

Budget Brief – School Building Program

PED BB-07.0

SUMMARY

Three programs comprise the School Building Program. They are: the Capital Outlay Foundation Program, the Enrollment Growth Program, and the School Building Revolving Account. These programs assist qualifying school districts in providing school facilities and paying debt service on capital facilities.

ISSUES AND RECOMMENDATIONS

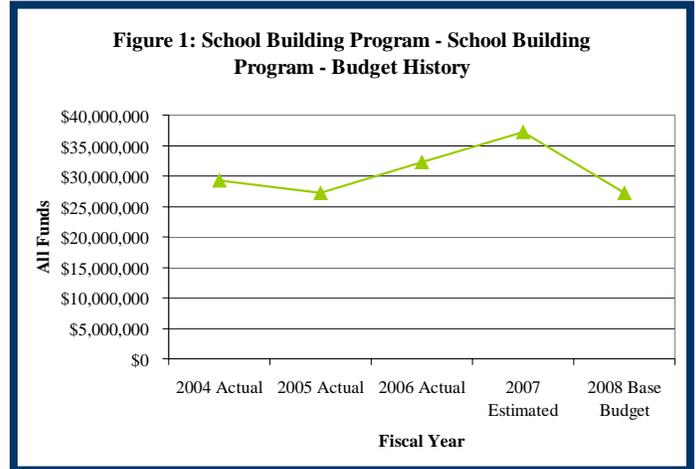
This budget brief focuses primarily on the Capital Outlay Foundation Program and the Enrollment Growth Program. These two programs constitute the ongoing funding allocated by the Legislature for School Building Programs. School districts use program revenues to support capital outlay bonding, construction/renovation of school facilities, and other capital facility needs of the school district.

Capital Outlay Foundation Program

In order for a school district to qualify for state program funds, the local school board must levy a minimum property tax rate for capital outlay and debt service. The statutory rate to receive program funding is 0.002400 per dollar of taxable value in the school district. If a school district opts to levy a rate less than the statutory rate, it will receive proportional state funding based the adopted rate compared to the statutory rate.

State revenue supplements the revenue generated by a qualifying school district’s property tax. State revenues, when combined with local property tax collections, ensure that a qualifying school district generates a minimum amount per student in Average Daily Membership (ADM).

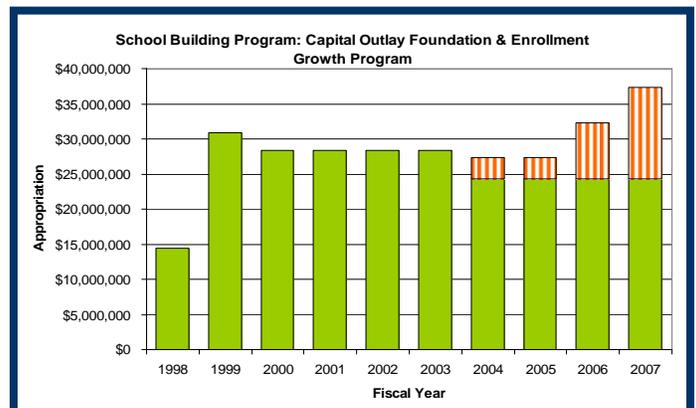
The funding level for the Capital Outlay Foundation Program has declined from \$30.8 million in FY 1999 to \$24.3 million in FY 2007. This decline occurred in two increments, the first in FY 2000 due to one-time funding appropriated in FY 1999 and the second in FY 2004 when a portion of the Capital Outlay Foundation Program was transferred to the newly created Enrollment Growth Program. The ongoing revenue supporting the Capital Outlay Foundation Program has not increased since FY 2004. The bar chart at the right of this page provides a funding history for the Capital Outlay Foundation Program compared to the Enrollment Growth Program.



School Building Program
Appropriations History 1998 to 2007

Fiscal Year	Capital Outlay	Enrollment Growth	Total Program
1998	\$14,439,600		\$14,439,600
1999	30,858,000		30,858,000
2000	28,358,000		28,358,000
2001	28,358,000		28,358,000
2002	28,358,000		28,358,000
2003	28,358,000		28,358,000
2004	24,358,000	\$2,930,900	27,288,900
2005	24,358,000	2,930,900	27,288,900
2006	24,358,000	7,930,900	32,288,900
2007	24,358,000	12,930,900	37,288,900

Notes:
 2006 Enrollment Growth Program Includes \$5 million one-time.
 2007 Enrollment Growth Program Includes \$10 million one-time.
 Source: Annual Appropriations Reports. Office of the Legislative Fiscal Analyst. 1999 to 2007.



Enrollment Growth Program

The Enrollment Growth program provides state support to school districts experiencing rapid pupil enrollment growth. In order to qualify for program funding, a school district must also qualify for revenue under the Capital Outlay Foundation Program and have an average net student enrollment increase over a prior three year period.

State revenue is allocated to qualifying school districts on a proportional basis. Each school district receives funding based on the district's average three-year student enrollment increase compared to the total student enrollment increase for all qualifying school districts participating in the Enrollment Growth Program.

