

Property Tax Equalization – School District Implementation of S.B. 97 Funding

Public Education Appropriations Subcommittee

January 6, 2016

During the November 2015 meeting of the subcommittee, members asked school districts to provide information on how they implemented additional funding received through the passage of Senate Bill 97, "Property Tax Equalization Amendments." This legislation provides additional funding to certain school districts through the Voted Local Levy Program, the Board Local Levy Program, the Capital Outlay Foundation Program, and the Capital Outlay Enrollment Growth Program.

State funds allocated to local boards through the above programs are largely unrestricted and can be expended to meet any locally determined priority. Funds allocated through the Capital Outlay programs must be spent on capital expenditures. Finally, each school district may account for funds differently in their individual budget systems and districts are not required to account for S.B. 97 funding independent of other expenditures in the above programs. These factors complicate the ability to compare information across school districts.

Appendix A provides an estimate of the S.B. 97 allocations by district.

District Survey

School districts were surveyed to try and determine how local boards expended the additional funding. The following questions were asked:

1. S.B. 97 provided funding through two main programs, the Voted & Board Local Levy Programs and the Capital Outlay Programs. What locally determined priorities did this funding help address in your district?
2. Approximately \$24 million in funding to the Voted & Board Local Levy Programs remains unallocated to school districts due to the state guarantee rate being too low. Has your district included this funding in the current year budget plan?
 - a. If so, what will happen if this funding is reduced or does not get allocated in FY 2016?
 - b. If not, what additional local priorities might this funding help meet?

Survey Results Summary

A total of 28 school districts received additional funding as a result of S.B. 97 passing. Complete district responses to the survey questions can be found in Appendix B. Information submitted by these districts includes the following:

- Voted & Board Funding (Distributed)
 - 15 districts increased employee compensation (salary/benefits)
 - 6 districts hired additional teachers to reduce class size
 - 6 districts hired other staff (counselors, IT, specialists, etc.)
 - Other items mentioned include expenditures on instructional technology, curriculum/textbooks, student transportation, and security/resource officers.
- Capital Outlay Funding (Distributed)
 - 7 districts funded the construction of new schools or building improvements
 - 3 districts funded maintenance/repair/HVAC systems
 - 3 districts funded technology infrastructure
 - Other items mentioned include: student/building safety, transportation, and computer labs.

- Three school districts reported that they included a portion or all of the undistributed funding in their current budget.
- Voted & Board Funding (Undistributed)
 - 8 districts would use funding on instructional technology
 - 4 districts would hire additional teachers to reduce class size
 - 4 districts would provide teacher professional development
 - 3 districts would increase employee compensation
 - Other items mentioned include, hiring additional staff, purchasing curriculum/textbooks, and improving facilities.

Appendix A

State Guarantee Programs: Estimated Distribution of Property Tax Equalization Funding

Senate Bill 97, Property Tax Equalization Amendments (2015 General Session)

FY 2016 - by School District

A	B	C	D	E	F	G
School District	FY 2016 Estimated - SB 97 Amount Distributed			FY 2016 Estimated - SB 97 Amount Undistributed		
	Voted & Board Local Levies	Capital Outlay Programs	Total	Voted & Board Local Levies	Capital Outlay Programs	Total
Alpine	\$4,083,459	\$7,015,300	\$11,098,759	\$4,333,277	\$0	\$4,333,277
Beaver	0	0	0	43,317	0	43,317
Box Elder	478,031	0	478,031	341,108	0	341,108
Cache	1,361,266	996,300	2,357,566	990,645	0	990,645
Carbon	0	0	0	0	0	0
Daggett	0	0	0	0	0	0
Davis	5,563,930	3,385,600	8,949,530	4,030,759	0	4,030,759
Duchesne	0	140,100	140,100	0	0	0
Emery	0	0	0	0	0	0
Garfield	308,019	(50,000)	258,019	104,411	0	104,411
Grand	0	0	0	0	0	0
Granite	5,387,082	0	5,387,082	3,922,493	0	3,922,493
Iron	463,941	80,300	544,241	338,062	0	338,062
Jordan	4,256,962	113,400	4,370,362	3,030,555	0	3,030,555
Juab	74,880	7,900	82,780	56,411	0	56,411
Kane	0	0	0	0	0	0
Millard	0	0	0	0	0	0
Morgan	42,934	93,200	136,134	33,094	0	33,094
Nebo	2,217,931	3,593,500	5,811,431	1,632,952	0	1,632,952
North Sanpete	211,481	0	211,481	149,687	0	149,687
North Summit	0	0	0	0	0	0
Park City	0	0	0	0	0	0
Piute	16,754	0	16,754	14,675	0	14,675
Rich	0	50,000	50,000	0	0	0
San Juan	306,085	22,400	328,485	239,156	0	239,156
Sevier	326,534	15,500	342,034	251,172	0	251,172
South Sanpete	268,612	296,900	565,512	216,023	0	216,023
South Summit	0	0	0	0	0	0
Tintic	42,747	13,000	55,747	37,497	0	37,497
Tooele	566,513	1,643,300	2,209,813	431,612	0	431,612
Uintah	0	0	0	0	0	0
Wasatch	0	164,100	164,100	0	0	0
Washington	740,138	165,000	905,138	1,244,198	0	1,244,198
Wayne	13,558	0	13,558	10,971	0	10,971
Weber	2,011,064	184,800	2,195,864	1,453,806	0	1,453,806
Salt Lake	0	0	0	0	0	0
Ogden	947,860	0	947,860	714,895	0	714,895
Provo	1,214,571	777,800	1,992,371	899,053	0	899,053
Logan	451,043	0	451,043	336,133	0	336,133
Murray	0	0	0	0	0	0
Canyons	0	41,400	41,400	0	0	0
Totals	\$31,355,393	\$18,749,800	\$50,105,193	\$24,855,962	\$0	\$24,855,962

