

Office of the
Legislative Fiscal Analyst

FY 2005 Budget Recommendations

Joint Appropriations Subcommittee for
Public Education

Utah State Office of Education
School Building Program

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1.0 School Building Programs

Recommendation The Analyst's recommendation for the Capital Outlay Foundation Program is \$27,288,900. The funding recommendation is all from the Uniform School Fund for FY 2005.

Summary For a number of years the Critical School Building Aid Program was funded at a level of \$6,458,000. With the implementation of the new Capital Equalization Program by the 1992 Legislature additional state funds (Uniform School Fund) have been appropriated under provisions of that law. Senate Bill 1 enacted during the 1993 First Special Session called for a continuing commitment of increasing state dollars to both programs. That statutory commitment reached \$28,358,000 in on going funding in FY 1999.

The 1996 Legislature passed Senate Bill 46, "Capital Outlay Amendments," which rewrote the statutes for school building aid programs. This act established the Capital Outlay foundation program that included an emergency school building needs program through June 30, 2001. The act provided for 20 percent of the funds appropriated for the capital outlay foundation program to be used in an emergency school building needs program. The current FY 2004 no longer contains the emergency school building needs program as it was terminated on June 30, 2001. The original FY 2002 appropriation included a \$10,000,000 increase for a total of \$38,358,000. Because of revenue shortfalls, the 2002 Legislature reduced the appropriation to \$28,358,000. These funds are provided solely for school district capital outlay and debt service purposes.

Statutory Provisions

53A-21-102. Capital Outlay Foundation Program—Enrollment Growth Program

(1) The Capital Outlay Foundation Program and the Enrollment Growth Program are established to provide revenues to school districts for the purposes of capital outlay bonding, construction, and renovation.

(2) The Capital Outlay Loan Program is established to provide short-term help to school districts to meet district needs for school building construction and renovation. (3) School districts shall use the monies provided to them under the programs established by this section solely for school district capital outlay and debt service purposes.

3.1 Capital Outlay Foundation Program

53A-21-103. Qualifications for participation in the foundation program – Distribution of monies—Distribution formulas.

(1) In order for a school district to qualify for monies under the Capital Outlay Foundation Program established in Subsection 53A-21-102(1), a local school board must levy a tax rate of up to .0024 per dollar of taxable value for capital

outlay and debt service. (2) The State Board of Education shall adopt rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, that:

(a) allow a school district levying less than the full .0024 tax rate to receive proportional funding under the foundation program based upon the percentage of the .0024 tax rate levied by the district; and (b) maintain a school district's funding under the Capital Outlay Foundation Program for up to two years if the school district's funding would otherwise be reduced as a consequence of changes in the certified tax rate under Section 59-2-924 due to changes in property valuation. (3) The State Board of Education shall distribute monies in the Capital Outlay Foundation Program in accordance with a formula developed by the state superintendent of public instruction which guarantees that a tax rate of up to .0024 per dollar of taxable value for capital outlay and debt service yields a minimum amount per pupil in average daily membership.

3.2 Enrollment Growth Program

53A-21-103.5. Qualifications for participation in the Enrollment Growth Program—State Board of Education rules—Distribution formula.

(1) (a) In order to qualify for monies under the Enrollment Growth Program established in Section 53A-21-102, a school district must be a recipient of monies distributed under the Capital Outlay Foundation Program, except as provided in Subsection (1)(b). (b) A school district that is not a recipient of Capital Outlay Foundation Program monies in fiscal year 2003-04, fiscal year 2004-05, or both, may qualify for monies under the Enrollment Growth Program if the school district received Capital Outlay Foundation Program monies in fiscal year 2002-03.

(2) (a) The State Board of Education shall distribute monies in the Enrollment Growth Program to qualifying school districts whose average net enrollment for the prior three years is a net increase in enrollment.

(b) A school district that meets the criteria of Subsection (2)(a) shall receive Enrollment Growth Program monies in the same proportion that the district's three-year average net enrollment bears to the total three-year net enrollment of all the districts that meet the criteria of Subsection (2)(a). © The State Board of Education shall make rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, to administer this section.

53A-21-105. State contribution to capital outlay programs.

(1) The state contribution toward the cost of the programs established under Section 53A-21-102 for the fiscal year beginning July 1, 2003, shall consist of an appropriation totaling \$27,228,900 to the State Board of Education from the Uniform School Fund. (2) Of the monies appropriated in Subsection (1), the State Board of Education shall distribute:

(a) \$24,358,000 in accordance with the Capital Outlay Foundation Program described in Section 53A-21-103; and (b) \$2,930,900 in accordance with the Enrollment Growth Program described in Section 53A-21-103.5.

