

# OUR SCHOOLS NOW!

## OUR KIDS' FUTURE

### Understanding the Teacher and Student Success Act

Our Schools Now proposes significantly investing in education in order to improve student achievement and strengthen Utah's workforce.

#### **New Funding Sources for Education**

##### Source of funding for Income and Sales Tax Growth Account

###### Sales tax increase (.5%)

- 4.7% is the current state sales tax rate
- 4.90% beginning April 1, 2019
- 5.10% beginning January 1, 2020
- 5.20% beginning January 1, 2021

Increasing the sales tax by .5 generates \$250 million annually when fully implemented.

###### Income tax increase (.5%)

- 5.0% is the current state income tax rate
- 5.20% beginning January 1, 2019
- 5.40% beginning January 1, 2020
- 5.50% beginning January 1, 2021

Increasing the income tax by .5 generates \$450 million annually when fully implemented.

#### **New funds will be distributed based on student enrollment:**

- 85 percent of the funding shall be directed towards K-12 Education (\$595 million in FY18)
- 15 percent of the funding shall be directed towards post-secondary education
  - 90 percent of this funding shall be allocated to schools in the Utah System of Higher Education (\$94.5 million in FY18 estimates)
  - 10 percent of this funding shall be allocated to schools in the Utah System of Technical Colleges (\$10.5 million in FY18 estimates)

#### **Teacher and Student Success Program (for K-12)**

- All funds will be allocated from the restricted account directly to schools for their use in improving teacher and student success.
- Each local district will create a framework for each school to use in preparing a Teacher and Student Success Plan (TSSP)
- A school principal is responsible for submitting the Teacher and Student Success Plan to the local district for approval
- The local district will prepare the Teacher and Student Success Plan for underperforming schools (based on latest available metrics provided by SBOE)
  - Schools with less than A or B rating, or
  - That do not show a 1% improvement in performance outcomes
- Each school shall post their Teacher and Student Success Plan and associated expenditures, as well as performance outcomes.

Teacher and Student Success Plan's may use performance money for:

Educator compensation; professional development; additional educators or school support professionals including counselors, social workers, mental health workers, tutors and specialists; technology or software; before or after school programs; summer school programs; community support programs or partnerships; early childhood education; class size reduction; to augment existing programs; or any other purpose reasonably designed to improve student performance and approved by the local board.

**Performance Funding Restricted Account (Post-secondary education)**

- Schools will receive funding based on meeting performance improvement expectations.

Performance Funding Restricted Account funding may be used to increase:

Degrees and certificates granted; services provided to traditionally underserved populations; responsiveness to workforce needs; graduation efficiency; and graduate research

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## Teacher and Student Success Act

### AN ACT TO PROVIDE ADDITIONAL FUNDING FOR THE STATE'S PUBLIC EDUCATION, HIGHER EDUCATION AND TECHNICAL COLLEGES THROUGH INCREASES IN SALES AND INCOME TAX RATES

#### Statement of Intent and Subject Matter:

The *Teacher and Student Success Act* represents the commitment of the citizens of this state to education. It is carefully crafted to invest in education in a manner that will position Utah students for success. Utah business leaders believe that improving and investing in education is the best way to strengthen our economy.

Past changes in tax policy have decreased public education funding in Utah by \$1.2 billion each year, contributing to the trend of teachers leaving the profession at alarming rates. This lack of investment exacerbates the fact that less than half of Utah students score proficient on state tests in reading, math, and science -- across all grades.

We must invest in the education of Utah's children now by investing in teachers, classroom support, technology, early learning, and other proven drivers of improved outcomes. This initiative will increase funding for public education, higher education, and technical colleges by close to \$1,000 per student. It puts the funds under the control of schools and requires those schools to develop plans to improve student outcomes.

Investing in education through this initiative provides the means to produce more effective teachers, better educated students, and an economy that is positioned for long-term prosperity.

