

# Issue Brief – Voted & Board Leeway State Guarantee

MINIMUM SCHOOL PROGRAM

NUMBER MSP 7

## SUMMARY

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.

Estimated Voted Leeway Tax Rate and Generated Revenue by School District 2007-2008				
School District	Voted Leeway Tax Rate	Local Revenue Proceeds	State Guarantee	Total State & Local Revenue
1 Alpine	0.001147	\$15,003,721	\$6,766,205	\$21,769,926
2 Beaver	0.001719	828,558	157,650	986,208
3 Box Elder	0.000600	1,400,360	577,115	1,977,475
4 Cache	0.001483	3,824,629	2,762,214	6,586,843
5 Carbon	0.001100	2,365,818	0	2,365,818
6 Daggett	0.000000	0	0	0
7 Davis	0.001493	19,760,315	9,740,177	29,500,492
8 Duchesne	0.000800	798,217	312,693	1,110,910
9 Emery	0.001333	2,034,158	0	2,034,158
10 Garfield	0.000000	0	0	0
11 Grand	0.000000	0	0	0
12 Granite	0.001419	29,874,831	2,324,535	32,199,366
13 Iron	0.000544	2,114,034	0	2,114,034
14 Jordan	0.001200	30,949,046	0	30,949,046
15 Juab	0.000000	0	0	0
16 Kane	0.000000	0	0	0
17 Millard	0.000800	1,427,897	0	1,427,897
18 Morgan	0.000000	0	0	0
19 Nebo	0.001101	5,464,812	3,762,167	9,226,979
20 No. Sanpete	0.001486	754,535	414,190	1,168,725
21 No. Summit	0.000000	0	0	0
22 Park City	0.001650	14,568,931	0	14,568,931
23 Piute	0.000330	24,420	39,853	64,273
24 Rich	0.000726	308,819	0	308,819
25 San Juan	0.000000	0	0	0
26 Sevier	0.000600	583,948	317,428	901,376
27 So. Sanpete	0.001600	686,743	842,189	1,528,932
28 So. Summit	0.000479	645,692	0	645,692
29 Tintic	0.002080	58,571	252,514	311,085
30 Tooele	0.000600	1,457,274	905,714	2,362,988
31 Uintah	0.000000	0	0	0
32 Wasatch	0.001144	2,871,440	0	2,871,440
33 Washington	0.000600	7,349,604	0	7,349,604
34 Wayne	0.000000	0	0	0
35 Weber	0.001091	6,782,771	3,051,512	9,834,283
36 Salt Lake	0.001800	29,550,347	0	29,550,347
37 Ogden	0.001211	3,228,967	1,270,024	4,498,991
38 Provo	0.001034	4,145,320	26,661	4,171,981
39 Logan	0.000850	1,402,960	67,911	1,470,871
40 Murray	0.001786	5,224,789	0	5,224,789
<b>Total</b>	<b>0.033806</b>	<b>\$195,491,527</b>	<b>\$33,590,752</b>	<b>\$229,082,279</b>

Source: Utah State Office of Education, Finance and Statistics. December 2006.

Prepared by: Office of the Legislative Fiscal Analyst (01/07BL).

**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.

Estimated Board Leeway Tax Rate and Generated Revenue by School District 2007-2008				
School District	Board Leeway Tax Rate	Local Revenue Proceeds	State Guarantee	Total State & Local Revenue
1 Alpine	0.000353	\$4,617,536	\$1,896,696	\$6,514,232
2 Beaver	0.000000	0	0	0
3 Box Elder	0.000400	933,574	384,743	1,318,317
4 Cache	0.000371	956,802	689,909	1,646,711
5 Carbon	0.000188	404,340	0	404,340
6 Daggett	0.000000	0	0	0
7 Davis	0.000373	4,936,770	2,309,288	7,246,058
8 Duchesne	0.000400	399,109	156,346	555,455
9 Emery	0.000415	633,290	0	633,290
10 Garfield	0.000380	172,900	30,704	203,604
11 Grand	0.000326	282,642	0	282,642
12 Granite	0.000355	7,473,971	575,871	8,049,842
13 Iron	0.000272	1,057,017	0	1,057,017
14 Jordan	0.000400	10,316,349	0	10,316,349
15 Juab	0.000400	248,000	14,737	262,737
16 Kane	0.000400	505,200	0	505,200
17 Millard	0.000200	356,974	0	356,974
18 Morgan	0.000400	250,841	11,746	262,587
19 Nebo	0.000367	1,821,604	1,254,056	3,075,660
20 No. Sanpete	0.000372	188,888	103,480	292,368
21 No. Summit	0.000401	307,166	0	307,166
22 Park City	0.000000	0	0	0
23 Piute	0.000330	24,420	40,240	64,660
24 Rich	0.000242	102,940	0	102,940
25 San Juan	0.000379	249,137	192,276	441,413
26 Sevier	0.000400	389,298	211,619	600,917
27 So. Sanpete	0.000400	171,686	210,547	382,233
28 So. Summit	0.000423	570,204	0	570,204
29 Tintic	0.000396	11,151	62,497	73,648
30 Tooele	0.000000	0	0	0
31 Uintah	0.000000	0	0	0
32 Wasatch	0.000400	1,004,000	0	1,004,000
33 Washington	0.000400	4,899,736	0	4,899,736
34 Wayne	0.000217	37,541	21,560	59,101
35 Weber	0.000400	2,486,809	1,162,313	3,649,122
36 Salt Lake	0.000200	3,283,372	0	3,283,372
37 Ogden	0.000392	1,045,215	411,845	1,457,060
38 Provo	0.000400	1,603,606	10,313	1,613,919
39 Logan	0.000400	660,216	31,958	692,174
40 Murray	0.000000	0	0	0
<b>Total</b>	<b>0.012152</b>	<b>\$52,402,304</b>	<b>\$9,782,744</b>	<b>\$62,185,048</b>

Source: Utah State Office of Education, Finance and Statistics. December 2006.  
Prepared by: Office of the Legislative Fiscal Analyst (01/07BL).

### *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.