Emily Buss proposes the following substitute bill:

School District Funding Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Emily Buss

House Sponsor: Tracy J. Miller

LONG TITLE

General Description:

This bill creates the High Growth District Grant Program.

Highlighted Provisions:

This bill:

- defines terms;
- creates the High Growth District Grant Program;
- establishes eligibility criteria for school districts experiencing significant enrollment growth;
- provides special provisions for newly created or reorganized school districts;
- provides a distribution formula for grant funds; and
- authorizes the State Board of Education to establish an application process by rule.

Money Appropriated in this Bill:

This bill appropriates $15,000,000 in operating and capital budgets for fiscal year 2027, all of which is from the various sources as detailed in this bill.

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

53F-10-401, Utah Code Annotated 1953

53F-10-402, Utah Code Annotated 1953

53F-10-403, Utah Code Annotated 1953

53F-10-404, Utah Code Annotated 1953

53F-10-405, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53F-10-401** is enacted to read:

Part 4. High Growth District Grant Program

53F-10-401 . General provisions -- Definitions.

As used in this part:

(1) "ADM" means average daily membership, as defined in Section 53F-2-102, excluding a pupil who is fully enrolled in an online education program for at least 180 days.

(2) "Average annual net enrollment increase" means the sum of a school district's net enrollment increase for each year during the three school years immediately preceding the fiscal year for which the school district applies for a grant divided by three.

(3) "Eligible district" means a school district that meets the requirements described in Section 53F-10-403.

(4) "High growth district" means a school district whose average annual net enrollment increase represents at least 10% of the state's total net enrollment increase as calculated by the state board under Section 53F-10-403.

(5) "Net enrollment increase" means:

(a) for a fiscal year, the difference, if positive, between a school district's ADM for the fiscal year and the school district's ADM for the previous fiscal year; or

(b) for a projected year, the difference, if positive, between a school district's projected ADM for the fiscal year and the school district's ADM for the most recent fiscal year for which data is available.

(6) "Program" means the High Growth District Grant Program created in Section 53F-10-402.

Section 2. Section **53F-10-402** is enacted to read:

53F-10-402 . High Growth District Grant Program created -- Purpose -- State board duties.

(1) The High Growth District Grant Program is created to provide funding to high growth districts for:

(a) acquiring land and facilities to accommodate enrollment growth, including purchasing land for future school sites, purchasing existing buildings, and related construction or renovation; and

(b) expanding transportation infrastructure to accommodate enrollment growth, including purchasing school buses and constructing or expanding transportation facilities.

(2) The state board shall:

(a) evaluate applications for program grants from eligible districts;

(b) determine which eligible districts qualify as high growth districts in accordance with Section 53F-10-403;

(c) distribute program funds to eligible districts in accordance with Section 53F-10-404;

(d) establish an application process, timeline, and reporting requirements by rule in accordance with Section 53F-10-405; and

(e) upon request, report to the Public Education Appropriations Subcommittee regarding:

(i) the number of applications received;

(ii) the amount of program funds distributed;

(iii) how eligible districts use program funds; and

(iv) enrollment growth trends in eligible districts.

Section 3. Section **53F-10-403** is enacted to read:

53F-10-403 . Eligibility requirements -- High growth district determination.

(1) A school district is an eligible district if:

(a) the school district has a positive average annual net enrollment increase; and

(b) the state board determines that the school district is a high growth district under Subsection (2).

(2)(a) The state board shall determine which eligible districts qualify as high growth districts by calculating each school district's share of the state's total net enrollment increase.

(b) In making a determination under Subsection (2)(a), the state board shall:

(i) calculate the sum of average annual net enrollment increases for all school districts that have a positive average annual net enrollment increase, excluding school districts with stable or declining enrollment;

(ii) for each school district described in Subsection (2)(b)(i), calculate the ratio of the school district's average annual net enrollment increase to the sum calculated under Subsection (2)(b)(i); and

(iii) designate as a high growth district each school district whose ratio calculated under Subsection (2)(b)(ii) is equal to or greater than 0.10.

(3) In calculating net enrollment increases under this section, the state board:

(a) shall use ADM data from the three most recent fiscal years for which data is available; and

(b) may include projected enrollment data for the upcoming fiscal year if:

(i) the school district provides documentation supporting the projection; and

(ii) the state board determines the projection is reasonable based on:

(A) historical enrollment trends;

(B) residential construction permits issued within the school district's boundaries;

(C) population growth data from the Utah Population Committee created in Section 63C-20-103; and

(D) other demographic data the state board considers relevant.

(4) The state board shall recalculate high growth district designations annually.

(5)(a) For purposes of calculating net enrollment increase under this section, if a school district is created through a split, consolidation, or reorganization of one or more existing school districts:

(i) for the fiscal year in which the new or reorganized school district is created, the state board shall calculate the new or reorganized school district's net enrollment increase by:

(A) using as the baseline ADM the number of students from the geographic territory served by the new or reorganized school district who were enrolled in the predecessor district or districts for the fiscal year immediately preceding the creation or reorganization; and

(B) comparing the baseline ADM under Subsection (5)(a)(i)(A) to the new or reorganized school district's actual ADM for the fiscal year;

(ii) for the two fiscal years immediately following the fiscal year described in Subsection (5)(a)(i), the state board shall calculate the new or reorganized school district's average annual net enrollment increase using:

(A) the calculation described in Subsection (5)(a)(i) for the fiscal year in which the district was created or reorganized;

(B) actual year-over-year ADM changes for each subsequent fiscal year; and

(C) projected enrollment data under Subsection (3)(b) if applicable; and

(iii) beginning with the third fiscal year after the creation or reorganization, the state board shall calculate the school district's average annual net enrollment increase using the standard methodology described in Subsection (2).

