

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

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**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 , as calculated by the state board under Section 53F-10-403:
  - (a)(i) a school district that is ranked in the top 10% of all school districts with positive average annual net enrollment increases; or
  - (ii) if fewer than 10 school districts have positive average annual net enrollment increases, a school district that has an average annual net enrollment increase of:
    - (A) at least 100 students; or
    - (B) at least 2% of the school district's ADM; or
  - (b) a school district whose average annual net enrollment increase totals at least 10% of the total average annual net enrollment increase from all school districts with positive average annual net enrollment increases.
- (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

63 for which data is available.

64 (7) "Program" means the High Growth District Loan Program created in Section  
65 53F-10-402.

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

67 **53F-10-402 . High Growth District Loan Program and account created --**

68 **Purpose -- Loan authority -- State board duties.**

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

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

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

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

80 (b) The state board shall administer the High Growth District Revolving Account in  
81 accordance with this part and rules adopted by the state board under Section  
82 53F-10-405.

83 (3) The account consists of:

- 84 (a) money appropriated to the account by the Legislature;  
85 (b) money received from the repayment of loans made from the account;  
86 (c) interest and other charges received on loans made from the account; and  
87 (d) interest earned on money in the account.

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

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

92 (6) The state board shall:

- 93 (a) determine which eligible districts qualify as high growth districts in accordance with  
94 Section 53F-10-403;  
95 (b) review requests by eligible districts for loans under this part; and  
96 (c) approve or reject each loan request; and

- 97 (d) upon request, report to the Public Education Appropriations Subcommittee regarding:  
98 (i) the number of applications received;  
99 (ii) the amount of loans made from the account;  
100 (iii) the status of loan repayments;  
101 (iv) how eligible districts use loan proceeds; and  
102 (v) enrollment growth trends in eligible districts.

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

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

105 **53F-10-403 . Eligibility requirements -- High growth district determination.**

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

- 107 (a) the school district has a positive average annual net enrollment increase;  
108 (b) the school district has an average annual enrollment growth rate of at least 1.0% over  
109 the three school years immediately preceding the fiscal year for which the school  
110 district applies for a loan; and  
111 (c) the state board determines that the school district is a high growth district under  
112 Subsection (2).

113 (2)(a) The state board shall determine which eligible districts qualify as high growth  
114 districts under the ranking methodology described in Subsection (2)(b), the  
115 proportional share methodology described in Subsection (2)(c), or both.

116 (b) Under the ranking methodology:

- 117 (i) if 10 or more school districts have positive average annual net enrollment  
118 increases, the state board shall:  
119 (A) rank all school districts with positive average annual net enrollment increases  
120 in descending order;  
121 (B) calculate the number of high growth districts by multiplying the total number  
122 of school districts with positive average annual net enrollment increases by  
123 0.10 and rounding up to the nearest whole number; and  
124 (C) designate as high growth districts the number of school districts calculated  
125 under Subsection (2)(b)(i)(B), starting with the school district with the highest  
126 average annual net enrollment increase; or  
127 (ii) if fewer than 10 school districts have positive average annual net enrollment  
128 increases, the state board shall designate as high growth districts those school  
129 districts that have an average annual net enrollment increase of:  
130 (A) at least 100 students; or

- 131                    (B) at least 2% of the school district's ADM.
- 132           (c) Under the proportional share methodology, the state board shall:
- 133                    (i) calculate the sum of average annual net enrollment increases for all school
- 134                    districts that have a positive average annual net enrollment increase;
- 135                    (ii) for each school district described in Subsection (2)(c)(i), calculate the ratio of the
- 136                    school district's average annual net enrollment increase to the sum calculated
- 137                    under Subsection (2)(c)(i); and
- 138                    (iii) designate as a high growth district each school district whose ratio calculated
- 139                    under Subsection (2)(c)(ii) is equal to or greater than 0.10.
- 140           (3) In calculating net enrollment increases under this section, the state board:
- 141                    (a) shall use ADM data from the three most recent fiscal years for which data is
- 142                    available; and
- 143                    (b) may include projected enrollment data for the upcoming fiscal year if:
- 144                    (i) the school district provides documentation supporting the projection; and
- 145                    (ii) the state board determines the projection is reasonable based on:
- 146                            (A) historical enrollment trends;
- 147                            (B) residential construction permits issued within the school district's boundaries;
- 148                            (C) population growth data from the Utah Population Committee created in
- 149                            Section 63C-20-103; and
- 150                            (D) other demographic data the state board considers relevant.
- 151           (4) The state board shall recalculate high growth district designations annually.
- 152           (5)(a) For purposes of calculating net enrollment increase under this section, if a school
- 153                    district is created through a split, consolidation, or reorganization of one or more
- 154                    existing school districts:
- 155                    (i) for the fiscal year in which the new or reorganized school district is created, the
- 156                    state board shall calculate the new or reorganized school district's net enrollment
- 157                    increase by:
- 158                            (A) using as the baseline ADM the number of students from the geographic
- 159                            territory served by the new or reorganized school district who were enrolled in
- 160                            the predecessor district or districts for the fiscal year immediately preceding
- 161                            the creation or reorganization; and
- 162                            (B) comparing the baseline ADM under Subsection (5)(a)(i)(A) to the new or
- 163                            reorganized school district's actual ADM for the fiscal year;
- 164                    (ii) for the two fiscal years immediately following the fiscal year described in