Notes:

1. "SB 97 Amount Distributed" is a calculated figure based on distribution estimates prior to the passage of S.B. 97 subtracted from the amount distributed by district in the 2015-16 MSP Legislative Estimates book. The State Guarantee Rate for the Voted & Board Local Levy Programs would have been \$30.11 prior to S.B. 97.
2. "SB 97 Amount Undistributed" is also a calculated figure subtracting the "Amounts Distributed" from the estimate of total S.B. 97 impact.
3. All SB 97 funding for the Capital Outlay Programs was included in the Legislative Estimates distribution.

Appendix B

Public Education: Senate Bill 97, "Property Tax Equalization Amendments" - School District Survey Responses

Public Education Appropriations Subcommittee - January 2016

School District	Question: <i>What locally determined priorities did this funding help address in your district?</i>		Question: <i>Has your school district included this funding in the current year budget plan?</i>	Question: <i>If so, what will happen if this funding is reduced or does not get allocated in FY2016?</i>	Question: <i>If not, has the what additional local priorities might this funding help meet?</i>
	SB 97 Distributed Amounts		SB 97 Undistributed Amounts		
	Voted & Board Local Levies	Capital Outlay Programs	Voted & Board Local Levies		
Alpine	K-3 class size - 54 FTEs; Instructional technology	Tier II and III maintenance & repair projects (i.e. Roof replacement, Boiler replacement, Asphalt repair, etc.)	No, only the portion authorized by statute	N/A	Additional resources, if any, would be prioritized by the School Board to best help students learn and achieve. Possible options, based on the initial allocation, is class-size reduction K-3, expansion of instructional technology to leverage student outcomes, and other targeted interventions focused on students.
Beaver	N/A	N/A	No	N/A	It would likely be used for 1) instructional technology & technology infrastructure, or 2) facility needs, or 3) specific program and instructional needs -- i.e. CTE, Special Education, etc.
Box Elder	After subtracting out the extra cost of the charter school replacement, the remainder was budgeted to teacher compensation. Comparisons with other districts show us at the bottom in teacher pay. In the past couple of years we have lost some of our best teachers to other school districts because of pay. The board has therefore made that a priority.	N/A	No	N/A	Because I would consider it one time money I will allocate it to update our technology infrastructure. This is a priority we are working on this year.

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Cache	This funding is classified as equalization funding. As such, it was used to help bring our employee salaries more in line with districts that have enjoyed a higher funding level than the Cache County School District and also fund the associated employee benefit costs.	The Cache County School District is currently in the process of constructing two new high schools, an alternative high school, and a new elementary school. Major building renovations are also being addressed in seven of our existing school campuses. The increase in capital equalization funding is currently being retained as a buffer to ensure that all of these projects will be completed as promised	No	N/A	The Cache County School District has NOT included the unallocated voted local leeway funds in its current budget for the very reason that we are seeing. The legislature is considering allocating these funds differently than they were originally intended when SB-97 was passed during last year's legislative session. When the funding is allocated for disbursement to our district, a full page of items reduced or eliminated several years ago when funding was reduced will be considered for reinstatement. Major items for consideration will be a decrease in class size and an increase in professional development instruction.
Davis	The funds were used to address employee compensation, class size reduction, and replacing a small number of positions that were eliminated during the budget cut backs between 2008-2013. Our teacher starting salary is lower than our surrounding districts. We used some of the funds to boost our starting salary to be more competitive in a teacher shortage market.	These funds were used to address several overdue repairs to our existing buildings. Examples would be carpet replacement, HVAC upgrades, etc.	No	N/A	We have identified needs for these funds, but we have learned from experience not to spend money we don't have. The projects haven't been started, but include several building improvement projects. If the funds are not available, these projects would not happen.
Duchesne	N/A		N/A	N/A	N/A

