
Issue Brief – Voted and Board Leeway

NUMBER PEDIB-05-09

SUMMARY

A Voted Leeway is a state-supported program in which a levy approved by the school district electorate is authorized to cover a portion of the costs of operation and maintenance of the state supported minimum school program in a school district. State and local funds received by a school district under the Voted Leeway program are free revenue and may be budgeted and expended for maintenance and operation as authorized by the local school board. To establish a Voted Leeway program, a majority of the electors of a school district voting at an election must vote in favor of the Leeway. The Voted Leeway allows districts to levy a tax rate (up to 0.002000, including the Board Leeway levy) to generate property tax and state aid revenue to supplement the district Maintenance and Operations budget. State aid is calculated for each district based on a statutorily set dollar amount per 0.000100 of tax rate per Weighted Pupil Unit (WPU). In order to receive state support the first year, a district must receive voter approval no later than December 1 of the year prior to implementation. The election must also occur prior to May 2 to be invoked for the fiscal year beginning July 1 of that year.

Local school boards may levy a State Supported Board Leeway tax rate (of up to 0.000400) to maintain a school program above the cost of the basic program. A local school board must establish its board-approved leeway by April 1 to have the levy apply to the fiscal year beginning July 1 of that year. In order to receive state support the first year, a district board of education must vote to establish a Board Leeway no later than December 1 of the year prior to implementation. State aid is calculated for each district based on a statutorily set dollar amount per 0.000100 of tax rate per WPU. These M & O funds must be used for class size reduction unless the board complies with certain public notice, hearing, as well as notice and permission requirements from the State Board of Education.¹

ANALYSIS

The State guarantee amount for the Board and Voted Leeway programs was suspended by the Legislature for two years and received only a partial increase for FY 2005. This action was due to the necessity of fiscal restraint but did begin again the incremental increase as originally intended. The FY 2005 increase in the state contribution went from a guarantee of \$17.14 to \$17.54 per weighted pupil unit. This was not the full increase according to statute and so the law was changed to reflect a smaller increase.

The state guarantee is to increase by increments of .0005 until the guarantee is equal to .010544 times the value of the prior year weighted pupil unit. The statutes now reflect intended increases as follows:

(3) (a) Under the voted leeway program, the state shall contribute an amount sufficient to guarantee \$17.54 per weighted pupil unit for each .0001 of the first .0016 per dollar of taxable value.

(b) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar of taxable value under Subsection (3)(a) shall apply to the board-approved leeway authorized in Section 53A-17a-134, so that the guarantee shall apply up to a total of .002 per dollar of taxable value if a school district levies a tax rate under both programs.

(c) (i) Beginning July 1, 2005, the \$17.54 guarantee under Subsections (3)(a) and (b) shall be indexed each year to the value of the weighted pupil unit by making the value of the guarantee equal to .008544 times the value of the prior year's weighted pupil unit.

¹ For further detail see COBI – Ch 2 pg. 61

(ii) The guarantee shall increase by .0005 times the value of the prior year's weighted pupil unit for each succeeding year until the guarantee is equal to .010544 times the value of the prior year's weighted pupil unit.

These programs will increase in two ways. The increase in the value of the weighted pupil unit will maintain an inflationary increase and the rate change increases the state's contribution as well until the maximum of .010544 is reached in FY 2010.

LEGISLATIVE ACTION

The Analyst recommends funding the rate change according to the statutory provisions for FY 2006. The cost of the rate adjustment is \$6,463,941. This applies the factor of .008544 times the WPU prior year value of \$2,182 to provide \$18.64 per 0.0001 tax rate per WPU. For voting purposes, this rate change is incorporated into the total program. It is recommended that the increases of \$17,062,202 in the Voted Leeway program be approved for a total FY 2006 program of \$176,146,444. The Board Leeway recommendation is for an increase of \$3,089,436 for a total program of \$48,446,452.

The new local revenue generated from these programs amount to a total of \$18,620,990, which when compared to the new program total costs of \$20,151,638 result in increased state contribution of \$1,530,648.

The state contribution under the formula for voted leeway is \$13,876,820 for FY 2006. For the Board Leeway program the state contribution is \$4,654,923. Total state contribution for the two programs together is \$18,531,743.

The following tables recap the new dollars in the programs for FY 2006 and total program for FY 2006.

NEW DOLLARS FOR FY 2006	
<u>Program</u>	
Voted Leeway	\$17,062,202
Board Leeway	3,089,436
Total	\$20,151,638
<u>Local Revenue</u>	
Voted Leeway	\$15,541,337
Board Leeway	3,079,653
	\$18,620,990
Diff. Rev. Vs. Exp.	(\$1,530,648)

<u>Program</u>	
Voted Leeway	\$176,146,444
Board Leeway	48,446,452
Total	\$224,592,896
<u>Local Revenue</u>	
Voted Leeway	\$162,172,538
Board Leeway	43,757,326
	\$205,929,864
Diff. Rev. Vs. Exp.	(\$18,663,032)