#### Highlighted Provisions:

This Initiative:

- increases the sales tax and income tax rates over a period of three years;
- creates a restricted account for deposits of the additional sales and income tax revenue and restricts the use of the money to the funding of two other restricted accounts:
  - the existing Performance Funding Restricted Account that provides funds to higher education institutions and technical colleges to implement performance improvement-based initiatives; and
  - the Teacher and Student Success Restricted Account created by this initiative to provide additional funding for public education;
- requires the State Board of Education to allocate funds from the Teacher and Student Success Restricted Account to local education agencies, and provides limited rulemaking authority;
- requires local school districts and other local education agencies:
  - to establish frameworks for schools that guide the use of the funds;
  - to approve plans created by the schools;
  - to monitor and report on all schools, and to increase oversight for a school under certain circumstances; and
- requires the principal of each school to create a teacher and student success plan to improve school performance and student academic achievement using the additional public education funding, and to account for the school's expenditure of the funds.

This Act affects sections of Utah Code Annotated 1953 as follows:

ENACTS:

53A-17a-201, Utah Code Annotated 1953

53A-17a-202, Utah Code Annotated 1953

53A-17a-203, Utah Code Annotated 1953

53A-17a-204, Utah Code Annotated 1953

53A-17a-205, Utah Code Annotated 1953

53A-17a-206, Utah Code Annotated 1953

53A-17a-207, Utah Code Annotated 1953

53A-17a-208, Utah Code Annotated 1953

59-10-552, Utah Code Annotated 1953

63J-1-316, Utah Code Annotated 1953

AMENDS:

59-10-104, as last amended by Chapter 389, 2008 General Session

59-10-116, as last amended by Chapters 382 and 389, 2008 General Session

59-12-103, as last amended by Chapters 234, 421, and 422, 2017 General Session

Be it enacted by the people of the State of Utah:

Section 1. Section 53A-17a-201 is enacted to read:

Part 2. Teacher and Student Success Act.

53A-17a-201. Title.

This part is known as the “Teacher and Student Success Act.”

Section 2. Section 53A-17a-202 is enacted to read:

53A-17a-202. Definitions.

As used in this part:

(1) “Educator” means the same as that term is defined in Section 53A-6-103.

(2) “LEA’s allocation” means the money from the Teacher and School Success Restricted Account distributed by the state board to a local board in accordance with Section 53A-17a-204.

(3) “Local board” means:

(a) a local school board;

(b) a charter school governing board; or

(c) the governing board of the Utah Schools for the Deaf and the Blind.

(4) "Local board framework" means the general plan for improving student achievement established by a local board under Section 53A-17a-204, that a school must use to guide the development of its plan.

(5) "Local education agency" or "LEA" means:

(a) a school district;

(b) a charter school; or

(c) the Utah Schools for the Deaf and the Blind.

(6) "Principal" means the chief administrator at a school, including:

(a) a school principal;

(b) a charter school director; or

(c) the Superintendent of the Utah Schools for the Deaf and the Blind.

(7) "School's allocation" means the money from the Teacher and School Success Restricted Account for which a school may qualify for each fiscal year under Section 53A-17a-204.

(8) "State board" means the State Board of Education;

(9) "Teacher and student success plan" or "Plan" means the plan that a school creates for improving school performance, as required by this part.

Section 3. Section 53A-17a-203 is enacted to read:

53A-17a-203. Teacher and Student Success Restricted Account—Creation.

(1) There is created in the Education Fund a restricted account known as the "Teacher and Student Success Restricted Account" to fund the Teacher and Student Success Program described in this part.

(2) (a) Money in the account shall earn interest.

(b) All interest earned on account money shall be deposited into the account.

(3) The account shall be funded as provided in Section 63J-1-316.

(4) The funds in the Teacher and Student Success Restricted Account are intended to supplement existing funds and may not be used to supplant, replace, or offset existing funds available or to recalculate or change the value of the weighted pupil unit.

Section 4. Section 53A-17a-204 is enacted to read:

53A-17a-204. Teacher and Student Success Program--Purpose—Distribution of Teacher and Student Success Fund--Local Board Framework.

(1) There is created the Teacher and Student Success Program to:

(a) provide financial resources to a public school to improve school performance and student academic achievement through implementation of a teacher and student success plan; and

(b) allow local boards to increase compensation for educators, support professionals and classified employees to improve school performance and student academic achievement.

