



SCHOOL BUILDING PROGRAM

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE
STAFF: BEN LEISHMAN & PATRICK LEE

BUDGET BRIEF

SUMMARY

The School Building Program contains two primary components: the Capital Outlay Foundation Program and the Capital Outlay Enrollment Growth Program. A third program, the School Building Revolving Loan Account does not receive an annual appropriation. School districts use program appropriations to support capital outlay bonding, construction/renovation of school facilities, or other capital facility needs.

A history of appropriations supporting the School Building Program is found in Figure 1. In FY 2010, a total of \$22,499,700 was appropriated to support the Foundation and Enrollment Growth Programs. The FY 2011 amount shows 98 percent of ongoing FY 2010 funding as specified in H.B. 1, Minimum School Program Base Budget (2010 General Session).

Capital Outlay Foundation Program

As the largest Capital Outlay program, the Foundation Program provides state funding to school districts based on their local property tax effort and property tax yield per student. The amount received by a school district is dependent on the total amount appropriated by the Legislature and the district's property tax yield per student in Average Daily Membership (ADM).

Statute, 53A-21-202 provides for a funding base depending on the district's property tax base per ADM compared to the statewide average property tax base per ADM. Base thresholds include:

- \$200,000 to school districts with a property tax base per ADM less than or equal to the statewide average
- \$100,000 to school districts with a property tax base per ADM that is greater than the statewide average but less than or equal to two times the statewide average
- \$50,000 to school districts with a property tax base per ADM that is greater than two times the statewide average, but less than or equal to five times the statewide average

In addition to the base, districts with a property tax yield per ADM less than an annually determined "foundation guarantee level per ADM" receives an additional allocation. This foundation guarantee fully allocates the funds appropriated by the Legislature. "If a qualifying school district imposes the highest combined capital levy rate in the prior year [see below], the State Board of Education shall allocate an amount equal to the product of the following: (1) the qualifying school district's prior year ADM; and (2)

Figure 1: School Building Program
Appropriations History 1998 to 2011 Base Budget

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
2009	31,858,000	10,430,900	42,288,900
2010	19,568,800	2,930,900	22,499,700
2011*	19,177,400	2,872,300	22,049,700

Notes:
 2006 Enrollment Growth Program Includes \$5 million one-time.
 2007 Enrollment Growth Program Includes \$10 million one-time.
 2008 Foundation Program Includes \$15 million one-time.
 2008 Enrollment Growth Program Includes \$35 million one-time.
 2009 Foundation Program Includes \$7.5 million one-time.
 2009 Enrollment Growth Program Includes \$7.5 million one-time.
 * As appropriated in H.B. 1 (2010GS) - Minimum School Program Base Budget
 Source: Annual Appropriations Reports. Office of the Legislative Fiscal Analyst. 1999 to 2010.

an amount equal to the difference between the following: the foundation guarantee level per ADM for that fiscal year and the qualifying school district's prior year property tax yield per ADM." ¹

In order to receive the full foundation guarantee, a qualifying school district must impose the highest "combined capital levy rate" imposed by any school district within the state in the prior fiscal year.

Statute states this combined rate includes the following property taxes:

- Capital Outlay Levy – cannot exceed 0.0024 per dollar of taxable value (53A-16-107)
- 10% of Basic Levy – the portion that is budgeted for debt service or capital outlay. A school district may levy a tax rate to generate up to 10% of the cost of the basic school program (53A-17a-145)
- Debt Service Levy (11-14-310)
- Voted Capital Outlay – may not exceed .2% of the taxable value of all taxable property in the district in any one year (53A-16-110)

The ongoing funding level for the Capital Outlay Foundation Program has declined from \$30.8 million in FY 1999 to \$19.5 million in FY 2010. In FY 2004, a portion of the ongoing funding for the Capital Outlay Foundation Program was transferred to the newly created Enrollment Growth Program.

Capital Outlay 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 have an average annual net enrollment increase and a prior year property tax base per student less than two times the prior year statewide average property tax base per student.

State funds appropriated to the program are allocated to qualifying school districts on a proportional basis. Each qualifying 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.

Ongoing funding has remained at \$2.9 million over the eight year history of the program. In FY 2006-2009, the Legislature provided one-time funding increases to the Enrollment Growth Program. These increases provided an additional \$5 million in FY 2006, \$10 million FY 2007, \$35 million in FY 2008, and \$7.5 million in FY 2009. In FY 2010, ongoing funding for the program remained at \$2,930,900. The FY 2011 base, found in H.B. 1 (2010GS), includes 98 percent of the ongoing funding at \$2,872,300.

FY 2011 BUDGET RECOMMENDATIONS

The Executive Appropriations Committee (EAC) adopted FY 2011 General and Education Fund revenue estimates that are 98 percent of the original FY 2010 ongoing appropriations. The FY 2011 base budget bills (S.B. 1 and H.B. 1) reduce appropriations for all line items and programs proportionately to match revenues. However, the EAC allocated 95 percent of original FY 2010 ongoing appropriations to each subcommittee and directed the subcommittees to compile a list of options equal to a 5 percent ongoing cut. The EAC will use these options to make final adjustments to the FY 2011 budget. The Analyst recommends the following alternatives for budget changes in the School Building Programs to help accomplish the subcommittee's 5 percent target.

- ***Foundation Program*** – reduce ongoing funding by \$1,125,000 to meet the 5 percent threshold for both the Foundation and Enrollment Growth Programs.

The 98 percent base budget reductions in H.B. 1 (2010 GS) may also be included in the list of options to meet the five percent target reduction. The required reduction total is five percent, not seven percent.

¹ Utah State Office of Education, Finance and Statistics. Foundation and Enrollment Growth. Capital Outlay Foundation Program Description. http://www.schools.utah.gov/finance/facilities/Funding/Enrollment_growth.htm January, 2010.