1.0 School Building Programs

Recommendation
$26,358,000

The Analyst's recommendation for the Capital Outlay Foundation Program is $28,858,000. The funding recommendation is all from the Uniform School Fund for FY 2000. The statutes require 20 percent of the total for the emergency school building needs program which would be $5,771,600 thus leaving $23,086,400 for the Capital Outlay Foundation Program.

Financial Summary

School Building Programs	FY 1999 Estimated	FY 2000 Analyst	FY 00/99 Difference
Funding			
Uniform School Fund	$28,358,000	$28,358,000	
Transfers	2,500,000		($2,500,000)
Total	**$30,858,000**	**$28,358,000**	**($2,500,000)**
Programs			
Capitol Outlay Equalization Program	$25,186,400	$22,686,400	($2,500,000)
Emergency Building Fund	5,671,600	5,671,600	
Total Additions	**$30,858,000**	**$28,358,000**	**($2,500,000)**

Summary

For a number of years the Critical School Building Aid Program was funded at a level of $6,458,000. With the implementation of the new Capital Equalization Program by the 1992 Legislature additional state funds (Uniform School Fund) have been appropriated under provisions of that law. Senate Bill 1 enacted during the 1993 First Special Session called for a continuing commitment of increasing state dollars to both programs. That statutory commitment reached $28,358,000 in on going funding for FY 1999.

The 1996 Legislature passed Senate Bill 46, “Capital Outlay Amendments,” which rewrote the statutes for school building aid programs. This act established the Capital Outlay foundation program which included an emergency school building needs program through June 30, 2001. The act provided for 20 percent of the funds appropriated for the capital outlay foundation program to be used in an emergency school building needs program. The total current year appropriation is $30,858,000 of which $28,358,000 is from the Uniform School Fund and $2,500,000 from transfers. The transfer amount of $ 2,500,000 was a one-time appropriation to the Capital Outlay foundation program. These funds are provided solely for school district capital outlay and debt service purposes.

The 1996 act also provided for a school building revolving account to provide loans to school districts under criteria as specified.

The statutes for the Capital Outlay Foundation Program are as follows:

53A-21-102Capital outlay foundation program -- Loan Program.

(1) There is established a capital outlay foundation program, which shall include an emergency school building needs program through June 30, 2001, to provide revenues to school districts for the purposes of capital outlay bonding, construction, and renovation.

(2) There is established a capital outlay loan program to provide short-term help to school districts to meet district needs for school building construction and renovation.

(3) School districts shall use the monies provided to them under the foundation and loan programs solely for school district capital outlay and debt service purposes.

53A-21-103 Qualifications for participation in the foundation program -- Distribution of monies -- Distribution formulas.

(1) In order for a school district to qualify for monies under the capital outlay foundation program established in Subsection 53A-21-102(1), a local school board must levy a tax rate of .0024 per dollar of taxable value for capital outlay and debt service.

(2) If the local school board levies the .0024 tax rate during one year, but due to increased assessed valuations and a corresponding reduction in the certified tax rate is prevented from levying the full .0024 tax rate during the subsequent year, the district will considered to be in compliance with Subsection (1) if it levys the maximum allowable under these circumstances and shall continue to receive support under the foundation program for a period of up to two years without loss of state funding.

(3) (a) Through June 30, 2001, 20% of the monies in the capital outlay foundation program shall be used in an emergency school building needs program.

(b) Beginning July 1, 2001, the emergency school building needs program shall be terminated and the monies otherwise spent in that program shall be used for the general purposes of the capital outlay foundation program.

(4) The State Board of Education shall distribute monies in the capital outlay foundation program and the emergency school building needs program in accordance with formulas developed by the state superintendent of public instruction.

(a) The board shall distribute capital outlay foundation monies on the basis of a minimum guarantee per average daily membership as computed by the state superintendent of public instruction using:

(i) available monies; and

(ii) the assessed valuation per average daily membership in each school district.

(b) The formula for the emergency school building needs distribution shall include the following components:

(i) a school district's ability to raise money for school building needs as related to the assessed valuation per student for real property within the school district;

(ii) need as reflected by:

(A) the current number of students in the school district who are in alternative housing; and

(B) growth, both within the district and compared to the state as a whole;

and

(iii) the school district's effort to raise money based on:

(A) the district's total tax rate; and

(B) the district's bond and bond interest payments compared to its ability to raise revenue.

53A-21-104School Building Revolving Account -- Access to the account.

(1) There is created a nonlapsing "School Building Revolving Account" administered within the Uniform School Fund by the state superintendent of public instruction in accordance with rules adopted by the State Board of Education.

(2) Monies received by a school district from the School Building Revolving Account may not exceed the district's bonding limit minus its outstanding bonds.