(2)(a) Except as provided in Subsection (2)(b), beginning July 1, 2020, the state board shall allocate funds from the Teacher and Student Success Restricted Account to an LEA based on the total number of weighted pupil units in the LEA compared to the total number of weighted pupil units in all LEAs in the state.

(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules to determine the allocation for an LEA that is in its first year of operation.

(3)(a) To receive the LEA's allocation, a local board shall establish a local board framework for schools within the LEA.

(b) The local board framework shall provide guidelines for each school within the LEA for the development of the Teacher and Student Success Plan required by this part.

Section 5. Section 53A-17a-205 is enacted to read:

53A-17a-205. LEA's Allocation—School's Allocation.

(1)(a) A local board may allocate up to 25% of the LEA's allocation for base salary and salary driven benefits for educators, support professionals and classified employees as determined by the local board.

(b) If a local board has approved a local levy in the maximum amount allowed by law under 53A-17a-164 and the LEA's average teacher salary is below the state average, the local board may allocate up to 40% of the LEA's allocation for base salary and salary driven benefits for educators, support professionals and classified employees.

(c) A local board shall use the remainder of the LEA's allocation to fund school allocations for each school within the LEA.

(2)(a) A local board shall determine a school's allocation using the average daily membership data as calculated by the state board.

(b) A local board shall use the state board data to determine a school's allocation based on the school's prior year average daily membership in kindergarten through grade 12 as compared to the total prior year average daily membership in kindergarten through grade 12 for all schools in the LEA.

(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make rules to determine the allocation for a school that is in its first year of operation.

(3) If a local board has approved a school's teacher and student success plan, the local board shall allocate a school's allocation in accordance with this part.

(4)(a) A local board shall annually submit a report to the state board accounting for the distribution of the LEA allocation.

(b) The state board shall post each report by an LEA on the state board website.

Section 6. Section 53A-17a-206 is enacted to read:

53A-17a-206. Performance Standards for Schools—Local Board Oversight of School's Allocation When Standards Not Met.

(1) A local board shall review the most recent information available for its schools, reported in accordance with Title 53A, Chapter 1, Part 11, School Accountability System, to determine whether a school within the LEA has satisfied the following performance standards for the immediately preceding school year by:

(a) being assigned an overall rating of A or B; or

(b) demonstrating at least a one percent increase in the percentage of total points possible as measured by the point system when the most recent percentage of total points awarded is compared to the percentage of total points awarded for the immediately preceding year.

(2) When a school does not satisfy one of the performance standards described in Subsection (1), the local board shall:

(a) work with the principal to modify the school's teacher and student success plan; and

(b) oversee expenditures of the school's allocation on behalf of the school.



(c) The local board shall have decision making authority concerning a school's teacher and student success plan and expenditures of the school's allocation for only the year or years in which the school fails to satisfy at least one of the performance standards described in Subsection (1).

Section 7. Section 53A-17a-207 is enacted to read:

53A-17a-207. Teacher and Student Success Plan.

(1) By November 30 of each year, a principal shall submit to the local board a teacher and student success plan that complies with the local board framework.

(2) A principal shall develop the teacher and student success plan and may solicit input from the school's:

(a) teachers;

(b) administrators;

(c) support professionals;

(d) community council members;

(e) students;

(f) parents; and

(g) other community stakeholders.

(3)(a) A plan shall include school-specific goals and strategies for improving the school's performance as measured by the school accountability system described in Title 53A, Chapter 1, Part 11, School Accountability System.

(b) A plan shall use the school's allocation only for purposes that are within the local board framework including:

(i) educator stipends;

(ii) professional development for educators;

(iii) additional educators or school support professionals including counselors, social workers, mental health workers, tutors and specialists;

(iv) technology or software;