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Garfield	Employee step, lane and 2% salary increase	None	No	N/A	Education service contracts, professional development for teachers, student tutoring and online coursework.
Granite	Funding from SB 97 helped the district fund increased employee costs for step & lane, health insurance, and COLA.	N/A	No	N/A	Instructional and Behavioral Interventions such as Tier 2 academic and credit recovery in schools, increased social workers, counselors, and behavioral health supports for at-risk students. Online License Renewals such as student licenses for individual e-textbooks and online instructional support materials in English, Language Arts, Mathematics, and Science. Technology Infrastructure. Interventions and mentoring for licensed employees. Increased compensation for classified hourly employees.

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Iron	We were able to continue some professional development for teachers that we otherwise would have lost. We were able to give a little larger increase (COLA) to our employees who have gone since 2008 without any increase. We were able to add some teachers to our schools and improve our instructional software and technology areas. We were able to adopt a new language arts curriculum that will hopefully improve instruction and learning for our students	Any increase in the Capital Outlay budget will go towards technology equipment and infrastructure.	No	N/A	Additional allocations would go toward professional development, curriculum improvement and adoptions, instructional software, and technology.
Jordan	The additional Voted and Board Local levy amounts was put toward increasing the compensation package for employees.	The capital funds are fairly small for Jordan, but Jordan intends to use these funds along with others to construct new schools.	As this funding was not originally allocated, but was promised through legislation, Jordan did not include it in the current year budget but did include it in our planning for future years.	N/A	Jordan's Board of Education has been working on a plan to increase teacher compensation and professional development days for 2016-17 with these and other funds. Without these funds, those plans will need to be revised and expectations lowered.
Juab	Class size reduction – added 1.5 certified FTEs and .5 teacher' aide.	Helped fund 1:1 Technology Initiative including expanded infrastructure.	We have not included this amount in our current year budget but have plans to use the funding in continued class size reduction and technology.	N/A	We still have class sizes > than 30 in 4 th Grade. This funding will help in hiring an additional teacher.

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Morgan	Small amount received, minimal impact				
Nebo	Nebo Schools District used the increase in the Voted & Board Local Levies for the following: Approximately \$2.3 million to reduce student to teacher ratio by 0.75 by hiring 33 additional teachers; Approximately \$150,000 to hire 2.25 school counselors to reduce student to counselor ratio; Approximately \$300,000 to increase the step values on the Classified salary schedule; Approximately \$1.0 million to cover the increase in health insurance premiums that otherwise would have come from reduced employee salary increases or increased participation by employees toward premiums.	Nebo School District used the increase in the Capital Outlay Programs for the following: Approximately \$750,000 for upgrades and/or replacements of computer labs and staff workstations in schools; Approximately \$350,000 for upgrades and/or replacements of teacher workstations in schools; Approximately \$650,000 for District-wide computer network upgrades; Approximately \$150,000 for District-wide wireless capability upgrades; Approximately \$100,000 for additions and improvements of school security systems; Approximately \$250,000 for student take-home devices; and Approximately \$1.0 million for improvements of various buildings across the District.	No	N/A	Because it was questionable if the unallocated funding for FY2016 would get distributed to districts, we did not include it in our initial FY2016 budget. Our plan was to amend the budget at some point during the year if the funding did get allocated and use those funds to further reduce our student to teacher ratio by hiring additional teachers. We did realize that the hiring of those teachers would possibly not be effective until the 2016-2017 school year depending on the timing of when the funds were allocated.
N. Sanpete	Hired instructional coach, 1.5 technology specialist FTEs and teacher assistants to assist with elementary PE and Art programs.	N/A	Not answered specifically	If the funding is not allocated as discussed in the original proposal, the uses in column 1 will obviously have to be cut back through prioritization or RIF.	No response.
Piute	Hired 1 FTE at Elementary	N/A	No	N/A	Fund additional paraprofessionals to support students and teachers

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Rich	N/A		N/A	N/A	
San Juan	We absorbed all of our funding to help with our continued travel expense, due to the expansive areas that we cover in our district, moving kids to and from school. We simply get beat on the number of miles as well as the quality of roads we have to drive on to transport students and this funding is crucial for us to be able to try and meet the demands that we have daily to get kids safely to and from school.	Used for renovation on MV high school to make entrance, library and student meeting area more secure and up-to-date. This change was critical as our previous entrance allowed direct entrance into the school without checking in at the office. We used this funding to help us also update and rearrange our library to fit more students and allow more spaces for computer and book displays.	Yes	We built it into our salaries to help increase our wages to be competitive and allow us to try and maintain QUALITY teachers in our southern schools and across the district.	N/A

