

Budget Brief – School Building Program

NUMBER: PED BB-SPB-01

SUMMARY

Three programs comprise the School Building Program: 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 brief focuses 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.

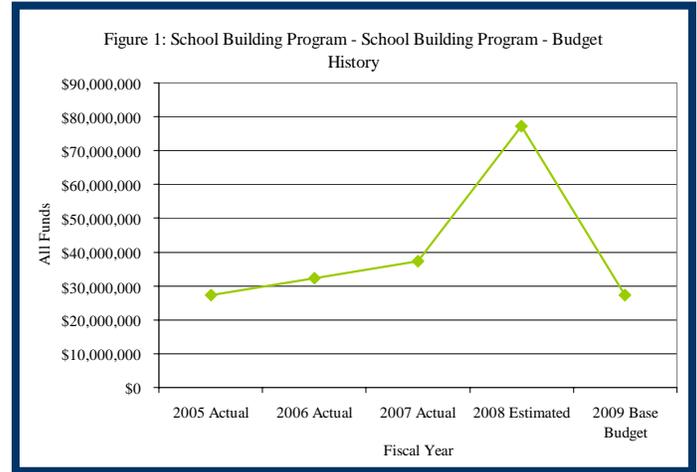
Capital Outlay Foundation Program

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 ongoing funding level for the Capital Outlay Foundation Program has declined from \$30.8 million in FY 1999 to \$24.3 million in FY 2008. In FY 2004, a portion of the ongoing funding for 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 this transfer in FY 2004. The table and chart titled “School Building Program” provides a funding history for the Capital Outlay Foundation Program compared to the Enrollment Growth Program.

In FY 2008, the Legislature substantially increased funding for the Capital Outlay Foundation Program by appropriating \$15 million in one-time Uniform School Funds. A total of \$39,358,000 was distributed through the program. The FY 2009 base returns to the ongoing appropriation of \$24.3 million.



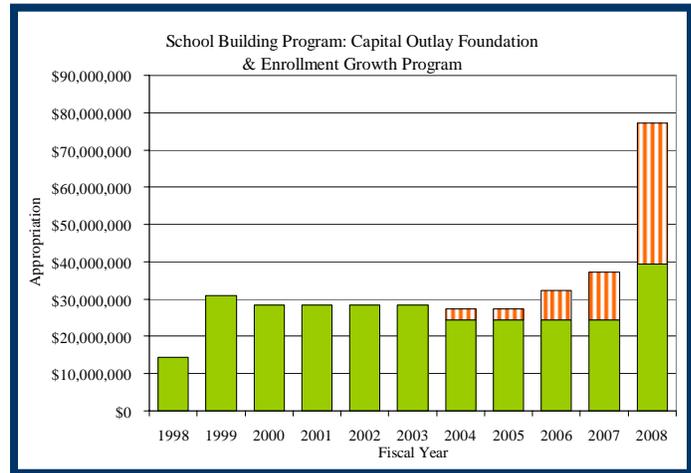
Fiscal Year	Capital Outlay	Enrollment Growth	Total Program
1998	\$14,439,600		\$14,439,600
1999	30,858,000		30,858,000
2000	28,358,000		28,358,000
2001	28,358,000		28,358,000
2002	28,358,000		28,358,000
2003	28,358,000		28,358,000
2004	24,358,000	\$2,930,900	27,288,900
2005	24,358,000	2,930,900	27,288,900
2006	24,358,000	7,930,900	32,288,900
2007	24,358,000	12,930,900	37,288,900
2008	39,358,000	37,930,900	77,288,900

Notes:
 2006 Enrollment Growth Program Includes \$5 million one-time.
 2007 Enrollment Growth Program Includes \$10 million one-time.
 2008 Capital Outlay Program Includes \$10 million one-time.
 2008 Enrollment Growth Program Includes \$35 million one-time.
 Source: Annual Appropriations Reports. Office of the Legislative Fiscal Analyst. 1999 to 2008.

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 program began in FY 2004 with \$2.9 million from the foundation program. Ongoing funding for the program has remained at \$2.9 million over the four year history of the program. For the past three 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, \$10 million FY 2007, and \$35 million in FY 2008.

BUDGET DETAIL TABLE

H.B. 1, ‘Minimum School Program Base Budget Amendments’ (2008 General Session) includes the ongoing base budget for the School Building Program of \$27,288,900. This ongoing base budget does not include the \$50 million in one-time revenue appropriated in FY 2008. The program base budget includes \$24.3 million for the Capital Outlay Foundation Program and \$2.9 million for the Enrollment Growth Program.

- **Recommendation:** The Analyst recommends that the subcommittee prioritize \$10 million in one-time Uniform School Funds to continue additional support for the Enrollment Growth Program in FY 2009.

School Building Program - School Building Program						
	FY 2007	FY 2008		FY 2008		FY 2009*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
Uniform School Fund	27,288,900	27,288,900	0	27,288,900	0	27,288,900
Uniform School Fund, One-time	10,000,000	50,000,000	0	50,000,000	(50,000,000)	0
Total	\$37,288,900	\$77,288,900	\$0	\$77,288,900	(\$50,000,000)	\$27,288,900
Programs						
School Building Program	37,288,900	77,288,900	0	77,288,900	(50,000,000)	27,288,900
Total	\$37,288,900	\$77,288,900	\$0	\$77,288,900	(\$50,000,000)	\$27,288,900
Categories of Expenditure						
Other Charges/Pass Thru	37,288,900	77,288,900	0	77,288,900	(50,000,000)	27,288,900
Total	\$37,288,900	\$77,288,900	\$0	\$77,288,900	(\$50,000,000)	\$27,288,900

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

LEGISLATIVE ACTION

The subcommittee may wish to consider the following as it develops FY 2009 budget priorities for Public Education:

1. 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 2009 items before the subcommittee.