School Building Program
Public Education Appropriations Subcommittee

R. Benjamin Leishman, Fiscal Analyst January 2017

School Building Program:
Capital Outlay Programs
Foundation & Enrollment Growth

A school district may only use the money provided under this chapter for capital outlay and debt service purposes. (53A-21-102)

- State Funding to Support Capital Equalization – 2 Programs
- Partially Equalizes Local Property Tax Revenues for Capital
  - Capital Local Levy & Debt Service Levy
  - Similar to the Voted & Board Guarantee
    - Less Robust | No Minimum Statutory Guarantee
    - Subject to Appropriation
- FY 2018 Base – $33,249,700
  - Foundation – $27,610,900
  - Enrollment Growth – $5,638,800
Local Property Tax Levies
Capital Local Levy | Debt Service Levy

<table>
<thead>
<tr>
<th>Levy</th>
<th>Description</th>
<th>Maximum Allowed Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Levy (U.C.A. 53A-17a-135)</td>
<td>Local-state shared portion of each school district’s Maintenance and Operations Expenditures Uniform Statewide – estimated at .001695 for the 2016-2017 school year</td>
<td></td>
</tr>
<tr>
<td>Voted Local Levy (U.C.A. 53A-17a-133)</td>
<td>Levy approved by the majority of the electors of a school district to be used for maintenance and operations Up to .0020</td>
<td></td>
</tr>
<tr>
<td>Board Local Levy (U.C.A. 53A-17a-164)</td>
<td>Levy approved by a local school board to fund operations and maintenance Up to either .0025 or .0018 depending on the district historic tax rates</td>
<td></td>
</tr>
<tr>
<td>Capital Local Levy (U.C.A. 53A-16-107)</td>
<td>Levy to fund capital projects and, in some cases, maintenance of school facilities Up to .0024</td>
<td></td>
</tr>
<tr>
<td>Debt Service Levy (U.C.A. 11-14-310)</td>
<td>Levy to fund general obligation bond principal and debt payment None</td>
<td></td>
</tr>
</tbody>
</table>

Capital Outlay Foundation & Enrollment Growth Programs
Qualifying School Districts | FY 2017

- Foundation
- Enrollment Growth
Capital Outlay: Foundation Program

The program is created to “provide capital outlay funding to a school district based on a district’s local property tax effort and property tax yield per student.” (53A-21-201)

- State Board Calculates Foundation Rate
  - FY 2017 Rate - $1,095/ADM Student
  - Rate Varies Each Year Based on Funding Appropriated & Local Property Tax Yield

- Districts Qualify for Funding
  - Combined “Capital Levy Rate”
    - Capital Local Levy + Debt Service Levy
  - Combined Rate Must Be Greater of Equal to the “Base Tax Effort Rate”
    - Based on Average of Highest Tax Rate & Statewide Average Combined Rates
    - Benefits Districts with High Rates and Low Yield per ADM Student
    - District Receives the Difference Between Property Tax Generated & Foundation Rate per ADM

- Base for Small Districts (< 1,000 ADM)
  - $50,000|$100,000|$200,000 Based on Size

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### Capital Outlay Foundation Program

#### How Equalization Works | Based on $970/ADM Guarantee

**Capital Outlay Foundation Guarantee - $1,095/ADM Student**

<table>
<thead>
<tr>
<th>District A</th>
<th>District B</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="#" alt="Property Tax Revenue per ADM" /></td>
<td><img src="#" alt="State Guarantee Funding" /></td>
</tr>
</tbody>
</table>

- Property Tax Revenue per ADM
- State Guarantee Funding
Capital Outlay: Enrollment Growth Program

Provides “capital outlay funding to school districts experiencing net enrollment increases.” (53A-21-301)

- State Funding to Growing School Districts
- Districts Qualify for Funding
  - Equity “Supplement” – No Guarantee Rate
  - Average Net Enrollment Increase
    - Based on 3-Year Average
  - Property Tax Base per ADM Less Than 2x State Average for the Past 2 Years
- Fund Allocated to Districts Proportional Enrollment Increase over Statewide Average

### School Building Programs - 2018 Base Budget

<table>
<thead>
<tr>
<th>Revenue Sources</th>
<th>2018 Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. State Revenue</td>
<td></td>
</tr>
<tr>
<td>1. Education Fund</td>
<td>14,499,700</td>
</tr>
<tr>
<td>2. EFR - Minimum Basic Growth Account</td>
<td>18,750,000</td>
</tr>
<tr>
<td><strong>Total Revenue:</strong></td>
<td><strong>$33,249,700</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Program</th>
<th>2018 Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Capital Outlay Programs</td>
<td></td>
</tr>
<tr>
<td>1. Foundation</td>
<td>27,610,900</td>
</tr>
<tr>
<td>2. Enrollment Growth</td>
<td>5,638,800</td>
</tr>
<tr>
<td><strong>Total Expenditures:</strong></td>
<td><strong>$33,249,700</strong></td>
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