The Voted & Board Leeway programs enable school districts to fund educational programs in addition to the basic school programs. State revenues support the Voted & Board Leeway programs by providing a revenue guarantee to school districts. Uniform School Funds ensure that each school district that elects to levy the minimum tax rates for the Voted Leeway and the Board Leeway will generate a minimum level of revenue per Weighted Pupil Unit (WPU).

**Discussion and Analysis**

This brief provides information on the level of funding required to provide the state guarantee on Voted and Board Leeways in FY 2008 and total program cost estimates for the upcoming fiscal year. School districts may levy a combined tax rate of up to 0.002000 for the Voted & Board Leeways. The tax rate for the Board Leeway may not exceed 0.000400. All but two school districts [Daggett & Uintah] levy either the Voted or Board Leeway.

**Voted Leeway**

In order for a school district to impose a voted leeway, the district’s electorate must vote in favor of the tax rate proposed by the district. Revenue generated through a Voted Leeway is free revenue for a school district. Local boards may use revenues to support expenses related to the maintenance and operation of district schools.

In FY 2008 all but 10 [Daggett, Garfield, Grand, Juab, Kane, Morgan, North Summit, San Juan, Uintah, Wayne] school districts will impose a Voted Leeway. The Voted Leeway tax rates range among school districts from 0.000660 in Piute School District to 0.002080 in Tintic School District. Revenue generated by the Voted Leeway tax rates range from $24,420 in Piute School District to $30,949,046 in Jordan School District.

The State contributes a total of $33,590,752 to support the Voted Leeway program. This revenue is distributed among levying districts to guarantee a certain level of revenue per Weighted Pupil Unit. Twelve school districts, Carbon, Emery, Iron, Jordan, Millard, Park City, Rich, South Summit, Wasatch, Washington, Salt Lake, and Murray do not receive state guarantee allocations. Of the remaining districts, the amount of state support ranges from $26,661 for Provo School District to $9,740,177 for Davis School District.
Board Leeway

In addition to the Voted Leeway, local school boards may levy a Board Leeway. The maximum tax rate a school board may levy under the Board Leeway program is 0.000400.

Statute limits the use of generated revenue to class size reduction efforts. However, if a local school board determines that district class sizes are not excessive, it may seek authorization to use generated revenue on other maintenance and operation needs. Local school boards must publicly declare that they intend to use generated revenue for purposes other than class size reduction prior to levying the Board Leeway. Further, the local board must certify with the State Board of Education that class sizes are not excessive in the district and the purposes for which generated revenue will be used prior to using any generated revenue.

In FY 2008 all but 6 [Beaver, Daggett, Park City, Tooele, Uintah, Murray] school districts will impose a Board Leeway. The Board Leeway tax rates range from 0.000188 in Carbon School District to 0.000423 in South Summit School District. Revenue generated by the Board Leeway tax rates range from $11,151 in Tintic School District to $10,316,349 in Jordan School District. The State contributes a total of $9,782,744 to support the Board Leeway program. This revenue is distributed among levying districts to guarantee a certain level of revenue per Weighted Pupil Unit. Thirteen school districts, Carbon, Emery, Grand, Iron, Jordan, Kane, Millard, North Summit, Rich, South Summit, Wasatch, Wayne and Salt Lake do not receive state guarantee allocations. Of the remaining districts, the amount of state support ranges from $10,313 for Provo School District to $2,309,288 for Davis School District.
State Guarantee

Statute provides for an increase in the state guarantee rate each year until the state guarantee equals 0.010544 times the value of the prior year WPU. The guarantee rate may increase .0005 each year until the guarantee reaches the statutory threshold. In FY 2008, the state guarantee rate will increase from $20.62 to $23.07. Estimates indicate that the annual increase to the state guarantee will reach the statutory threshold in FY 2009 or FY 2010.

House Bill 3 ‘Minimum School Program Base Budget Amendments’ (Last, B.) includes increases to the Voted and Board Leeway Programs based on the growth in the total number of Weighted Pupil Units as well as the statutory rate change. The USOE discovered an error in the calculations they submitted to the Fiscal Analyst for the Voted and Board Leeway programs. These figures were used to generate the appropriations found in H.B. 3 and were discovered after H.B. 3 was drafted. The revenue appropriated by H.B. 3 for the state guarantee is insufficient to cover the program cost. H.B. 3 appropriates $227,623,677 to the Voted Leeway and $62,043,436 to the Board Leeway. Estimated FY 2008 expenditures total $229,082,279 for the Voted Leeway and $62,185,048 for the Board Leeway after adjusting for the calculation error, a difference of $1,458,602 and $141,612 respectively. The total appropriation required in addition to H.B. 3 is $1,600,214.

Recommendation: The Analyst recommends that the Legislature provide $1.6 million in ongoing Uniform School Fund revenue to support total cost of the statutory increase (rate change) to the Voted and Board Leeway state guarantee.

Legislative Action

This section provides a guide of what actions might be taken if the Legislature wishes to adopt the recommendations presented in this brief.

1. The Analyst recommends that the Legislature provide $1.6 million in ongoing revenue to fully fund the Voted and Board Leeway rate change described above.