(3) In order to receive monies from the account, a school district must do the following:

(a) levy a tax of at least .0024 for capital outlay and debt service;

(b) contract with the state superintendent of public instruction to repay the monies, with interest at a rate established by the state superintendent, within five years of their receipt, using future state building monies or local revenues or both;

(c) levy sufficient ad valorem taxes under Section 11-14-19 to guarantee annual loan repayments, unless the state superintendent of public instruction alters the payment schedule to improve a hardship situation; and

(d) meet any other condition established by the State Board of Education pertinent to the loan.

(4) (a) The state superintendent shall establish a committee, including representatives from state and local education entities, to:

(i) review requests for loans under this section; and

(ii) make recommendations regarding approval or disapproval of the loan applications to the state superintendent.

(b) If the committee recommends approval of a loan application under Subsection (5)(a)(ii), the committee's recommendation shall include:

(i) the recommended amount of the loan;

(ii) the payback schedule; and

(iii) the interest rate to be charged.

53A-21-105. State contribution to capital outlay programs.

(1) The state contribution toward the cost of the programs established under Section 53A-21-102 for the fiscal year beginning July 1, 1998, shall consist of an appropriation totaling $30,858,000 to the State Board of Education, $28,358,000 from the Uniform School Fund and a one-time transfer of $2,500,000 from the remaining balance in the Minimum School Program Act for the fiscal year ended June 30, 1997.

(2) Notwithstanding Subsection 53A-21-103(3)(a), it is the intent of the Legislature that the $2,500,000 appropriated from transfers shall be used only for the Capital Outlay Equalization Program.

School Building Expenditures

The bond principle and interest expenditures for a three year period for Utah's school districts are shown in the following table. The data also indicate tax effort by district. If the district were to levy the total allowable tax of .0024 it would be at the maximum. Therefore, a district showing a three-year average over a 100 percent is taxing to the allowable limit and expending additional resources for its indebtedness on capital facilities.

School Building Program Tax Effort by District
Three Year Average of Bond Principal and Interest
FY 1995- FY 1997

District	FY 1995 Dollars Spent on Redemption and Interest of Bonds	FY 1996 Dollars Spent on Redemption and Interest of Bonds	FY 1997 Dollars Spent on Redemption and Interest of Bonds	Average Percent Over 3 Years
1 Alpine	$13,954,008	$14,232,815	$15,991,315	130.2%
2 Beaver	805,160	805,446	802,478	101.8%
3 Box Elder	3,854,650	3,908,355	3,902,540	95.2%
4 Cache	2,700,233	2,585,774	2,635,435	92.1%
5 Carbon	1,086,683	1,080,207	1,078,123	53.5%
6 Daggett	188,760	190,670	192,105	56.3%
7 Davis	17,195,439	17,164,378	17,158,408	123.3%
8 Duchesne	0	0	0	0.0%
9 Emery	6,377,032	5,108,834	2,129,380	123.3%
10 Garfield	674,204	877,758	701,328	140.9%
11 Grand	0	285,055	829,904	35.6%
12 Granite	12,214,800	12,214,800	0	33.0%
13 Iron	3,590,671	3,198,873	3,201,622	122.1%
14 Jordan	12,410,170	14,235,539	14,277,210	60.8%
15 Juab	442,072	440,108	1,403,271	99.6%
16 Kane	533,743	529,438	529,545	70.7%
17 Millard	2,526,822	3,053,718	9,370,314	77.9%
18 Morgan	428,085	422,760	421,910	65.3%
19 Nebo	3,574,575	3,648,100	5,868,297	84.9%
20 North Sanpete	912,641	875,805	877,135	157.6%
21 North Summit	263,597	265,538	266,789	48.9%
22 Park City	2,414,439	2,849,528	4,026,047	56.4%
23 Piute	76,309	79,321	77,684	69.9%
24 Rich	247,427	347,028	2,955,763	265.2%
25 San Juan	593,918	640,495	641,515	59.2%
26 Sevier	1,116,540	1,115,637	1,119,363	83.1%
27 South Sanpete	392,356	330,273	363,052	72.3%
28 South Summit	843,025	814,025	777,845	44.7%
29 Tintic	131,754	93,968	97,568	126.5%
30 Tooele	1,353,500	1,366,825	1,581,030	56.9%
31 Uintah	1,409,245	0	0	13.7%
32 Wasatch	497,630	494,450	1,344,031	45.8%
33 Washington	5,830,589	7,247,975	8,487,385	106.5%
34 Wayne	129,802	136,157	149,879	64.0%
35 Weber	5,910,680	5,909,335	6,225,458	88.2%
36 Salt Lake	802,705	2,250,572	5,057,694	12.4%
37 Ogden	331,366	332,233	332,233	8.2%
38 Provo	2,691,309	3,177,303	8,287,958	81.6%
39 Logan	1,280,308	1,276,109	1,273,484	55.5%
40 Murray	0	0	0	0.0%
Total	**$109,786,247**	**$113,585,204**	**$124,435,097**	**65.5%**