

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 Revolving Account and High Growth District Loan Program.

Highlighted Provisions:

This bill:

- defines terms;
- creates the High Growth District Revolving Account and High Growth District Loan Program;
- establishes eligibility criteria for school districts experiencing significant enrollment growth;
- provides special provisions for newly created or reorganized school districts;
- provides loan repayment and account management; 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

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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) "Account" means the High Growth District Revolving Account created in Section 53F-10-402.
- (2) "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.
- (3) "Average annual net enrollment increase" means the average percentage increase in a school district's ADM for each of the three school years immediately preceding the fiscal year for which the school district applies for a loan, calculated by:
 - (a) dividing each year's net enrollment increase by the school district's ADM for the preceding fiscal year; and
 - (b) averaging the resulting percentages.
- (4) "Eligible district" means a school district that meets the requirements described in Section 53F-10-403.
- (5) "High growth district" means a school district that is ranked in the top 10% of all school districts with positive average annual net enrollment increases as calculated by the state board under Section 53F-10-403.
- (6) "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.
- (7) "Program" means the High Growth District Loan Program created in Section 53F-10-402.

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

53F-10-402 . High Growth District Loan Program and account created --

Purpose -- Loan authority -- State board duties.

- (1) The High Growth District Loan Program is created to provide loans to high growth districts for:

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

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

69 (2)(a) There is created within the Uniform School Fund a restricted account known as
70 the "High Growth District Revolving Account" to provide loans to eligible districts
71 under this part.

72 (b) The state board shall administer the High Growth District Revolving Account in
73 accordance with this part and rules adopted by the state board under Section
74 53F-10-405.

75 (3) The account consists of:

76 (a) money appropriated to the account by the Legislature;

77 (b) money received from the repayment of loans made from the account;

78 (c) interest and other charges received on loans made from the account; and

79 (d) interest earned on money in the account.

80 (4) The state superintendent shall make loans to eligible districts from the account to pay
81 for the costs described in Subsection (1).

82 (5) Loans to eligible districts with urgent facility needs or limited financial capacity may be
83 given priority.

84 (6) The state board shall:

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

87 (b) review requests by eligible districts for loans under this part; and

88 (c) approve or reject each loan request; and

89 (d) upon request, report to the Public Education Appropriations Subcommittee regarding:
90 (i) the number of applications received;

91 (ii) the amount of loans made from the account;

92 (iii) the status of loan repayments;

93 (iv) how eligible districts use loan proceeds; and

94 (v) enrollment growth trends in eligible districts.

95 (7) A loan under this part may not be made unless the state board approves the loan.

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

- 97 **53F-10-403 . Eligibility requirements -- High growth district determination.**
- 98 (1) A school district is an eligible district if:
- 99 (a) the school district has a positive average annual net enrollment increase;
- 100 (b) the school district has an average annual enrollment growth rate of at least 1.0% over
- 101 the three school years immediately preceding the fiscal year for which the school
- 102 district applies for a loan; and
- 103 (c) the state board determines that the school district is a high growth district under
- 104 Subsection (2).
- 105 (2)(a) The state board shall make a determination which eligible districts qualify as high
- 106 growth districts by:
- 107 (i) ranking all school districts that meet the requirements described in Subsection (1)
- 108 using a weighted formula that considers:
- 109 (A) the school district's average annual enrollment growth rate; and
- 110 (B) the school district's building utilization rate, as determined by the state board
- 111 by rule; and
- 112 (ii) designating as high growth districts the highest-ranked school districts, up to 10%
- 113 of all school districts identified under Subsection (2)(b)(i).
- 114 (b) In making a determination under Subsection (2)(a), the state board shall:
- 115 (i) identify all school districts that meet the requirements described in Subsection (1);
- 116 (ii) rank the school districts identified under Subsection (2)(b)(i) in descending order
- 117 using the weighted formula described in Subsection (2)(a)(i);
- 118 (iii) calculate the maximum number of high growth districts by multiplying the total
- 119 number of school districts identified under Subsection (2)(b)(i) by 0.10 and
- 120 rounding up to the nearest whole number; and
- 121 (iv) designate as high growth districts the highest-ranked school districts, up to the
- 122 number calculated under Subsection (2)(b)(iii).
- 123 (3) In calculating net enrollment increases under this section, the state board:
- 124 (a) shall use ADM data from the three most recent fiscal years for which data is
- 125 available; and
- 126 (b) may include projected enrollment data for the upcoming fiscal year if:
- 127 (i) the school district provides documentation supporting the projection; and
- 128 (ii) the state board determines the projection is reasonable based on:
- 129 (A) historical enrollment trends;
- 130 (B) residential construction permits issued within the school district's boundaries;

