

# Budget Brief – School Building Programs

NUMBER PEDBB-05-03

## SUMMARY

The Capital Outlay Foundation Program and Enrollment Growth Program provide revenues to school districts for outlay bonding, construction, facilities renovation, and other capital facilities needs. School districts use the monies provided solely for school district capital projects and debt service purposes.

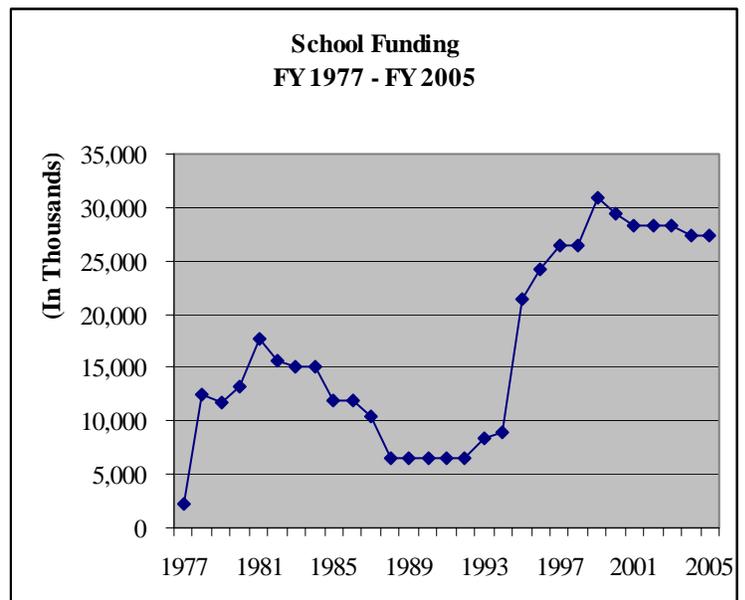
For a school district to qualify for monies under the Capital Outlay Foundation Program a local school board must levy a tax rate of at least 0.002400 per dollar of taxable value for capital outlay and debt service. A school district levying less than the full 0.002400 tax rate receives proportional funding under the Capital Outlay Foundation Program based on the percentage of the 0.002400 tax rate levied by the district. Capital Outlay Foundation monies are distributed to school districts on the basis of a minimum guarantee per average daily membership (ADM) using monies in the fund and the assessed valuation per ADM in each school district.

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. School districts receive Enrollment Growth Program monies 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 under the Enrollment Growth Program.

## ISSUES

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 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. For FY 2004 and 2005 the Capital Outlay Foundation Program received \$24,358,000 and the Enrollment Growth Program received \$2,930,900 for a total of \$27,288,900 from the Uniform School Fund. Historical funding is indicated in the table and graph.

Year	Funding	Year	Funding
1977	\$2,198,300	1992	\$6,458,000
1978	12,400,600	1993	8,458,000
1979	11,700,000	1994	8,958,000
1980	13,200,000	1995	21,416,000
1981	17,655,800	1996	24,116,000
1982	15,655,800	1997	26,358,000
1983	15,000,000	1998	26,358,000
1984	15,000,000	1999	30,858,000
1985	12,000,000	2000	29,358,000
1986	12,000,000	2001	28,358,000
1987	10,500,000	2002	28,358,000
1988	6,458,000	2003	28,358,000
1989	6,458,000	2004	27,288,900
1990	6,458,000	2005	27,288,900
1991	6,458,000		



At issue is whether to pursue the \$10,000,000 increase that was not able to be appropriated in FY 2002 because of declining revenues. The other issue that has been of discussion with the Legislature is the current formula for distribution of the funding and whether it should be changed. There are a number of methodologies to devise a formula that would distribute funds on a different basis.

### **LEGISLATIVE ACTION**

The Analyst recommends the approval of the base budget of \$24,358,000 for the Capital Outlay Foundation program and \$2,930,900 for the Enrollment Growth program for a total of \$27,288,900 for FY 2006.

Many options exist for modifying the School Building Program. The following lists many options the subcommittee may wish to consider in greater depth to determine 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. 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

The FY 2004 distributions of the Outlay Foundation Program and Enrollment Growth Programs are shown in the following tables.