School Building Expenditures

School Building allocations for FY 2003 is represented in the following table as provided by the Utah State Office of Education:

Capital Outlay Foundation and Enrollment Growth Program--FY 2003-04 Final

District	Prior Year Derived Valuations (Prior Year Current Collections Divided by Prior Year Tax Rates) (FY 2002-03)	Current Year Capital Outlay Debt and Voted Total Levies (FY 2003-04)	Current Year Tax Rate up to 0.002400 Levy	Collection Rate (5 Yr Avg w/o Hi/L0)	Local Tax Rate @ 0.002400 (C2x0.2400xC5)	Prior Year ADM's (FY 2002-03)	Yield per ADM Local (C6/C7)	Percent of Capital Outlay, Debt and Voted Capital Levy to 0.002400 Tax Rate (C4/0.002400)	Yield per ADM X C9 \$534.038613 Foundation Guarantee on 0.0024 Levy	Enrollment Growth Program	Total Capital Foundation and Enrollment Growth (C10+C11)
1	2	3	4	5	6	7	8	9	10	11	12
1 Alpine	\$ 8,445,181,753	0.004038	0.002400	100.00%	\$20,268,436	48,687	416.30	100.0%	\$5,732,347	\$971,092	\$6,703,438
2 Beaver	393,867,850	0.003588	0.002400	100.00%	945,283	1,451	651.28	100.0%	0	0	0
3 Box Elder	1,864,353,109	0.002429	0.002400	100.00%	4,474,447	10,557	423.84	100.0%	1,163,357	0	1,163,357
4 Cache	1,991,525,370	0.002521	0.002400	100.00%	4,779,661	13,017	367.18	100.0%	2,171,967	61,086	2,233,053
5 Carbon	1,564,049,906	0.002400	0.002400	100.00%	3,753,720	3,705	1,013.24	100.0%	0	0	0
6 Daggett	171,928,893	0.001672	0.001672	100.00%	412,629	123	3,356.87	69.7%	0	0	0
7 Davis	10,867,349,677	0.002654	0.002400	100.00%	26,081,639	58,667	444.57	100.0%	5,248,726	279,593	5,528,319
8 Duchesne	614,738,236	0.003303	0.002400	100.00%	1,475,372	3,933	375.17	100.0%	624,777	0	624,777
9 Emery	1,273,112,040	0.001877	0.002400	100.00%	3,055,469	2,438	1,253.25	100.0%	0	0	0
10 Garfield	323,501,695	0.004270	0.002400	100.00%	776,404	989	785.39	100.0%	0	0	0
11 Grand	582,828,196	0.003229	0.002400	100.00%	1,398,788	1,449	965.22	100.0%	0	0	0
12 Granite	16,323,610,217	0.002622	0.002400	100.00%	39,176,665	67,891	577.06	100.0%	0	0	0
13 Iron	1,669,544,445	0.004024	0.002400	100.00%	4,006,907	7,160	559.61	100.0%	0	0	0
14 Jordan	16,300,126,756	0.004184	0.002400	100.00%	39,120,304	73,344	533.38	100.0%	48,414	392,107	440,521
15 Juab	396,005,383	0.003871	0.002400	100.00%	950,413	1,859	511.38	100.0%	42,110	26,317	68,427
16 Kane	564,784,256	0.002247	0.002247	100.00%	1,355,482	1,227	1,104.40	93.6%	0	0	0
17 Millard	1,918,369,063	0.002169	0.002169	100.00%	4,604,086	3,095	1,487.39	90.4%	0	0	0
18 Morgan	546,171,942	0.002197	0.002197	100.00%	1,310,813	1,980	661.90	91.5%	0	0	0
19 Nebo	3,656,185,550	0.004649	0.002400	100.00%	8,774,845	23,002	381.47	100.0%	3,509,366	684,255	4,193,621
20 No. Sanpete	433,831,391	0.002400	0.002400	100.00%	1,041,195	2,399	434.03	100.0%	239,922	0	239,922
21 No. Summit	411,320,486	0.002490	0.002400	100.00%	987,169	968	1,019.65	100.0%	0	0	0
22 Park City	5,115,985,605	0.003632	0.002400	99.83%	12,257,492	3,949	3,103.60	100.0%	0	0	0
23 Piute	41,792,043	0.003255	0.002400	100.00%	100,301	311	322.33	100.0%	65,877	0	65,877
24 Rich	253,530,613	0.002246	0.002400	100.00%	608,473	475	1,281.19	100.0%	0	0	0
25 San Juan	465,323,569	0.003963	0.002400	100.00%	1,116,777	2,963	376.89	100.0%	465,672	241	465,913
26 Sevier	750,739,320	0.004096	0.002400	100.00%	1,801,774	4,314	417.70	100.0%	501,808	0	501,808
27 So. Sanpete	363,993,686	0.003920	0.002400	100.00%	873,585	2,761	316.36	100.0%	601,098	16,418	617,516
28 So. Summit	979,513,647	0.003038	0.002400	100.00%	2,350,833	1,310	1,795.20	100.0%	0	0	0
29 Tintic	24,160,438	0.005264	0.002400	98.30%	56,999	290	196.76	100.0%	97,706	10,141	107,846
30 Tooele	1,702,264,517	0.005276	0.002400	100.00%	4,085,435	9,990	408.97	100.0%	1,249,401	321,363	1,570,764
31 Uintah	1,628,355,534	0.002400	0.002400	100.00%	3,908,053	5,596	698.41	100.0%	0	0	0
32 Wasatch	1,624,317,695	0.002262	0.002400	100.00%	3,898,362	3,824	1,019.37	100.0%	0	0	0
33 Washington	5,448,695,594	0.003536	0.002400	100.00%	13,076,869	19,355	675.62	100.0%	0	0	0
34 Wayne	159,380,533	0.002639	0.002400	100.00%	382,513	521	734.77	100.0%	0	0	0
35 Weber	5,336,060,107	0.002527	0.002400	100.00%	12,806,544	27,853	459.79	100.0%	2,067,909	73,882	2,141,791
36 Salt Lake	12,792,479,092	0.001997	0.001997	100.00%	30,701,950	24,190	1,269.19	83.2%	0	0	0
37 Ogden	2,629,015,001	0.002379	0.002400	100.00%	6,309,636	12,803	492.83	100.0%	527,545	94,405	621,950
38 Provo	3,674,252,584	0.002137	0.002400	100.00%	8,818,206	13,037	676.39	100.0%	0	0	0
39 Logan	1,480,609,039	0.003197	0.002400	100.00%	3,553,462	5,828	609.69	100.0%	0	0	0
40 Murray	2,389,439,138	0.002637	0.002400	100.00%	5,734,654	6,327	906.38	100.0%	0	0	0
Total/Average	\$117,172,293,970	0.003081		100.00%	\$281,191,647	473,638	593.68	100.0%	\$24,358,000	\$2,930,900	27,288,900