Appropriations for the Enrollment Growth Program began in FY 2004 with \$2.9 million from the Capital Outlay Foundation Program. Ongoing funding for the program has remained at \$2.9 million over the four year history of the program. For the past two fiscal years, the Legislature has provided one-time funding increases to the Enrollment Growth Program. These increases provided an additional \$5 million in FY 2006 and an additional \$10 million FY 2007.

FY 2008 Base Budget

The table titled "School Building Program: Capital Outlay Foundation and Enrollment Growth Program Distribution" provides a breakdown of the FY 2007 School Building Program appropriation. The table divides the total School Building Program appropriation by program and shows the distribution of appropriated funds among recipient school districts.

H.B. 3, 2007 General Session, 'Minimum School Program Base Budget Amendments' (Last, B.) includes the ongoing base budget for the School Building Program. This ongoing base budget does not include the \$10 one-time revenue appropriated in FY 2007. The program base budget includes \$24.3 million for the Capital Outlay Foundation Program and \$2.9 million for the Enrollment Growth Program for a total of \$27.2 million. Please refer to the following budget detail table for additional information on the FY 2008 School Building Program base budget.

School Building Program			
Capital Outlay Foundation and Enrollment Growth Program Distribution			
FY 2007			
School District	Capital Outlay Foundation	Enrollment Growth	Total State Allocation
1 Alpine	\$6,172,903	\$2,707,730	\$8,880,633
2 Beaver	0	50,431	50,431
3 Box Elder	100,571	85,344	185,915
4 Cache	1,561,443	222,411	1,783,854
5 Carbon	0	0	0
6 Daggett	0	0	0
7 Davis	6,370,712	1,578,863	7,949,575
8 Duchesne	31,553	43,965	75,518
9 Emery	0	0	0
10 Garfield	0	0	0
11 Grand	0	14,224	14,224
12 Granite	0	0	0
13 Iron	0	588,356	588,356
14 Jordan	0	2,168,512	2,168,512
15 Juab	0	71,120	71,120
16 Kane	0	0	0
17 Millard	0	0	0
18 Morgan	0	69,827	69,827
19 Nebo	3,900,097	991,800	4,891,897
20 No. Sanpete	133,112	0	133,112
21 No. Summit	0	0	0
22 Park City	0	0	0
23 Piute	51,055	1,293	52,348
24 Rich	0	0	0
25 San Juan	448,010	0	448,010
26 Sevier	226,702	36,207	262,909
27 So. Sanpete	468,592	59,482	528,074
28 So. Summit	0	0	0
29 Tintic	88,827	5,172	93,999
30 Tooele	1,797,003	1,081,023	2,878,026
31 Uintah	0	96,982	96,982
32 Wasatch	0	203,015	203,015
33 Washington	0	2,181,443	2,181,443
34 Wayne	0	6,465	6,465
35 Weber	2,284,650	531,460	2,816,110
36 Salt Lake	0	0	0
37 Ogden	722,770	0	722,770
38 Provo	0	135,775	135,775
39 Logan	0	0	0
40 Murray	0	0	0
Total:	\$24,358,000	\$12,930,900	\$37,288,900

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

BUDGET DETAIL TABLE

School Building Program - School Building Program						
Sources of Finance	FY 2006	FY 2007	Changes	FY 2007	Changes	FY 2008*
	Actual	Appropriated		Revised		Base Budget
Uniform School Fund	27,288,900	27,288,900	0	27,288,900	0	27,288,900
Uniform School Fund, One-time	5,000,000	10,000,000	0	10,000,000	(10,000,000)	0
Total	\$32,288,900	\$37,288,900	\$0	\$37,288,900	(\$10,000,000)	\$27,288,900
Programs						
School Building Program	32,288,900	37,288,900	0	37,288,900	(10,000,000)	27,288,900
Total	\$32,288,900	\$37,288,900	\$0	\$37,288,900	(\$10,000,000)	\$27,288,900
Categories of Expenditure						
Other Charges/Pass Thru	32,288,900	37,288,900	(37,288,900)	0	27,288,900	27,288,900
Total	\$32,288,900	\$37,288,900	(\$37,288,900)	\$0	\$27,288,900	\$27,288,900

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Recommendation: The Analyst recommends that the Legislature provide a \$10 million one-time appropriation from the Uniform School Fund to support the School Building Program – Enrollment Growth Program. This one-time appropriation will provide the same level of funding as appropriated for FY 2007.

The Legislature may also wish to evaluate the overall level of ongoing funding supporting the School Building Program. Ongoing appropriations supporting the Capital Outlay Foundation Program and the Enrollment Growth Program have not changed in 4 years.

LEGISLATIVE ACTION

The subcommittee may wish to consider the following as it develops FY 2008 budget priorities for Public Education:

1. Include a \$10 million one-time appropriation to support the School Building Program – Enrollment Growth Program in the subcommittee's budget priority list submitted to the Executive Appropriations Committee.
2. Evaluate the ongoing funding levels for the Capital Outlay Foundation Program and the Enrollment Growth Program, reallocate ongoing base funding as needed and prioritize any budget increases with the other FY 2008 items before the subcommittee.