Capital Outlay Foundation and Enrollment Growth Program--FY 2003-04										
Final										
	Prior Year Derived Valuations (Prior Year Current Collections Divided by Prior Year Tax Rates) (FY 2002-03)	Current Year Capital Outlay Debt and Voted Capital Total Levies (FY 2003-04)	Current Year Tax Rate up to 0.002400 Levy	Collection Rate (5 Yr Avg w/o HI/Lo)	Local Tax Rate Yield @ 0.002400 (C2x0.2400x05)	Prior Year ADM's ADM (FY 2002-03)	Yield per ADM Local Generation (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 \$24,358,000	Enrollment Growth Program
1	2	3	4	5	6	7	8	9	10	11
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
2 Beaver	393,867,850	0.003588	0.002400	100.00%	945,283	1,451	651.28	100.0%	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
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
5 Carbon	1,564,049,906	0.002400	0.002400	100.00%	3,753,720	3,705	1,013.24	100.0%	0	0
6 Daggett	171,928,893	0.001672	0.001672	100.00%	412,629	123	3,356.87	69.7%	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
8 Duchesne	614,738,236	0.003303	0.002400	100.00%	1,475,372	3,933	375.17	100.0%	624,777	0
9 Emery	1,273,112,040	0.001877	0.002400	100.00%	3,055,469	2,438	1,253.25	100.0%	0	0
10 Garfield	323,501,695	0.004270	0.002400	100.00%	776,404	989	785.39	100.0%	0	0
11 Grand	592,828,196	0.003229	0.002400	100.00%	1,398,788	1,449	965.22	100.0%	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
13 Iron	1,669,544,445	0.004024	0.002400	100.00%	4,006,907	7,160	559.61	100.0%	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
15 Juab	396,005,383	0.003871	0.002400	100.00%	950,413	1,859	511.38	100.0%	42,110	26,317
16 Kane	564,784,256	0.002247	0.002247	100.00%	1,355,482	1,227	1,104.40	93.6%	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
18 Morgan	546,171,942	0.002197	0.002197	100.00%	1,310,813	1,980	661.90	91.5%	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
20 No. Sanpete	433,831,391	0.002400	0.002400	100.00%	1,041,195	2,399	434.03	100.0%	239,922	0
21 No. Summit	411,320,486	0.002490	0.002400	100.00%	987,169	968	1,019.65	100.0%	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
23 Piute	41,792,043	0.003255	0.002400	100.00%	100,301	311	322.33	100.0%	65,877	0
24 Rich	253,530,613	0.002246	0.002400	100.00%	608,473	475	1,281.19	100.0%	0	0
25 San Juan	466,323,569	0.003963	0.002400	100.00%	1,116,777	2,963	376.89	100.0%	465,672	241
26 Sevier	750,739,320	0.004096	0.002400	100.00%	1,801,774	4,314	417.70	100.0%	501,808	0
27 So. Sanpete	363,993,686	0.003920	0.002400	100.00%	873,585	2,761	316.36	100.0%	601,098	16,418
28 So. Summit	979,513,647	0.003038	0.002400	100.00%	2,350,833	1,310	1,795.20	100.0%	0	0
29 Tintic	24,160,438	0.005264	0.002400	98.30%	56,999	290	196.76	100.0%	97,706	10,141
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
31 Uintah	1,628,355,534	0.002400	0.002400	100.00%	3,908,053	5,596	698.41	100.0%	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
33 Washington	5,448,695,594	0.003536	0.002400	100.00%	13,076,869	19,355	675.62	100.0%	0	0
34 Wayne	159,380,533	0.002639	0.002400	100.00%	382,513	521	734.77	100.0%	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
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
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
38 Provo	3,674,252,584	0.002137	0.002400	100.00%	8,818,206	13,037	676.39	100.0%	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
40 Murray	2,389,439,138	0.002637	0.002400	100.00%	5,734,654	6,327	906.38	100.0%	0	0
Unallocated									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

Source: Tax Rates--State Tax Commission; Yields--County Treasurers; ADM--School Districts.  
Compiled by USOE, School Finance and Statistics--Larry Newton

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ENROLLMENT GROWTH--Capital Facilities Aid Based on Prior Three Year Average Net Enrollment Growth--FY 2003-04										
Final										
	FY 2002-03									
District	Base Guarantee Based on Local Tax Yield Guarantee**	1-Oct-00	1-Oct-01	Net Positive Change	1-Oct-02	Net Positive Change	1-Oct-03	Net Positive Change	Three Year Average Change	Enrollment Percent Change
1	2	3	4	5	6	7	8	9	10	11
1 Alpine	\$6,555,199	47,096	48,266	1,170	49,159	893	51,118	1,959	1,341	33.1%
2 Beaver	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%
4 Cache	2,171,556	13,170	13,169	19	13,081	0	13,315	234	84	2.1%
5 Carbon	0	0	0	0	0	0	0	0	0	0.0%
6 Daggett	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%
8 Duchesne	542,112	4,140	4,054	0	3,993	0	3,900	0	0	0.0%
9 Emery	0	0	0	0	0	0	0	0	0	0.0%
10 Garfield	0	0	0	0	0	0	0	0	0	0.0%
11 Grand	0	0	0	0	0	0	0	0	0	0.0%
12 Granite	0	0	0	0	0	0	0	0	0	0.0%
13 Iron	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%
15 Juab**	0	1,830	1,844	14	1,872	28	1,939	67	36	0.9%
16 Kane	0	0	0	0	0	0	0	0	0	0.0%
17 Millard	0	0	0	0	0	0	0	0	0	0.0%
18 Morgan	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%
20 No. Sanpete	270,318	2,489	2,451	0	2,443	0	2,370	0	0	0.0%
21 No. Summit	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%
23 Plute	59,144	354	318	0	312	0	307	0	0	0.0%
24 Rich	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%
26 Sevier	512,895	4,477	4,442	0	4,370	0	4,316	0	0	0.0%
27 So. Sanpete	612,214	2,741	2,724	0	2,792	68	2,772	0	23	0.6%
28 So. Summit	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%
30 Tooele	1,081,144	9,177	9,507	330	10,034	527	10,508	474	444	11.0%
31 Uintah	0	0	0	0	0	0	0	0	0	0.0%
32 Wasatch	0	0	0	0	0	0	0	0	0	0.0%
33 Washington	0	0	0	0	0	0	0	0	0	0.0%
34 Wayne	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%
36 Salt Lake	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%
38 Provo	0	0	0	0	0	0	0	0	0	0.0%
39 Logan	0	0	0	0	0	0	0	0	0	0.0%
40 Murray	0	0	0	0	0	0	0	0	0	0.0%
Unallocated	0									
Total/Average	\$28,358,000								4,046	100.0%

\*\*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

Source: Tax Rates--State Tax Commission; Yields--County Treasurers; ADM--School Districts.  
 Compiled by USOE, School Finance and Statistics--Larry Newton  
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