



Budget Brief: School Building Program

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE

SUMMARY

The School Building Program contains three components: the Capital Outlay Foundation Program, the Capital Outlay Enrollment Growth Program, and the School Building Revolving Loan Account. This brief will cover the two Capital Outlay Programs annually appropriated by the Legislature. These two programs constitute the ongoing funding allocated by the Legislature for School Building Programs. School districts use program revenues to support capital outlay bonding, construction/renovation of school facilities, and other capital facility needs of the school district.

Capital Outlay Foundation Program

In order for a school district to qualify for state program funds, the local school board must levy a minimum property tax rate for capital outlay. The statutory rate to receive program funding is 0.002400 per dollar of taxable value in the school district. If a school district opts to levy a rate less than the statutory rate, it will receive proportional state funding based the adopted rate compared to the statutory rate.

State revenue supplements the revenue generated by a qualifying school district's property tax. State revenues, when combined with local property tax collections, ensure that a qualifying school district generates a minimum amount per student in Average Daily Membership (ADM). Programmatic changes made during the 2008 General Session now provide for a funding base of \$200,000, \$100,000, or \$50,000 depending on the school district's property-tax base per ADM. Additional state monies supplement this base in qualifying school districts.

The ongoing funding level for the Capital Outlay Foundation Program has declined from \$30.8 million in FY 1999 to \$24.3 million in FY 2009. In FY 2004, a portion of the ongoing funding for the Capital Outlay Foundation Program was transferred to the newly created Enrollment Growth Program. The ongoing revenue supporting the Capital Outlay Foundation Program has not increased since this transfer in FY 2004. The table and chart titled "School Building Program" provides a funding history for the Capital Outlay Foundation Program compared to the Enrollment Growth Program.

In FY 2009, the Legislature substantially increased funding for the Capital Outlay Foundation Program by appropriating \$7.5 million in one-time Uniform School Funds. A total of \$31,858,000 was distributed through the program. The FY 2010 base returns to the ongoing appropriation of \$24.3 million.

Enrollment Growth Program

The Enrollment Growth program provides state support to school districts experiencing rapid pupil enrollment growth. In order to qualify for program funding, a school district must also qualify for revenue under the Capital Outlay Foundation Program and have an average net student enrollment increase over a prior three year period.

School Building Program			
Appropriations History 1998 to 2009			
Fiscal Year	Capital Outlay	Enrollment Growth	Total Program
1998	\$14,439,600		\$14,439,600
1999	30,858,000		30,858,000
2000	28,358,000		28,358,000
2001	28,358,000		28,358,000
2002	28,358,000		28,358,000
2003	28,358,000		28,358,000
2004	24,358,000	\$2,930,900	27,288,900
2005	24,358,000	2,930,900	27,288,900
2006	24,358,000	7,930,900	32,288,900
2007	24,358,000	12,930,900	37,288,900
2008	39,358,000	37,930,900	77,288,900
2009	31,858,000	10,430,900	42,288,900

Notes:

2006 Enrollment Growth Program Includes \$5 million one-time.

2007 Enrollment Growth Program Includes \$10 million one-time.

2008 Capital Outlay Program Includes \$10 million one-time.

2008 Enrollment Growth Program Includes \$15 million one-time.

2009 Enrollment Growth Program Includes \$35 million one-time.

Source: Annual Appropriations Reports. Office of the Legislative Fiscal Analyst. 1999 to 2009.

State revenue is allocated to qualifying school districts on a proportional basis. Each school district receives funding based on the district's average three-year student enrollment increase compared to the total student enrollment increase for all qualifying school districts participating in the Enrollment Growth Program.

Appropriations for the program began in FY 2004 with \$2.9 million from the foundation program. Ongoing funding for the program has remained at \$2.9 million over the four year history of the program. For the past three fiscal years, the Legislature has provided one-time funding increases to the Enrollment Growth Program. These increases provided an additional \$5 million in FY 2006, \$10 million FY 2007, \$35 million in FY 2008, and \$7.5 million in FY 2009.

BUDGET CHANGES – 2008 SPECIAL SESSION & 2009 GENERAL SESSION

During the 2008 Special Session of the Legislature, the ongoing state-fund base for the school building programs was reduced by \$818,700. This decrease was back-filled with a one-time appropriation for FY 2009 only. The \$818,700 will impact the FY 2010 budget.

As further budget reductions were required at the start of the 2009 General Session, Legislators further decreased funding for the School Building Programs. Senate Bill 4 (2009 General Session) reduced the one-time funding appropriated to the School Building Programs by \$3,171,700. This reduction was split evenly between the Foundation and Enrollment Growth Programs and will impact the amount of funding school districts participating in the program will receive in the current fiscal year.

FY 2010 BUDGET ISSUES

- Review and adopt the base budget for the School Building Program.
- Discuss the long-term impact associated with the ongoing budget reduction made during the 2008 Special Session of \$818,700.