- 131 (C) population growth data from the Utah Population Committee created in
132 Section 63C-20-103; and
- 133 (D) other demographic data the state board considers relevant.
- 134 (4) The state board shall recalculate high growth district designations annually.
- 135 (5)(a) For purposes of calculating net enrollment increase under this section, if a school
136 district is created through a split, consolidation, or reorganization of one or more
137 existing school districts:
- 138 (i) for the fiscal year in which the new or reorganized school district is created, the
139 state board shall calculate the new or reorganized school district's net enrollment
140 increase by:
- 141 (A) using as the baseline ADM the number of students from the geographic
142 territory served by the new or reorganized school district who were enrolled in
143 the predecessor district or districts for the fiscal year immediately preceding
144 the creation or reorganization; and
- 145 (B) comparing the baseline ADM under Subsection (5)(a)(i)(A) to the new or
146 reorganized school district's actual ADM for the fiscal year;
- 147 (ii) for the two fiscal years immediately following the fiscal year described in
148 Subsection (5)(a)(i), the state board shall calculate the new or reorganized school
149 district's average annual net enrollment increase using:
- 150 (A) the calculation described in Subsection (5)(a)(i) for the fiscal year in which
151 the district was created or reorganized;
- 152 (B) actual year-over-year ADM changes for each subsequent fiscal year; and
- 153 (C) projected enrollment data under Subsection (3)(b) if applicable; and
- 154 (iii) beginning with the third fiscal year after the creation or reorganization, the state
155 board shall calculate the school district's average annual net enrollment increase
156 using the standard methodology described in Subsection (2).
- 157 (b) For purposes of calculating net enrollment increase under this section, if a school
158 district loses territory or students due to a split, consolidation, or reorganization:
- 159 (i) for the fiscal year in which the split, consolidation, or reorganization occurs, the
160 state board shall calculate the remaining school district's net enrollment increase
161 by:
- 162 (A) using as the baseline ADM the remaining school district's ADM for the fiscal
163 year immediately preceding the split, consolidation, or reorganization, adjusted
164 to exclude the ADM of students who were transferred to another district; and

- 165 (B) comparing the adjusted baseline ADM under Subsection (5)(b)(i)(A) to the
 166 remaining school district's actual ADM for the fiscal year;
 167 (ii) for the two fiscal years immediately following the fiscal year described in
 168 Subsection (5)(b)(i), the state board shall calculate the remaining school district's
 169 average annual net enrollment increase using:
 170 (A) the calculation described in Subsection (5)(b)(i) for the fiscal year in which
 171 the split, consolidation, or reorganization occurred;
 172 (B) actual year-over-year ADM changes for each subsequent fiscal year; and
 173 (C) projected enrollment data under Subsection (3)(b) if applicable; and
 174 (iii) beginning with the third fiscal year after the split, consolidation, or
 175 reorganization, the state board shall calculate the school district's average annual
 176 net enrollment increase using the standard methodology described in Subsection
 177 (2).
- 178 (c) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah
 179 Administrative Rulemaking Act, to establish:
 180 (i) procedures for implementing the calculations described in Subsections (5)(a) and
 181 (5)(b);
 182 (ii) documentation requirements for school districts affected by a split, consolidation,
 183 or reorganization;
 184 (iii) methods for allocating historical enrollment growth among successor districts
 185 when necessary to implement this subsection; and
 186 (iv) methods for determining the baseline ADM for each new or reorganized district's
 187 geographic territory when historical data for the specific territory is not readily
 188 available.

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

190 **53F-10-404 . Loan terms and conditions -- Allowable uses -- Limitations.**

- 191 (1) Subject to available money in the account, the state board may approve loans to eligible
 192 districts in accordance with this section.
 193 (2) The state board shall give priority to loan applications from eligible districts that
 194 demonstrate:
 195 (a) qualification as a high growth district under Section 53F-10-403;
 196 (b) urgent facility needs due to enrollment growth; or
 197 (c) limited financial capacity to meet capital needs through other sources.
 198 (3) The state board may not approve loans to eligible districts under this part that exceed a

- 199 total of \$15,000,000 in any fiscal year.
- 200 (4) The term of a loan to an eligible district under this part may not exceed 10 years.
- 201 (5) The state board shall establish interest rates for loans under this part by rule in
- 202 accordance with Section 53F-10-405, considering:
- 203 (a) the cost of funds to the state;
- 204 (b) administrative costs of the program; and
- 205 (c) the need to maintain the account's sustainability.
- 206 (6) An eligible district that receives a loan under this part may use the loan proceeds only
- 207 for:
- 208 (a) acquiring facilities, including:
- 209 (i) purchasing land for future school sites;
- 210 (ii) purchasing existing buildings for conversion to educational use;
- 211 (iii) conducting feasibility studies;
- 212 (iv) obtaining appraisals;
- 213 (v) paying closing costs; and
- 214 (vi) conducting environmental assessments;
- 215 (b) constructing, expanding, or renovating facilities to accommodate enrollment growth,
- 216 including:
- 217 (i) constructing new school buildings or additions;
- 218 (ii) renovating purchased buildings for educational use; and
- 219 (iii) expanding existing facilities;
- 220 (c) expanding transportation infrastructure to serve new or expanded school facilities,
- 221 including:
- 222 (i) purchasing school buses;
- 223 (ii) constructing or expanding bus barns or maintenance facilities; and
- 224 (iii) implementing transportation management systems; or
- 225 (d) paying for costs directly related to the activities described in Subsections (6)(a)
- 226 through (6)(c).
- 227 (7) An eligible district may not use loan proceeds received under this part for ongoing
- 228 operational expenses, including:
- 229 (a) salaries or benefits for personnel;
- 230 (b) utilities or maintenance costs;
- 231 (c) instructional materials or supplies; or
- 232 (d) other recurring operational costs.