- (v) before or after school programs;
  - (vi) summer school programs;
  - (vii) community support programs or partnerships;
  - (viii) early childhood education;
  - (ix) class size reduction;
  - (x) to augment existing programs; or
  - (xi) any other purpose reasonably designed to improve student performance and approved by the local board.
- (c) A school may not use the school's allocation for capital expenditures or to supplant funds for existing programs.
- (4) A school shall annually post on its website:
- (a) its teacher and student success plan, after the plan has been approved by the local board;
  - (b) an accounting for the school's expenditures of the school's allocation; and
  - (c) a reporting of whether the school has met the performance metrics identified in Section 53A-17a-206.
- (5)(a) Each year a local board shall review each plan submitted under Subsection (1).
- (b) The local board shall approve or disapprove each school's plan in a regularly scheduled meeting.
  - (c) If a local board does not approve a school's plan after a review described in Subsection (5)(a), the local board shall:
    - (i) provide a written explanation of why the school's plan was not approved, including recommendations for changes to the plan; and
    - (ii) require the principal who prepared the school's plan to revise the plan consistent with the local board's recommendations.
  - (d) The local board may not withhold approval of a plan that complies with the requirements of this part.
- (6) If a local board does not approve a school's plan as described in Subsection (5)(c), the principal shall submit a revised plan to the local board for approval.

(7) A local board shall make all reasonable efforts to help each school complete the approval process for the school's plan no later than June 30 of each year.

(8) Each school shall annually submit a report to the local board accounting for the expenditure of the school's allocation in accordance with the school's plan.

Section 8. Section 53A-17a-208 is enacted to read:

53A-17a-208. Rulemaking.

In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board may make rules necessary to distribute funds from the Teacher and Student Success Restricted Account as provided in this part.

Section 9. Section 59-10-104 is amended to read:

59-10-104. Tax basis – Tax rate – Exemption.

(1) ~~For taxable years beginning on or after January 1, 2008,~~ a tax is imposed on the state taxable income of a resident individual as provided in this section.

(2) For purposes of Subsection (1);:

(a) for a taxable year beginning on or after January 1, 2019, but beginning on or before December 31, 2019, the tax is an amount equal to the product of:

(i) the resident individual's state taxable income for that taxable year, and

(b) ~~5%.~~ (ii) 5.2%;

(b) for a taxable year beginning on or after January 1, 2020, but beginning on or before December 31, 2020, the tax is an amount equal to the product of:

(i) the resident individual's state taxable income for that taxable year; and

(ii) 5.4%; and

(c) for a taxable year beginning on or after January 1, 2021, the tax is an amount equal to the product of:

(i) the resident individual's state taxable income for that taxable year; and

(ii) 5.5%.

(3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Section 10. Section 59-10-116 is amended to read:

59-10-116. Tax on nonresident individual -- Calculation -- Exemption.

(1) Except as provided in Subsection (2), a tax is imposed on a nonresident individual in an amount equal to the product of the:

(a) nonresident individual's state taxable income; and

(b) percentage listed in Subsection 59-10-104(2) that is applicable to the taxable year.

(2) This section does not apply to a nonresident individual exempt from taxation under Section 59-10-104.1.

Section 11. Section 59-10-552 is enacted to read:

59-10-552. Distribution of Increased Collections From State Income Tax for Education.

(1) For a taxable year beginning on or after January 1, 2019 but beginning on or before December 31, 2019, the commission shall annually deposit into the Income and Sales Tax Growth Account created under Section 63J-1-316 an amount equal to 3.85% of the individual income tax collected under this chapter for that taxable year.

(2) For a taxable year beginning on or after January 1, 2020 but beginning on or before December 31, 2020, the commission shall annually deposit into the Income and Sales Tax Growth Account created under Section 63J-1-316 an amount equal to 7.41% of the individual income tax collected under this chapter for that taxable year.

(3) For a taxable year beginning on or after January 1, 2021, the commission shall annually deposit into the Income and Sales Tax Growth Account created under Section 63J-1-316 an amount equal to 9.09% of the individual income tax collected under this chapter for that taxable year.

Section 12. Section 59-12-103 is amended to read:

59-12-103. Sales and use tax base -- Rates -- Effective dates -- Use of sales and use tax revenues.

(1) A tax is imposed on the purchaser as provided in this part on the purchase price or sales price for amounts paid or charged for the following transactions:

...