Enrollment Growth Expenditures

The Enrollment Growth Program was funded for \$2,930,900 for FY 2004. The distribution of those funds is detailed by the Utah State Office of Education as follows:

ENROLLMENT GROWTH--Capital Facilities Aid
Based on Prior Three Year Average Net Enrollment Growth--FY 2003-04
Final

District	FY 2002-03 Base Guarantee Based on Local Tax Yield Guarantee**	1-Oct-00 Enrollment	1-Oct-01 Enrollment	1-Oct-02 Net Positive Change	1-Oct-03 Enrollment	1-Oct-03 Net Positive Change	Three Year Average Change	Enrollment Growth Share Percent Change	\$2,930,900		
1	2	3	4	5	6	7	8	9	10	11	12
1 Alpine	\$6,556,199	47,096	48,266	1,170	49,159	893	51,118	1,959	1,341	33.1%	\$971,092
2 Beaver	0	0	0	0	0	0	0	0	0	0.0%	0
3 Box Elder	575,616	10,927	10,850	0	10,660	0	10,529	0	0	0.0%	0
4 Cache	2,171,556	13,170	13,189	19	13,081	0	13,315	234	84	2.1%	61,086
5 Carbon	0	0	0	0	0	0	0	0	0	0.0%	0
6 Daggett	0	0	0	0	0	0	0	0	0	0.0%	0
7 Davis	8,646,639	58,867	58,900	33	59,536	636	60,025	489	386	9.5%	279,593
8 Duchesne	542,112	4,140	4,054	0	3,993	0	3,900	0	0	0.0%	0
9 Emery	0	0	0	0	0	0	0	0	0	0.0%	0
10 Garfield	0	0	0	0	0	0	0	0	0	0.0%	0
11 Grand	0	0	0	0	0	0	0	0	0	0.0%	0
12 Granite	0	0	0	0	0	0	0	0	0	0.0%	0
13 Iron	0	0	0	0	0	0	0	0	0	0.0%	0
14 Jordan	401,822	73,137	73,471	334	73,808	337	74,761	953	541	13.4%	392,107
15 Juab**	0	1,830	1,844	14	1,872	28	1,939	67	36	0.9%	26,317
16 Kane	0	0	0	0	0	0	0	0	0	0.0%	0
17 Millard	0	0	0	0	0	0	0	0	0	0.0%	0
18 Morgan	0	0	0	0	0	0	0	0	0	0.0%	0
19 Nebo	3,539,146	21,066	22,070	1,004	23,078	1,008	23,900	822	945	23.3%	684,255
20 No. Sanpete	270,318	2,489	2,451	0	2,443	0	2,370	0	0	0.0%	0
21 No. Summit	0	0	0	0	0	0	0	0	0	0.0%	0
22 Park City	0	0	0	0	0	0	0	0	0	0.0%	0
23 Piute	59,144	354	318	0	312	0	307	0	0	0.0%	0
24 Rich	0	0	0	0	0	0	0	0	0	0.0%	0
25 San Juan	289,936	3,146	3,038	0	2,978	0	2,979	1	0	0.01%	241
26 Sevier	512,895	4,477	4,442	0	4,370	0	4,316	0	0	0.0%	0
27 So. Sanpete	612,214	2,741	2,724	0	2,792	68	2,772	0	23	0.6%	16,418
28 So. Summit	0	0	0	0	0	0	0	0	0	0.0%	0
29 Tintic	87,903	267	309	42	275	0	250	0	14	0.3%	10,141
30 Tooele	1,081,144	9,177	9,507	330	10,034	527	10,508	474	444	11.0%	321,363
31 Uintah	0	0	0	0	0	0	0	0	0	0.0%	0
32 Wasatch	0	0	0	0	0	0	0	0	0	0.0%	0
33 Washington	0	0	0	0	0	0	0	0	0	0.0%	0
34 Wayne	0	0	0	0	0	0	0	0	0	0.0%	0
35 Weber	2,570,608	28,009	28,101	92	28,315	214	28,196	0	102	2.5%	73,882
36 Salt Lake	0	0	0	0	0	0	0	0	0	0.0%	0
37 Ogden	440,748	12,750	12,855	105	13,141	286	12,963	0	130	3.2%	94,405
38 Provo	0	0	0	0	0	0	0	0	0	0.0%	0
39 Logan	0	0	0	0	0	0	0	0	0	0.0%	0
40 Murray	0	0	0	0	0	0	0	0	0	0.0%	0
Unallocated	0										0
Total/Average	\$28,358,000								4,046	100.0%	\$2,930,900

**A school district that is not a recipient of Capital Outlay Foundation Program monies in fiscal year 2003-04...may qualify for monies under the Enrollment Growth Program if the school district received Capital Outlay Foundation Program monies in fiscal year 2002-03" 53A-21-103.5(1)(b)

* Juab school district did not receive Foundation funds in FY 2002-03 but did qualify to receive Foundation funds in FY 2003-04, and therefore is eligible for Enrollment Growth funds in FY 2003-04.

School District bonded indebtedness for FY 2002 is shown in the following chart:

2001-2002 Bonds

District	Bonds Outstanding at First of Year	Bonds Issued in Current Year			Bonds Retired During Year	BONDED INDEBTEDNESS YEAR END
		Capital Outlay	Refunding	TOTAL		
Alpine	\$ 159,795,000	\$ 40,000,000	\$ -	\$ 40,000,000	\$ (11,395,000)	\$ 188,400,000
Beaver	17,175,870	248,310	0	248,310	793,204	16,630,976
Box Elder	17,600,000	0	0	0	3,597,391	14,002,609
Cache	53,380,000	0	0	0	2,130,000	51,250,000
Carbon	14,794,710	3,000,000	0	3,000,000	685,029	17,109,681
Daggett	1,555,000	0	0	0	0	1,555,000
Davis	122,695,000	52,000,000	27,240,000	79,240,000	44,270,000	157,665,000
Duchesne	5,790,000	0	0	0	440,000	5,350,000
Emery	2,540,000	1,500,000	0	1,500,000	2,155,000	1,885,000
Garfield	10,681,364	5,375,000	0	5,375,000	5,831,000	10,225,364
Grand	9,140,000	0	0	0	0	9,140,000
Granite	0	0	0	0	0	0
Iron	58,940,000	0	0	0	2,555,000	56,385,000
Jordan	0	0	0	0	0	0
Juab	11,185,000	0	630,000	630,000	770,000	11,045,000
Kane	7,690,000	0	0	0	335,000	7,355,000
Millard	8,290,000	0	0	0	0	8,290,000
Morgan	3,900,000	0	0	0	245,000	3,655,000
Nebo	97,870,000	15,000,000	0	15,000,000	6,195,000	106,675,000
No. Sanpete	4,970,000	0	0	0	0	4,970,000
No. Summit	955,000	0	0	0	270,181	684,819
Park City	50,675,000	0	0	0	4,050,000	46,625,000
Piute	1,233,454	0	0	0	0	1,233,454
Rich	1,880,000	0	0	0	0	1,880,000
San Juan	5,450,000	0	0	0	0	5,450,000
Sevier	17,635,000	0	1,608,000	1,608,000	2,365,000	16,878,000
So. Sanpete	4,345,000	0	0	0	305,000	4,040,000
So. Summit	4,865,000	0	0	0	535,000	4,330,000
Tintic	950,000	0	0	0	0	950,000
Tooele	27,465,000	39,500,000	0	39,500,000	4,660,000	62,305,000
Uintah	0	0	0	0	0	0
Wasatch	21,420,000	0	0	0	1,530,000	19,890,000
Washington	97,619,000	23,525,000	0	23,525,000	9,490,000	111,654,000
Wayne	234,083	0	0	0	0	234,083
Weber	47,915,000	15,000,000	0	15,000,000	3,885,000	59,030,000
Salt Lake	54,780,000	24,742,722	0	24,742,722	3,540,000	75,982,722
Ogden	10,455,000	0	0	0	1,525,000	8,930,000
Provo	41,055,000	4,200,000	0	4,200,000	1,720,000	43,535,000
Logan	19,640,000	0	0	0	970,000	18,670,000
Murray	29,500,000	0	0	0	290,000	29,210,000
TOTAL:	\$ 1,046,063,481	\$ 224,091,032	\$ 29,478,000	\$ 253,569,032	\$ 93,741,805	\$ 1,183,100,708

School District total long term debt for FY 2002 is shown in the following chart:

2001-2002 Long-Term Debt

