alert is from hundreds of parents who serve Utah's children on local boards of education.

WE URGE YOU TO OPPOSE SB38 School Funding Amendments (as amended) H. Stephenson

Background

The Utah Legislature created charter schools in the late 1990's. Today, about 90% of students attend district schools and 10% attend charter schools. It has been the intent of the Legislature to ensure that all students, district and charter, rural and urban, receive an equitable education and funding that provides for that equity. We certainly agree with that goal. But the studies of equity for charter and district schools always depends on the formula being examined. However, the Utah Taxpayer Association in August 2015 published **total per-student funding** that showed district schools were receiving \$7,688 per student while charter schools were receiving more at \$7,887 per student. More transparency is required and SB38 does not provide for that transparency. (See The Utah Taxpayer Newsletter, August 2015, "Complete 2015 School Spending Report Released" at: <http://www.utahtaxpayers.org/?p=3096>)

The intent of SB38 is to take away money from current services to students in district schools through the revenues from the recreation levy that local boards utilize for high school facilities and activities, and divert it to charter schools. Several committees led by legislators have wrestled over district and charter school equity over many years. The resulting formulas currently in place are convoluted and frequently cause tensions between the systems. **Utah ought not to let this tension fester.** The Utah Legislature can resolve this problem in a fair and transparent way, by allowing for a statewide levy or by granting taxing authority to the Utah State Board, the authorizer of most of the charter schools in the state.

Our Concerns:

Equal distribution of diverted local property tax revenues in SB38 gives an unwarranted bounty to elementary charter schools and draws funds away from district high schools where most students, district and charter, access extracurricular activities.

Districts use their local recreation property tax revenue to support high school activities and facility use as well as to create partnerships with cities and towns for recreational opportunities for all their citizens. If SB38 is successful, the new charter school revenue will be worked through a Local Replacement Formula (LRF) that provides for a distribution of an equal amount, per charter school student. That means, the money would be taken away from district high schools that are providing services to students and citizens in recreation programs and be distributed equally to all charter schools, providing an unwarranted bounty of recreation funding to elementary charter schools. **Additionally, many charter school high schools do not offer extracurricular activities and charter students, instead, come to district schools high school extracurricular activities, per 53A-1a-519.** But SB38 will drain funding for district high school activities.

Diversion of local property tax revenues is bad public policy

The practice of diverting local property taxes is bad public policy as it dismantles current effective district practices that support student excellence, exacerbates the tension between district and charter schools, is not transparent in that the diversion is not noticed on the county tax notices, and avoids the appropriately-placed accountability for charter schools, which belongs to the authorizer of those schools, the Utah State Board of Education.

SB38 Ignores the Public

When local boards of education vote to create/increase a property tax for recreation, they do so with specific uses in mind and they disclose those uses to the public. The public supports a tax (or not) according to the information shared by the local school board. **By diverting some of the recreation levy, if SB38 succeeds, the Legislature is**

overriding the declared use of the tax and defaulting on the public promise made to each community by local school boards.

County Tax Notices Do Not Inform the Public and Lack Transparency

It is very important to note that the Legislature has had a request, and has considered, but thus far has refused, to officially notice any diversion of district property tax revenues to charter schools on the county tax notices, so **the public is kept in the dark with no official notice on county tax notices. SB38 provides no remedy to that problem.**

SB38 will lead to tax increases

The action to divert property tax revenues will undoubtedly **lead to local tax increases in districts** just to keep current services that support student achievement. As two examples of the estimated loss, Alpine estimates a loss of \$800,000 and North Sanpete, estimates a loss of \$130,000, a large sum for such a small district. Both will be inclined to raise property taxes to make up for the loss of opportunities for students. **Too much governmental responsibility is being quietly shifted to other entities so that elected representatives, who are ultimately responsible, will not have to deal with the issue.** This should not happen in Utah. Please resolve this issue in a fair and transparent manner.

Additionally:

- Taxpayer dollars diverted to charter schools are **not overseen by generally-elected officials as they are by local school district boards.**
- Local property taxes are generated by the rate set by the Legislature and the valuation of properties within school district boundaries and are **not generated per pupil. No charter students are included in the formulation of property tax revenues for districts. There are no “phantom” students in the count for property tax revenues.**
- **The Charter School Funding Task Force, wherein SB38 was discussed, was comprised of some who have a financial interest in charter schools.** Their recommended legislation, SB38, should be seen in that light.

Responsible Remedy:

Continuing to divert property tax revenues from districts to charter schools is **bad public policy** as it further confounds education accounting, obscures transparency to the public, and needlessly exacerbates the tension between charter and district schools who should be working closely together. **The state created charter schools; the state should pay for charter schools either through a statewide basic levy or by granting taxing authority to the Utah State Board of Education which, as the charter school authorizer, can account for each charter school as do local boards of education for the schools in their districts.**

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