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Sevier	Board Levy is used for Elementary staffing. The Voted Levy is used based on the priorities the District told the voters of the area that the funds would be used on. Some of these items are: SRO Officers, school security cameras, technology implementation, text books, etc.	Sevier SD did not benefit significantly in this area from SB97.	No	N/A	Although the funds were not clearly budgeted for FY16, the District has started implementing technology with the premise that these funds would be there to support us. With voted levy dollars we have been able to implement a technology grant program that has allowed our schools to have access to iPads, chrome books, and other forms of technology to enhance student learning. We were under the impression that the additional dollars would be allocated, and would help us meet our technology goals. In addition to this, we also increased our resource officer ratio and added one additional officer to our Richfield attendance area. We were hopeful that the additional funds were going to be there to support these efforts.
S. Sanpete					
Tintic					

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Tooele	Voted and Board Local Leeway's generated additional state guarantee money which does help our General Fund and which we used 90% of that increase this past year to increase employee compensation. That's always appreciated, especially when we have had a difficult time hiring employees now that the economy is doing better.	Capital Outlay increase has been a concern for us for years. We have delayed working on needed capital upgrades and repairs, and haven't increased our Technology Budgets in years. Because of this fact, with the increase in the Capital Outlay Foundation this past year we were able to increase our Technology Budgets and repair the chiller at Grantsville High School which we were unable to do last year because of Budget Cuts.	Yes	It would hurt if we didn't receive the amount we budgeted for, since the majority of that increase went toward employee compensation.	If we are to receive the full distribution that would really help us this year since we just approved a Budget Increase at our last Board Meeting to purchase new reading curriculum for our Students. One of our Board Goals was to increase the number of Children reading at grade level, and we feel this purchase will help. We were planning to pull the increased budget out of our fund balance, and so this additional money would really help us in that it would reduce that projected deficit.
Wasatch	N/A		N/A	N/A	N/A
Washington	Provide a cost of living adjustment to employees, the first increase that met inflation in the last six years.	Replace bell systems, intercom systems, phone systems, and fire alarm systems that the district has not had the funding to replace.	Half of the additional funding was budgeted.	Our general fund balance will decrease triggering a down grade in the District's bond rating. This will increase the cost of debt to the tax payers.	The additional revenue will allow the District to provide funding for Professional Learning Communities. Compensating teachers for developing best practices, student interventions, and Guaranteed Viable Curriculum.
Wayne	\$30k in revenue helped cover loss in k-12 funding (17WPU's down from prior year)	N/A	No	N/A	Instructional equipment replacement

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Weber	SB 97 Funds are being spent as follows: \$1,200,000 for replacement busses. We have one of the oldest bus fleets in the state. We will get old "dirty" buses off of our routes and replace them with new "clean" busses; \$800,000 for text books. It has been years since we have been able to do a major textbook adoption.	\$1,163,782 for a capital project. The project is our Weber Innovations Center (WIC). WIC is a technology magnet school that is providing students with specialized training in science, engineering and technical fields.	Did not Disclose	Without these funds, we will either have to cut other Capital Projects or raise our Capital Outlay Levy to fully complete the Weber Innovations Center.	Should we get our share of the \$24 Million "growth funds", we will continue to fund Weber Innovations Center.
Ogden	Priority was to enhance salary schedule to attract and retain great instructional leaders	N/A	~72% was included in the FY16 budget. When the budget was approved in June, we had good reason to expect the funding would be allocated as specified in the bill for FY16. There was no anticipation that funding would not be distributed or could be hijacked for other purposes not specified in the bill.	If the cutback is less than \$200,000, the district will not be affected. If the cut is greater than \$200,000, the district would be required to use reserves to cover any shortfall.	Funding would be used to continue funding for licensed PE specialists in elementary schools. The program was implemented with a grant that expires in FY16.

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Provo	In general, the leeway funding enabled us to negotiate a better salary/benefits package for our employees than we could have otherwise and the funding from SB97 was stressed HEAVILY by the association Uniserve rep. Even with this additional funding we still fell short of many school districts in our overall package - while many school districts gave steps plus 3-4% COLA - we were only able to provide steps and 1.8% COLA for teachers, and an equivalent increase to education support staff.	Provo is using this funding in part to cover costs associated with the rebuild of 5 of our schools, as well as providing partial funding for a permanent location for transportation	Yes	If these funds are not fully allocated we will have to use existing fund balances to cover the budgeted expenditures. Use of FB generally will result in a need to cut from subsequent year's budgets to make up overage.	N/A
Logan	Hired additional teachers, Instructional Technology personnel, funded step, lane and COLA	N/A	No	N/A	Teacher salary increase to be more competitive.
Canyons	N/A	N/A	N/A	N/A	Ongoing capital improvements and instructional equipment replacement