District	Bonded Indebtedness Year End	Non-Bonded Indebtedness at Year End					TOTAL GENERAL LONG-TERM DEBT YEAR END
		Contingencies Comp., etc.	School Building Loan Fund	Capital Leases	Misc. Debt	TOTAL	
Alpine	\$ 188,400,000	\$ 7,789,992	\$ -	\$ 1,694,000	\$ 1,091,395	\$ 10,575,387	\$ 198,975,387
Beaver	16,630,976	0	0	0	0	0	16,630,976
Box Elder	14,002,609	3,789,200	0	0	34,672	3,823,872	17,826,481
Cache	51,250,000	0	0	1,117,048	0	1,117,048	52,367,048
Carbon	17,109,681	0	0	144,409	0	144,409	17,254,090
Daggett	1,555,000	0	0	0	0	0	1,555,000
Davis	157,665,000	0	0	0	0	0	157,665,000
Duchesne	5,350,000	0	1,500,000	0	507,420	2,007,420	7,357,420
Emery	1,885,000	1,638,342	0	0	0	1,638,342	3,523,342
Garfield	10,225,364	0	600,000	571,839	0	1,171,839	11,397,203
Grand	9,140,000	0	0	0	0	0	9,140,000
Granite	0	3,967,871	0	10,164	0	3,978,035	3,978,035
Iron	56,385,000	0	0	0	0	0	56,385,000
Jordan	0	0	0	0	0	0	0
Juab	11,045,000	93,456	0	0	0	93,456	11,138,456
Kane	7,355,000	3,115,852	0	0	0	3,115,852	10,470,852
Millard	8,290,000	0	0	296,712	0	296,712	8,586,712
Morgan	3,655,000	21,580	0	3,269,717	0	3,291,297	6,946,297
Nebo	106,675,000	3,906,832	0	643,734	0	4,550,566	111,225,566
No. Sanpete	4,970,000	0	0	0	0	0	4,970,000
No. Summit	684,819	0	0	0	0	0	684,819
Park City	46,625,000	43,144	0	0	0	43,144	46,668,144
Piute	1,233,454	0	0	0	0	0	1,233,454
Rich	1,880,000	0	0	0	0	0	1,880,000
San Juan	5,450,000	1,391,028	0	1,368,989	0	2,760,017	8,210,017
Sevier	16,878,000	270,588	0	324,438	0	595,026	17,473,026
So. Sanpete	4,040,000	0	4,628,474	131,540	0	4,760,014	8,800,014
So. Summit	4,330,000	0	0	0	0	0	4,330,000
Tintic	950,000	0	0	0	0	0	950,000
Tooele	62,305,000	377,378	0	1,437,544	0	1,814,922	64,119,922
Uintah	0	0	0	0	0	0	0
Wasatch	19,890,000	301,809	0	0	0	301,809	20,191,809
Washington	111,654,000	1,524,771	0	4,201,546	2,286	5,728,603	117,382,603
Wayne	234,083	0	0	0	0	0	234,083
Weber	59,030,000	0	0	0	0	0	59,030,000
Salt Lake	75,982,722	0	0	0	0	0	75,982,722
Ogden	8,930,000	4,741,930	0	0	23,548	4,765,478	13,695,478
Provo	43,535,000	4,940,865	0	0	0	4,940,865	48,475,865
Logan	18,670,000	433,886	0	0	0	433,886	19,103,886
Murray	29,210,000	0	0	0	0	0	29,210,000
TOTAL:	\$ 1,183,100,708	\$ 38,348,524	\$ 6,728,474	\$ 15,211,680	\$ 1,659,321	\$ 61,947,999	\$ 1,245,048,707