(2)(a) Except as provided in Subsections (2)(b) through (e), a state tax and a local tax is imposed on a transaction described in Subsection (1) equal to the sum of:

(i) a state tax imposed on the transaction at a tax rate equal to the sum of:

(A) (I) through March 31, 2019, 4.70%;

(II) beginning on April 1, 2019 through March 31, 2020, 4.90%;

(III) beginning on April 1, 2020, through March 31, 2021, 5.10%; and

(IV) beginning on April 1, 2021, 5.20%; and

...

(7) (a) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6), and subject to Subsection (7)(b), for a fiscal year beginning on or after July 1, 2012, the Division of Finance shall deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124:

(i) a portion of the taxes listed under Subsection (3)(a) in an amount equal to 8.3% of the revenues collected from the following taxes, which represents a portion of the approximately 17% of sales and use tax revenues generated annually by the sales and use tax on vehicles and vehicle-related products:

(A) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

...

(8) (c) Notwithstanding Subsection (3)(a), in addition to the amounts deposited in Subsection (6) and (7), for a fiscal year beginning on or after July 1, 2018, the Division of Finance shall annually deposit into the Transportation Investment Fund of 2005 created by Section 72-2-124: a portion of the taxes listed under Subsection (3)(a) in an amount equal to 3.68% of the revenues collected from the following taxes:

(i) the tax imposed by Subsection (2)(a)(i)(A) at a 4.7% rate;

...

(14) Notwithstanding Subsection (3)(a), the Division of Finance shall deposit into the Income and Sales Tax Growth Account created in Section 63J-1-316 the following portions of the taxes listed under Subsection (3)(a):

(a) for the fiscal year beginning on July 1, 2019, the amount of tax collected from a .2% tax rate on the transactions described in Subsection (1) that are subject to the state sales and use tax under Section 59-12-103(2)(a)(i)(A);

(b) for the fiscal year beginning on July 1, 2020, the amount of tax collected from a .4% tax rate on the transactions described in Subsection (1) that are subject to the state sales and use tax under Section 59-12-103(2)(a)(i)(A); and

(c) for a fiscal year beginning on or after July 1, 2021, the amount of tax collected from a .5% tax rate on the transactions described in Subsection (1) that are subject to the state sales and use tax under Section 59-12-103(2)(a)(i)(A);

Section 13. Section 63J-1-316 is enacted to read:

63J-1-316. Creation of Income and Sales Tax Growth Account—Account Appropriations to Public Education, Higher Education, and Technical Colleges.

(1)(a) There is created within the Education Fund a restricted account known as the Income and Sales Tax Growth Account.

(b) The account consists of amounts deposited into the account in accordance with Section 59-10-552 and 59-12-103(14).

(c) Money in the account shall earn interest, and all interest earned on the account shall be deposited into the account.

(2) The Legislature shall annually allocate from the Income and Sales Tax Growth Account:

(a) 85% of the money in the account to the Teacher and Student Success Restricted Account created in 53A-17a-203; and

(b) (i) 15% of the money in the account to the Performance Funding Restricted Account created in 53-7-703.

(ii) Funds allocated under this chapter shall not be subject to the funding distribution limitations established under Title 53B Chapter 7 Part 7.

(iii) The Legislature shall apportion 90% of the allocated funds to the Utah System of Higher Education and the remaining 10% to the Utah System of Technical Colleges.

(iv) The Legislature shall allocate funds appropriated under this chapter to higher education institutions and technical colleges as recommended by the Board of Regents and the Utah System of Technical Colleges Board of Trustees based on their established long-term, strategic goals including scholarships and student aid.

(v) Higher education institutions and technical colleges may not use funds from the Performance Funding Restricted Account for capital facility construction or capital improvement costs.

Section 14. Severability.

If any provision of this Initiative, or the application of any provision to any person or circumstance, is held invalid, the remainder of this Initiative shall not be affected thereby but shall be given effect without the invalid provision.

Section 15. Effective Date

If approved by the voters in this state, this initiative shall take effect on January 1, 2019.

## END OF TEACHER AND STUDENT SUCCESS ACT

Persons gathering signatures for the petition may be paid for doing so.

This initiative petition seeks to increase the current sales tax rate by .5 percent, resulting in a 10.6 percent increase in the current tax rate and the income tax by .5 percent, resulting in a 10 percent increase in the current tax rate.

