

SCHOOL BUILDING PROGRAM

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE
STAFF: BEN LEISHMAN & THOMAS YOUNG

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, and renovation of school facilities, or other capital facility needs.

A history of appropriations supporting the School Building Program is found in Figures 1 and 2. In FY 2012, a total of \$14.4 million was appropriated to support the program. The FY 2013 amount shows the ongoing funding included in House Bill 1, Minimum School Program Base Budget (2012 General Session). This history includes all ongoing and one-time appropriations.

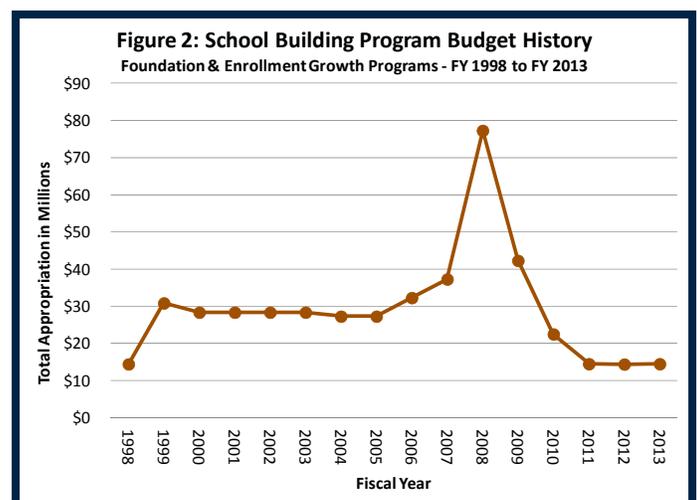
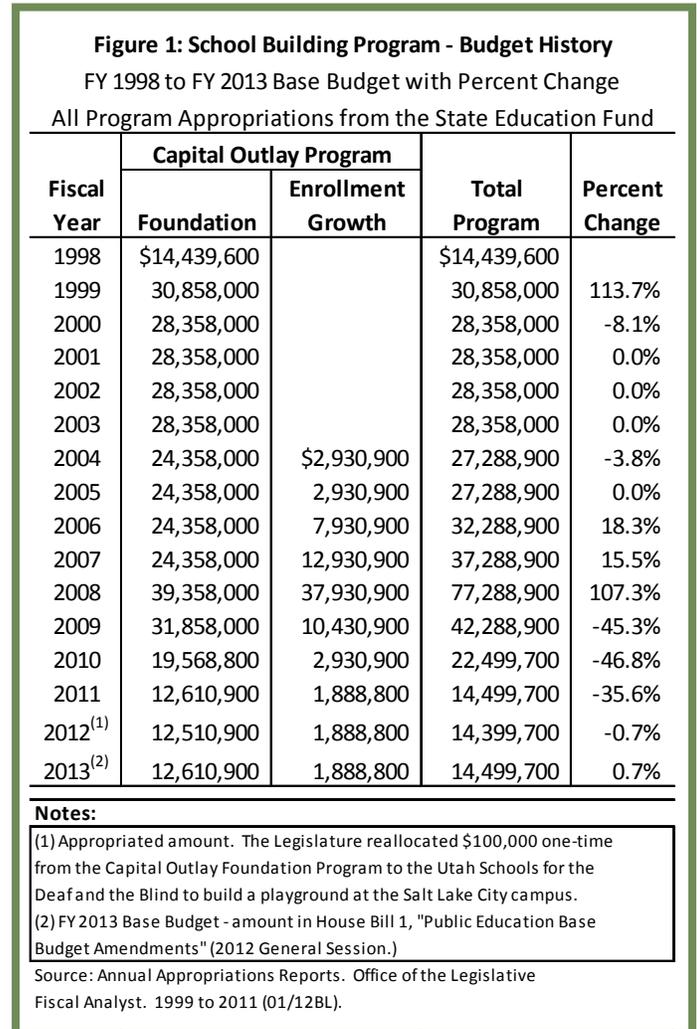
In FY 2012, the Legislature reallocated \$100,000 one-time to the Utah Schools for the Deaf and the Blind to build an accessible playground at the Salt Lake City campus. Because this was a one-time reallocation, the funding returns to the Capital Outlay Foundation Program in the FY 2013 budget.