**History of School District Capital Facilities Bonding
1992 through 2003**

Date Voted	Amount Voted	School District	Passed Electorate
5-May-92	\$ 16,000,000	Nebo	Yes
12-May-92	40,000,000	Weber	Yes
19-May-92	30,000,000	Alpine	Yes
19-May-92	5,000,000	Morgan	Yes
8-Sep-92	18,000,000	Provo	Yes
8-Sep-92	8,000,000	Beaver	Yes
3-Nov-92	115,000,000	Jordan	Yes
3-Mar-93	15,000,000	Cache	Yes
4-May-93	28,500,000	Box Elder	Yes
18-May-93	50,000,000	Davis	Yes
31-Aug-93	5,500,000	No.Sanpete	Yes
7-Feb-94	28,000,000	Iron	Yes
3-May-94	30,000,000	Nebo	Yes
6-Dec-94	33,000,000	Washington	Yes
10-May-94	98,000,000	Alpine	Yes
7-Feb-95	31,550,000	Park City*	Yes
2-May-95	9,700,000	Grand	Yes
7-Nov-95	16,000,000	Cache	No
7-Nov-95	7,600,000	Garfield	No
7-Nov-95	12,000,000	Juab	Yes
7-Nov-95	11,700,000	Wasatch	Yes
13-Feb-96	10,000,000	So. Sanpete	Yes
7-May-96	30,000,000	Nebo	Yes
25-Jun-96	15,000,000	Emery	Yes
25-Jun-96	69,000,000	Washington	Yes
5-Nov-96	16,500,000	Sevier	Yes
5-Nov-96	10,000,000	Tooele	Yes
4-Feb-97	8,000,000	Garfield	Yes
4-Feb-97	7,000,000	Duchesne	Yes
6-May-97	150,000,000	Jordan	Yes
6-May-97	75,000,000	Davis	Yes
6-May-97	22,500,000	Provo	Yes
6-May-97	36,000,000	Cache	Yes
4-Nov-97	45,000,000	Tooele	No
23-Jun-98	60,000,000	Alpine	Yes
3-Nov-98	7,500,000	Kane	Yes
3-Nov-98	4,000,000	So. Summit	Yes
2-Feb-99	30,000,000	Park City	Yes
4-May-99	8,600,000	Morgan	No
4-May-99	136,000,000	Salt Lake	Yes
2-Nov-99	9,400,000	Beaver	Yes
2-Nov-99	13,250,000	Wasatch	Yes
8-Feb-00	10,000,000	Morgan	No
2-May-00	45,000,000	Nebo	Yes
2-May-00	29,500,000	Murray	Yes
2-May-00	40,000,000	Weber	Yes
27-Jun-00	49,500,000	Tooele	Yes
27-Jun-00	10,000,000	Carbon	Yes
8-May-01	200,000,000	Alpine	Yes
6-Nov-01	3,500,000	Duchesne	Yes
5-Feb-02	190,000,000	Davis	Yes
25-Jun-02	74,000,000	Washington	Yes
5-Feb-03	281,000,000	Jordan	Yes

*Park City also passed a voted capital leeway for up to 10 years.

3.3 School Building Revolving Account

As additional information the school building revolving account statutes are included below:

53A-21-104. School Building Revolving Account -- Access to the account.