- 165 Subsection (5)(a)(i), the state board shall calculate the new or reorganized school  
166 district's average annual net enrollment increase using:
- 167 (A) the calculation described in Subsection (5)(a)(i) for the fiscal year in which  
168 the district was created or reorganized;
- 169 (B) actual year-over-year ADM changes for each subsequent fiscal year; and  
170 (C) projected enrollment data under Subsection (3)(b) if applicable; and
- 171 (iii) beginning with the third fiscal year after the creation or reorganization, the state  
172 board shall calculate the school district's average annual net enrollment increase  
173 using the standard methodology described in Subsection (2).
- 174 (b) For purposes of calculating net enrollment increase under this section, if a school  
175 district loses territory or students due to a split, consolidation, or reorganization:
- 176 (i) for the fiscal year in which the split, consolidation, or reorganization occurs, the  
177 state board shall calculate the remaining school district's net enrollment increase  
178 by:
- 179 (A) using as the baseline ADM the remaining school district's ADM for the fiscal  
180 year immediately preceding the split, consolidation, or reorganization, adjusted  
181 to exclude the ADM of students who were transferred to another district; and
- 182 (B) comparing the adjusted baseline ADM under Subsection (5)(b)(i)(A) to the  
183 remaining school district's actual ADM for the fiscal year;
- 184 (ii) for the two fiscal years immediately following the fiscal year described in  
185 Subsection (5)(b)(i), the state board shall calculate the remaining school district's  
186 average annual net enrollment increase using:
- 187 (A) the calculation described in Subsection (5)(b)(i) for the fiscal year in which  
188 the split, consolidation, or reorganization occurred;
- 189 (B) actual year-over-year ADM changes for each subsequent fiscal year; and  
190 (C) projected enrollment data under Subsection (3)(b) if applicable; and
- 191 (iii) beginning with the third fiscal year after the split, consolidation, or  
192 reorganization, the state board shall calculate the school district's average annual  
193 net enrollment increase using the standard methodology described in Subsection  
194 (2).
- 195 (c) The state board shall make rules in accordance with Title 63G, Chapter 3, Utah  
196 Administrative Rulemaking Act, to establish:
- 197 (i) procedures for implementing the calculations described in Subsections (5)(a) and  
198 (5)(b);

- 199           (ii) documentation requirements for school districts affected by a split, consolidation,  
 200           or reorganization;  
 201           (iii) methods for allocating historical enrollment growth among successor districts  
 202           when necessary to implement this subsection; and  
 203           (iv) methods for determining the baseline ADM for each new or reorganized district's  
 204           geographic territory when historical data for the specific territory is not readily  
 205           available.

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

207           **53F-10-404 . Loan terms and conditions -- Allowable uses -- Limitations.**

- 208           (1) Subject to available money in the account, the state board may approve loans to eligible  
 209           districts in accordance with this section.  
 210           (2) The state board shall give priority to loan applications from eligible districts that  
 211           demonstrate:  
 212           (a) qualification as a high growth district under Section 53F-10-403;  
 213           (b) urgent facility needs due to enrollment growth; or  
 214           (c) limited financial capacity to meet capital needs through other sources.  
 215           (3) The state board may not approve loans to eligible districts under this part that exceed a  
 216           total of \$15,000,000 in any fiscal year.  
 217           (4) The term of a loan to an eligible district under this part may not exceed 10 years.  
 218           (5) The state board shall establish interest rates for loans under this part by rule in  
 219           accordance with Section 53F-10-405, considering:  
 220           (a) the cost of funds to the state;  
 221           (b) administrative costs of the program; and  
 222           (c) the need to maintain the account's sustainability.  
 223           (6) An eligible district that receives a loan under this part may use the loan proceeds only  
 224           for:  
 225           (a) acquiring facilities, including:  
 226           (i) purchasing land for future school sites;  
 227           (ii) purchasing existing buildings for conversion to educational use;  
 228           (iii) conducting feasibility studies;  
 229           (iv) obtaining appraisals;  
 230           (v) paying closing costs; and  
 231           (vi) conducting environmental assessments;  
 232           (b) constructing, expanding, or renovating facilities to accommodate enrollment growth,