Figure 3 shows the distribution of School Building Program funding between the Foundation and Enrollment Growth programs in the FY 2013 base budget. The Foundation program is the largest and distributes 87 percent of appropriated funding.

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).

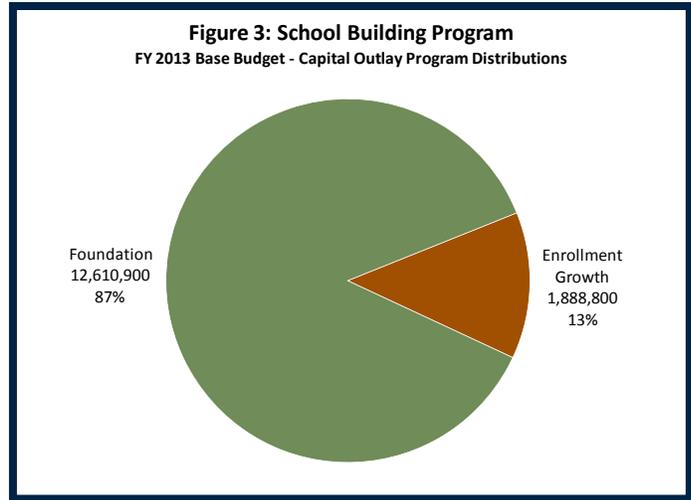
School districts qualify for program funding if their property tax yield per ADM is less than the foundation guarantee level per ADM. The Utah State



Office of Education calculates the foundation guarantee level each year to a level that allocates all funding appropriated by the Legislature.

Statute, 53A-21-202 provides for a funding base to small school districts depending on the district's property tax base per ADM compared to the statewide average property tax base per ADM. Statute defines a small school district as one with fewer than 1,000 pupils in ADM. The statutory base thresholds include:

- \$200,000 to a small school district with a property tax base per ADM less than or equal to the statewide average;
- \$100,000 to a small school district 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 a small school district 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 this base funding for small school districts, all qualifying school districts with a property tax yield per ADM less than an annually determined foundation guarantee level per ADM will receive an allocation. This foundation guarantee fully allocates the funds appropriated by the Legislature.

If a school district imposes a combined capital levy rate that is greater than or equal to the “base tax effort rate” defined in statute, it fully participates in the foundation program. If a school district imposes a rate less than the “base tax effort rate” it receives a partial allocation based on the rate levied. The base tax effort rate is defined in statute. (53A-17a-101.5; 202)

The ongoing funding level for the Capital Outlay Foundation Program has fluctuated over the past 15 years, see Figure 1. The program had the most funding in FY 2008 with nearly \$39.4 million. Over the course of the recent economic downturn, ongoing funding for the program has decreased to \$12.5 million. 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 have a property tax base per ADM in the year two years prior to the year funded that is less than two times the statewide average property tax base per student in the two years prior.

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.

Similar to the Foundation Program, ongoing funding for the Enrollment Growth Program has fluctuated since its creation in FY 2004. The program had the most funding in FY 2008 with nearly \$38 million. Current ongoing funding is nearly \$1.9 million.

BUDGET DETAIL TABLE

School Building Programs						
Sources of Finance	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Education Fund	14,499,700	14,499,700	0	14,499,700	0	14,499,700
Education Fund, One-time	0	(100,000)	0	(100,000)	100,000	0
Total	\$14,499,700	\$14,399,700	\$0	\$14,399,700	\$100,000	\$14,499,700
Programs						
Capital Outlay Enrollment Growth Program	1,888,800	1,888,800	0	1,888,800	0	1,888,800
Capital Outlay Foundation Program	12,610,900	12,510,900	0	12,510,900	100,000	12,610,900
Total	\$14,499,700	\$14,399,700	\$0	\$14,399,700	\$100,000	\$14,499,700
Categories of Expenditure						
Other Charges/Pass Thru	14,499,700	14,399,700	0	14,399,700	100,000	14,499,700
Total	\$14,499,700	\$14,399,700	\$0	\$14,399,700	\$100,000	\$14,499,700

RECOMMENDATIONS

- For the School Building Program, the Fiscal Analyst recommends an FY 2013 base budget of \$14,499,700 as shown in the Budget Detail Table above.