- (1) There is created a nonlapsing "School Building Revolving Account" administered within the Uniform School Fund by the state superintendent of public instruction in accordance with rules adopted by the State Board of Education.
- (2) Monies received by a school district from the School Building Revolving Account may not exceed the district's bonding limit minus its outstanding bonds.
- (3) In order to receive monies from the account, a school district must do the following:
 - (a) levy a tax of at least .0024 for capital outlay and debt service;
 - (b) contract with the state superintendent of public instruction to repay the monies, with interest at a rate established by the state superintendent, within five years of their receipt, using future state building monies or local revenues or both;
 - (c) levy sufficient ad valorem taxes under Section **11-14-19** to guarantee annual loan repayments, unless the state superintendent of public instruction alters the payment schedule to improve a hardship situation; and
 - (d) meet any other condition established by the State Board of Education pertinent to the loan.
- (4)
 - (a) The state superintendent shall establish a committee, including representatives from state and local education entities, to:
 - (i) review requests by school districts for loans under this section; and
 - (ii) make recommendations regarding approval or disapproval of the loan applications to the state superintendent.
 - (b) If the committee recommends approval of a loan application under Subsection (4)(a)(ii), the committee's recommendation shall include:
 - (i) the recommended amount of the loan;
 - (ii) the payback schedule; and
 - (iii) the interest rate to be charged.
- (5)
 - (a) There is established within the School Building Revolving Account the Charter School Building Subaccount.
 - (b) The Charter School Building Subaccount shall consist of:
 - (i) money appropriated to the subaccount by the Legislature;
 - (ii) money received from the repayment of loans made from the subaccount; and
 - (iii) interest earned on monies in the subaccount.
 - (c) The state superintendent of public instruction shall make loans to charter schools from the Charter School Building Subaccount to pay for the costs of constructing or renovating charter school buildings.
- (6)
 - (a) The state superintendent of public instruction shall establish a committee, which shall include individuals who have expertise or experience in finance, real estate, and charter school administration, one of whom shall be nominated by the governor to:

- (i) review requests by charter schools for loans under this section; and
- (ii) make recommendations regarding approval or disapproval of the loan applications to the state superintendent.
- (b) If the committee recommends approval of a loan application under Subsection (6)(a)(ii), the committee's recommendation shall include:
 - (i) the recommended amount of the loan;
 - (ii) the payback schedule; and
 - (iii) the interest rate to be charged.

Amended by Chapter 199, 2003 General Session

3.4 Ten Percent of the Basic Program

School districts have statutory authority to raise funds through property tax equal to ten percent of their basic education program. These funds may be used for capital facilities as well as some limited operation and maintenance needs. The calculation for this program is shown in the following example on the next page. The statutory authority is detailed in the code as follows:

53A-17a-145. Additional levy by district for debt service, school sites, buildings, buses, textbooks, and supplies.

- (1) A school district may elect to increase its tax rate by up to 10% of the cost of the basic program.
- (2) The proceeds from the increase may only be used for debt service, the construction or remodeling of school buildings, or the purchase of school sites, buses, equipment, textbooks, and supplies.
- (3) This section does not prohibit a district from exercising the authority granted by other laws relating to tax rates.
- (4) This increase in the tax rate is not included in determining the apportionment of the State School Fund, and is in addition to other tax rates authorized by law.

Renumbered and Amended by Chapter 72, 1991 General Session

TEN PERCENT OF BASIC PROGRAM COMPUTATION WORKSHEET

Needed Data:

TOTAL WPU s = _____ (WPU s)
 ASSESSED VALUATION* = _____ (AV)
 COUNTY PRECEDING FIVE YEAR
 AVERAGE TAX COLLECTION RATE = _____ (TCR)
 CURRENT YEAR VALUE OF WPU= \$2,150

Formula:

$$\frac{.10 \times \text{_____ (WPU s)} \times \$2,150}{\text{_____ (AV)} \times \text{_____ (TCR)}} = \text{_____ Ten Percent of Basic Maximum Rate}$$

.....