- 233 (8) If property or facilities acquired using loan proceeds are sold or used for a
234 non-educational purpose before the loan is fully repaid:
235 (a) the proceeds from the sale or repurposing shall be applied to the outstanding loan
236 balance; and
237 (b) any remaining sale proceeds after satisfying the loan obligation shall be retained by
238 the eligible district.

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

240 **53F-10-405 . Loan agreements -- Application process -- Reporting -- Rulemaking.**

- 241 (1) Before disbursing loan proceeds, the state board and the eligible district shall execute a
242 loan agreement that includes:
243 (a) the loan amount;
244 (b) the interest rate;
245 (c) the repayment schedule;
246 (d) the permitted uses of loan proceeds;
247 (e) reporting requirements; and
248 (f) remedies for default or misuse of funds.
- 249 (2) The state board shall make rules, in accordance with Title 63G, Chapter 3, Utah
250 Administrative Rulemaking Act, to establish:
251 (a) an application process for eligible districts to apply for loans under this part,
252 including:
253 (i) the application format and required documentation;
254 (ii) the timeline for submitting applications;
255 (iii) the criteria the state board uses to evaluate applications;
256 (iv) a process for eligible districts to demonstrate projected enrollment growth under
257 Subsection 53F-10-403(3)(b);
258 (v) a process for prioritizing applications if available funds are insufficient to fully
259 fund all eligible applicants; and
260 (vi) documentation of an eligible district's financial capacity to repay the loan;
261 (b) the weighted formula for ranking school districts under Subsection 53F-10-403(2)(a),
262 including:
263 (i) the relative weight given to average annual enrollment growth rate and building
264 utilization rate; and
265 (ii) the methodology for calculating building utilization rates;
266 (c) interest rates for loans under this part in accordance with Subsection 53F-10-404(5);

- 267 (d) repayment schedules and terms, including:
 268 (i) minimum and maximum repayment periods;
 269 (ii) prepayment options without penalty;
 270 (iii) acceptable methods of payment; and
 271 (iv) consequences of late or missed payments;
 272 (e) reporting requirements for eligible districts that receive loans under this part,
 273 including:
 274 (i) how the eligible district uses loan proceeds;
 275 (ii) progress toward completing projects funded by loan proceeds;
 276 (iii) updates on enrollment growth;
 277 (iv) the impact of loan-funded projects on the eligible district's ability to
 278 accommodate enrollment growth; and
 279 (v) the status of loan repayment;
 280 (f) procedures for monitoring eligible districts' compliance with the requirements of this
 281 part, loan agreements, and rules made under this section; and
 282 (g) procedures for addressing loan defaults or misuse of loan proceeds.
 283 (3) An eligible district shall submit reports required under rules made under Subsection
 284 (2)(d):
 285 (a) annually while the eligible district is:
 286 (i) using loan proceeds received under this part; or
 287 (ii) repaying a loan received under this part; and
 288 (b) within one year after the eligible district completes a project funded by loan proceeds.
 289 (4) If an eligible district uses loan proceeds in a manner that does not comply with Section
 290 53F-10-404, or the loan agreement fails to make required loan payments, or fails to
 291 comply with reporting requirements under this section, the state board may:
 292 (a) accelerate the repayment schedule;
 293 (b) require immediate repayment of the outstanding loan balance;
 294 (c) pursue legal remedies to recover outstanding amounts; or
 295 (d) make the eligible district ineligible for future loans under this part for up to five
 296 years.
 297 (5) All loan repayments, interest, and other charges collected under this part shall be
 298 deposited into the High Growth District Revolving Account.

299 **Section 6. FY 2027 Appropriations.**

300 The following sums of money are appropriated for the fiscal year beginning July 1,

301 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
302 fiscal year 2027.

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

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

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

309 From Public Education Economic Stabilization

310 Restricted Account, One-time 15,000,000

311 Schedule of Programs:

312 High Growth District Revolving Account 15,000,000

313 Section 7. **Effective Date.**

314 This bill takes effect on May 6, 2026.