(b) For purposes of calculating net enrollment increase under this section, if a school district loses territory or students due to a split, consolidation, or reorganization:

(i) for the fiscal year in which the split, consolidation, or reorganization occurs, the state board shall calculate the remaining school district's net enrollment increase by:

(A) using as the baseline ADM the remaining school district's ADM for the fiscal year immediately preceding the split, consolidation, or reorganization, adjusted to exclude the ADM of students who were transferred to another district; and

(B) comparing the adjusted baseline ADM under Subsection (5)(b)(i)(A) to the remaining school district's actual ADM for the fiscal year;

(ii) for the two fiscal years immediately following the fiscal year described in Subsection (5)(b)(i), the state board shall calculate the remaining school district's average annual net enrollment increase using:

(A) the calculation described in Subsection (5)(b)(i) for the fiscal year in which the split, consolidation, or reorganization occurred;

(B) actual year-over-year ADM changes for each subsequent fiscal year; and

(C) projected enrollment data under Subsection (3)(b) if applicable; and

(iii) beginning with the third fiscal year after the split, consolidation, or reorganization, the state board shall calculate the school district's average annual net enrollment increase using the standard methodology described in Subsection (2).

(c) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to establish:

(i) procedures for implementing the calculations described in Subsections (5)(a) and (5)(b);

(ii) documentation requirements for school districts affected by a split, consolidation, or reorganization;

(iii) methods for allocating historical enrollment growth among successor districts when necessary to implement this subsection; and

(iv) methods for determining the baseline ADM for each new or reorganized district's geographic territory when historical data for the specific territory is not readily available.

Section 4. Section **53F-10-404** is enacted to read:

53F-10-404 . Grant distribution formula -- Allowable uses.

(1) Subject to available appropriations, the state board shall annually allocate program funds to eligible districts in accordance with this section.

(2) The state board shall distribute to each eligible district an amount equal to the product of:

(a) the quotient of:

(i) the eligible district's average annual net enrollment increase; divided by

(ii) the sum of the average annual net enrollment increases for all eligible districts; and

(b) the total amount appropriated for the program for the fiscal year.

(3) An eligible district that receives a grant under this section may use the grant funds only for:

(a) acquiring facilities, including:

(i) purchasing land for future school sites;

(ii) purchasing existing buildings for conversion to educational use;

(iii) conducting feasibility studies;

(iv) obtaining appraisals;

(v) paying closing costs; and

(vi) conducting environmental assessments;

(b) constructing, expanding, or renovating facilities to accommodate enrollment growth, including:

(i) constructing new school buildings or additions;

(ii) renovating purchased buildings for educational use; and

(iii) expanding existing facilities;

(c) expanding transportation infrastructure to serve new or expanded school facilities, including:

(i) purchasing school buses;

(ii) constructing or expanding bus barns or maintenance facilities; and

(iii) implementing transportation management systems; or

(d) paying for costs directly related to the activities described in Subsections (3)(a) through (3)(c).

(4) An eligible district may not use grant funds received under this section for ongoing operational expenses, including:

(a) salaries or benefits for personnel;

(b) utilities or maintenance costs;

(c) instructional materials or supplies; or

(d) other recurring operational costs.

Section 5. Section **53F-10-405** is enacted to read:

53F-10-405 . Application process and administration.

(1) The state board shall make rules, in accordance with Title 63G, Chapter 3, Utah

Administrative Rulemaking Act, to establish:

(a) an application process for school districts to apply for program grants, including:

(i) the application format and required documentation;

(ii) the timeline for submitting applications;

(iii) the criteria the state board uses to evaluate applications;

(iv) a process for school districts to demonstrate projected enrollment growth under Subsection 53F-10-403(3)(b); and

(v) a process for prioritizing applications if appropriated funds are insufficient to fully fund all eligible districts;

(b) reporting requirements for eligible districts that receive program grants, including:

(i) how the eligible district uses grant funds;

(ii) progress toward completing projects funded by grant funds;

(iii) updates on enrollment growth; and

(iv) the impact of grant funds on the eligible district's ability to accommodate enrollment growth; and

(c) procedures for monitoring eligible districts' compliance with the requirements of this part and rules made under this section.

(2) An eligible district shall submit reports required under rules made under Subsection (1)(b):

(a) annually while the eligible district is using grant funds received under this part; and

(b) within one year after the eligible district completes a project funded by grant funds.

(3) If an eligible district uses grant funds in a manner that does not comply with Section 53F-10-404, the state board may:

(a) require the eligible district to return the improperly used funds to the state board; and

(b) make the eligible district ineligible for future grants under this part for up to three years.

Section 6. **FY 2027 Appropriations.**

The following sums of money are appropriated for the fiscal year beginning July 1, 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for fiscal year 2027.

Subsection 6(a). **Operating and Capital Budgets**

Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the Legislature appropriates the following sums of money from the funds or accounts indicated for the use and support of the government of the state of Utah.

ITEM 1 To State Board of Education - School Building Programs - Public Education Capital Projects

From Public Education Economic Stabilization Restricted Account, One-time 15,000,000

Schedule of Programs:

High Growth District Grant Program 15,000,000

Section 7. **Effective Date.**

This bill takes effect on May 6, 2026.