EXAMPLE:

Needed Data:

TOTAL WPU s = 20,864.536 (WPU s)
 ASSESSED VALUATION* = \$1,960,067,094* (AV)
 COUNTY PRECEDING FIVE YEAR
 AVERAGE TAX COLLECTION RATE = .9885 (TCR)

Formula:

$$\frac{.10 \times \underline{20,864.536} \text{ (WPU s)} \times \$2,150}{\underline{\$1,960,067,094*} \text{ (AV)} \times \underline{.9885} \text{ (TCR)}} = \underline{0.002315} \text{ Ten Percent of Basic Maximum Rate}$$

*Adjusted for re development, if applicable

Capital Outlay Foundation Program Study

Issue: During the 2003 General Session the subcommittee voted to study during the interim the funding formula for the Capital Outlay Program. Specific issues for consideration include: program qualifiers that encourage construction economy, restrictions on districts using state Capital Outlay Program Funds, the adequacy of program funding, and other methods for distributing program funds.

Summary: The Capital Outlay Foundation Program provides revenue to school districts for the purpose of funding capital outlay bonding, construction, facilities renovation, and other capital facility needs.

For a school district to qualify for Capital Outlay funds, statute requires that a local school board must levy a tax rate of at least .0024 per dollar of taxable value for capital outlay and debt service. A school district levying less than the full .0024 tax rate receives proportional funding under the program based on the percentage of the .0024 tax rate levied by the district. Program funds are distributed to school districts on the basis of a maximum guarantee per average daily membership (ADM) using available monies in the fund and the assessed valuation per ADM in each school district.

The Enrollment Growth Program, established during the 2003 General Session provides \$2,930,900 to help school districts with increasing enrollment.

In order to qualify for monies under the Enrollment Growth Program, a school district must be a recipient of monies distributed under the Capital Outlay Foundation Program and must have an average net increase in student enrollment over the prior three years; except that a school district that is not a recipient of Capital Outlay Foundation Program monies in FY 2003-04 or FY 2004-05 may qualify for monies under the program if the school district received funds in FY 2002-03. School Districts receive Enrollment Growth funds in the same proportion that the district's three-year average net increased enrollment bears to the total three-year net increased enrollment of all the districts which qualify to receive funds.¹

¹ Paraphrased from: USOE, Finance and Statistics, School Finance Reference Manual, 2004.

Options: Many options exist for modifying the School Building Program. The following lists many options the subcommittee may wish to study in greater depth and the impact such options may have on school districts.

1. Reward maximized building utilization by the districts. Such a system may allocate funds in a manner that provides incentives for districts to maximize building utilization by factoring in usable square footage per pupil. In such a system, districts employing year round use of schools would be rewarded for maximizing capital spending.²
2. Adopt building standards on new school construction and major school renovations funded with revenue from the Capital Outlay Program. Standards such as cost per square foot requirements, use of certain building materials, school size, etc. may be used to increase efficiency and better utilize existing funds.
3. Create a School Facilities Board that oversees school construction and maintenance. Other states have instituted varied plans based on this model. Arizona has such a board that oversees three programs – Deficiency Correction, assesses and defines minimum standards and ensures that all schools meet the minimum standard; New School Construction, Prescribes a minimum square foot allotment per student and school districts submit a capital plan each year. The board evaluates the plans and awards schools to districts based on student growth need; Building Renewal, Provides funding for major renovations to buildings and systems. Funds are distributed based on age, size, and replacement cost of the school.
4. Adjust the program formula to reach a better balance of inputs vs. allocation effort. By focusing on inputs, key factors may be left out that impact capital outlay needs. On the input side the minimum tax levy required to qualify for full program funding may need to be adjusted. Furthermore, the complete reliance on property value as a measure of wealth may ignore other wealth attributes that affect school quality. Should the formula consider the total tax burden of district residents? If the program were to factor in the amount of income tax paid by local residents, it may create a measure of local ability to pay that may suggest alterations to the formula.

With program focus on minimal inputs some districts may have to create larger levies to manage growth while other districts can rely on Capital Outlay Foundation funds to cover gaps caused by lower levies. Many smaller, rural districts have tax burdens that exceed the .0024 foundation minimum by more than double, yet are left out or are at the bottom of the list for foundation grants.³

5. Consider program funding levels. The subcommittee expressed its desire to study the current funding level of the Capital Outlay Foundation Program and assess the adequacy of program funding. The level of funding required for the program may change depending on additional features added or removed from the program.

² Walthers, Kevin, Office of the Legislative Fiscal Analyst (September, 2001) Public School Construction in Utah, p.8.

³ Walthers, Kevin, Office of the Legislative Fiscal Analyst (September, 2001) Public School Construction in Utah, p.8.

6. Study the potential use of other factors in distributing program funds. Items taken into consideration may be: the use of funds from the 10% of Basic Levy Programs; the amount of bonded indebtedness a district has; current debt as percent of debt limit; retirement of bonds; enrollment projections; future growth; etc.