

Fiscal Note

H.B. 87

Short Title: School Finance Amendments

Sponsor: Newbold, M.

2011 General Session, State of Utah

State Government (UCA 36-12-13(2)(b))

Enactment of this bill may cost approximately \$14,000,000 in ongoing education funds to support the state guarantee rate for the Voted Leeway and Board Leeway programs beginning in FY 2013. In each subsequent year, the cost may continue to increase depending on state guarantee rate formula outlined in the bill.

The Voted & Board Leeway state guarantee is \$25.25 per qualifying Weighted Pupil Unit (WPU) in FY 2011, for a total state cost of \$57,928,148. Under current statute, this rate increases to \$27.17 per WPU in FY 2012 at a total state cost of \$81,292,848.

The cost of each incremental rate change in future years is determined by the WPU value as set by the Legislature, the total number of qualifying WPUs, and a qualifying school district's ability to generate local revenue (per WPU) from its property tax levies. Assuming these variables remain the same in FY 2013 as estimated for FY 2012, the total state cost for the guarantee is estimated to increase to \$95,304,263. This is a net increase of approximately \$14 million over the estimated FY 2012 total state cost. The estimated guarantee rate in FY 2013 is \$28.46 per qualifying WPU. Any change in the formula variables may increase or decrease this estimate.

State Budget Detail Table

	FY 2011	FY 2012	FY 2013
Revenue	\$0	\$0	\$0
Expenditure:			
Education Fund	\$0	\$14,000,000	\$14,000,000
Education Fund, One-Time	\$0	(\$14,000,000)	\$0
Total Expenditure	\$0	\$0	\$14,000,000
Net Impact, All Funds (Rev.-Exp.)	\$0	\$0	(\$14,000,000)
Net Impact, General/Education Funds	\$0	\$0	(\$14,000,000)

Local Governments (UCA 36-12-13(2)(c))

School districts that levy a voted or board leeway and generate an amount less than the state guarantee rate per WPU may receive additional funding.

Direct Expenditures by Utah Residents and Businesses (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.