- 233 including:
- 234 (i) constructing new school buildings or additions;
- 235 (ii) renovating purchased buildings for educational use; and
- 236 (iii) expanding existing facilities;
- 237 (c) expanding transportation infrastructure to serve new or expanded school facilities,
- 238 including:
- 239 (i) purchasing school buses;
- 240 (ii) constructing or expanding bus barns or maintenance facilities; and
- 241 (iii) implementing transportation management systems; or
- 242 (d) paying for costs directly related to the activities described in Subsections (6)(a)
- 243 through (6)(c).
- 244 (7) An eligible district may not use loan proceeds received under this part for ongoing
- 245 operational expenses, including:
- 246 (a) salaries or benefits for personnel;
- 247 (b) utilities or maintenance costs;
- 248 (c) instructional materials or supplies; or
- 249 (d) other recurring operational costs.
- 250 (8) If property or facilities acquired using loan proceeds are sold or used for a
- 251 non-educational purpose before the loan is fully repaid:
- 252 (a) the proceeds from the sale or repurposing shall be applied to the outstanding loan
- 253 balance; and
- 254 (b) any remaining sale proceeds after satisfying the loan obligation shall be retained by
- 255 the eligible district.
- 256 Section 5. Section **53F-10-405** is enacted to read:
- 257 **53F-10-405 . Loan agreements -- Application process -- Reporting -- Rulemaking.**
- 258 (1) Before disbursing loan proceeds, the state board and the eligible district shall execute a
- 259 loan agreement that includes:
- 260 (a) the loan amount;
- 261 (b) the interest rate;
- 262 (c) the repayment schedule;
- 263 (d) the permitted uses of loan proceeds;
- 264 (e) reporting requirements; and
- 265 (f) remedies for default or misuse of funds.
- 266 (2) The state board shall make rules, in accordance with Title 63G, Chapter 3, Utah

- 267 Administrative Rulemaking Act, to establish:
- 268 (a) an application process for eligible districts to apply for loans under this part,
- 269 including:
- 270 (i) the application format and required documentation;
- 271 (ii) the timeline for submitting applications;
- 272 (iii) the criteria the state board uses to evaluate applications;
- 273 (iv) a process for eligible districts to demonstrate projected enrollment growth under
- 274 Subsection 53F-10-403(3)(b);
- 275 (v) a process for prioritizing applications if available funds are insufficient to fully
- 276 fund all eligible applicants; and
- 277 (vi) documentation of an eligible district's financial capacity to repay the loan;
- 278 (b) the weighted formula for ranking school districts under Subsection 53F-10-403(2)(a),
- 279 including:
- 280 (i) the relative weight given to average annual enrollment growth rate and building
- 281 utilization rate; and
- 282 (ii) the methodology for calculating building utilization rates;
- 283 (c) interest rates for loans under this part in accordance with Subsection 53F-10-404(5);
- 284 (d) repayment schedules and terms, including:
- 285 (i) minimum and maximum repayment periods;
- 286 (ii) prepayment options without penalty;
- 287 (iii) acceptable methods of payment; and
- 288 (iv) consequences of late or missed payments;
- 289 (e) reporting requirements for eligible districts that receive loans under this part,
- 290 including:
- 291 (i) how the eligible district uses loan proceeds;
- 292 (ii) progress toward completing projects funded by loan proceeds;
- 293 (iii) updates on enrollment growth;
- 294 (iv) the impact of loan-funded projects on the eligible district's ability to
- 295 accommodate enrollment growth; and
- 296 (v) the status of loan repayment;
- 297 (f) procedures for monitoring eligible districts' compliance with the requirements of this
- 298 part, loan agreements, and rules made under this section; and
- 299 (g) procedures for addressing loan defaults or misuse of loan proceeds.
- 300 (3) An eligible district shall submit reports required under rules made under Subsection

- 301           (2)(d):
- 302           (a) annually while the eligible district is:
- 303               (i) using loan proceeds received under this part; or
- 304               (ii) repaying a loan received under this part; and
- 305           (b) within one year after the eligible district completes a project funded by loan proceeds.
- 306 (4) If an eligible district uses loan proceeds in a manner that does not comply with Section
- 307           53F-10-404, or the loan agreement fails to make required loan payments, or fails to
- 308           comply with reporting requirements under this section, the state board may:
- 309               (a) accelerate the repayment schedule;
- 310               (b) require immediate repayment of the outstanding loan balance;
- 311               (c) pursue legal remedies to recover outstanding amounts; or
- 312               (d) make the eligible district ineligible for future loans under this part for up to five
- 313               years.
- 314 (5) All loan repayments, interest, and other charges collected under this part shall be
- 315           deposited into the High Growth District Revolving Account.

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 Revolving Account	15,000,000

Section 7. **Effective Date.**

This bill takes effect on May 6, 2026.