

**Representative David E. Lifferth** proposes the following substitute bill:

**PUBLIC EDUCATION CAPITAL FUNDING EQUALIZATION**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Ken Ivory**

Senate Sponsor: Aaron Osmond

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**LONG TITLE**

**General Description:**

This bill provides funding for public education capital outlay programs.

**Highlighted Provisions:**

This bill:

- ▶ creates a restricted account known as the Capital Outlay Account;
- ▶ requires a portion of an Education Fund revenue surplus to be deposited in the

Capital Outlay Account; ~~H→~~ **and**

~~[▶ requires a portion of unexpended balances in certain programs of the Minimum School Program at the end of a fiscal year to be deposited in the Capital Outlay Account; and] ←H~~

- ▶ requires the State Board of Education to allocate money appropriated from the Capital Outlay Account to school districts eligible to receive funds through the Capital Outlay Enrollment Growth Program or Capital Outlay Foundation Program.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill takes effect on July 1, 2014.

**Utah Code Sections Affected:**



26 AMENDS:

27 ~~H→~~ [~~53A-17a-105, as last amended by Laws of Utah 2013, Chapter 310~~] ~~←H~~

28 ENACTS:

29 53A-21-601, Utah Code Annotated 1953

30 53A-21-602, Utah Code Annotated 1953

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32 *Be it enacted by the Legislature of the state of Utah:*

33 ~~H→~~ [Section 1. Section 53A-17a-105 is amended to read:

34 ~~53A-17a-105. Powers and duties of State Board of Education to adjust Minimum~~  
35 ~~School Program allocations.~~

36 ~~(1) Except as provided in Subsection (2) or (4), if the number of weighted pupil units~~  
37 ~~in a program is underestimated, the State Board of Education shall reduce the value of the~~  
38 ~~weighted pupil unit in that program so that the total amount paid for the program does not~~  
39 ~~exceed the amount appropriated for the program.~~

40 ~~(2) If the number of weighted pupil units in a program is overestimated, the State~~  
41 ~~Board of Education shall spend excess money appropriated for the following purposes giving~~  
42 ~~priority to the purpose described in Subsection (2)(a):~~

43 ~~(a) to support the value of the weighted pupil unit in a program within the basic~~  
44 ~~state-supported school program in which the number of weighted pupil units is underestimated;~~

45 ~~(b) to support the state guarantee per weighted pupil unit provided under the voted~~  
46 ~~local levy program established in Section 53A-17a-133 or the board local levy program~~  
47 ~~established in Section 53A-17a-164, if:~~

48 ~~(i) local contributions to the voted local levy program or board local levy program are~~  
49 ~~overestimated; or~~

50 ~~(ii) the number of weighted pupil units within school districts qualifying for a~~  
51 ~~guarantee is underestimated;~~

52 ~~(c) to support the state supplement to local property taxes allocated to charter schools,~~  
53 ~~if the state supplement is less than the amount prescribed by Subsection 53A-1a-513(4); or~~

54 ~~(d) to support a school district with a loss in student enrollment as provided in Section~~  
55 ~~53A-17a-139.~~

56 ~~(3) If local contributions from the minimum basic tax rate imposed under Section~~

57 ~~53A-17a-135 are overestimated, the State Board of Education shall reduce the value of the~~  
 58 ~~weighted pupil unit for all programs within the basic state-supported school program so the~~  
 59 ~~total state contribution to the basic state-supported school program does not exceed the amount~~  
 60 ~~of state funds appropriated.~~

61 ~~——— (4) If local contributions from the minimum basic tax rate imposed under Section~~  
 62 ~~53A-17a-135 are underestimated, the State Board of Education shall:~~

63 ~~——— (a) spend the excess local contributions for the purposes specified in Subsection (2),~~  
 64 ~~giving priority to supporting the value of the weighted pupil unit in programs within the basic~~  
 65 ~~state-supported school program in which the number of weighted pupil units is underestimated;~~  
 66 ~~and~~

67 ~~——— (b) reduce the state contribution to the basic state-supported school program so the~~  
 68 ~~total cost of the basic state-supported school program does not exceed the total state and local~~  
 69 ~~funds appropriated to the basic state-supported school program plus the local contributions~~  
 70 ~~necessary to support the value of the weighted pupil unit in programs within the basic~~  
 71 ~~state-supported school program in which the number of weighted pupil units is underestimated.~~

72 ~~——— (5) Except as provided in Subsection (2) or (4), the State Board of Education shall~~  
 73 ~~reduce the guarantee per weighted pupil unit provided under the voted local levy program~~  
 74 ~~established in Section 53A-17a-133 or board local levy program established in Section~~  
 75 ~~53A-17a-164, if:~~

76 ~~——— (a) local contributions to the voted local levy program or board local levy program are~~  
 77 ~~overestimated; or~~

78 ~~——— (b) the number of weighted pupil units within school districts qualifying for a~~  
 79 ~~guarantee is underestimated.~~

80 ~~——— (6) [Money] Except as provided in Subsection 53A-21-602(4), money appropriated to~~  
 81 ~~the State Board of Education is nonlapsing.~~

82 ~~——— (7) The State Board of Education shall report actions taken by the board under this~~  
 83 ~~section to the Office of the Legislative Fiscal Analyst and the Governor's Office of~~  
 84 ~~Management and Budget.] ←H~~

85 Section H→ [2] 1 ←H . Section 53A-21-601 is enacted to read:

86 53A-21-601. Capital Outlay Account -- Definitions.

87 As used in this part:

88 (1) "Account" means the Capital Outlay Account created in Section 53A-21-602.

89 (2) "Education Fund revenue surplus" has the meaning defined in Section 63J-1-313.

90 (3) "Education Fund revenue surplus balance" means the balance of an Education Fund  
91 revenue surplus remaining after the Division of Finance:

92 (a) transfers Education Fund revenue surplus money to the Education Budget Reserve  
93 Account as required by Section 63J-1-313; and

94 (b) transfers any year-end contingency appropriations, year-end set-asides, or other  
95 year-end transfers required by law from the Education Fund revenue surplus.

96 (4) "Operating deficit" has the meaning defined in Section 63J-1-313.

97 Section ~~H~~→ [3] 2 ←~~H~~ . Section 53A-21-602 is enacted to read:

98 **53A-21-602. Capital Outlay Account.**

99 (1) There is created within the Education Fund a restricted account known as the  
100 Capital Outlay Account.

101 (2) The Capital Outlay Account consists of:

102 (a) an Education Fund revenue surplus transferred to the account pursuant to  
103 Subsection (3); ~~H~~→ and

104 ~~(b) unexpended balances in the following programs within the Minimum School~~  
105 ~~Program at the end of a fiscal year that are transferred to the account pursuant to Subsection~~  
106 ~~(4):~~

107 ~~(i) the Basic Program; and~~

108 ~~(ii) the Related to Basic Programs; and~~

109 ~~(c) (b) ←~~H~~ interest on account funds.~~

110 (3) The Division of Finance shall transfer the Education Fund revenue surplus balance,  
111 up to a maximum of ~~H~~→ [\$75,000,000] [~~\$15,000,000~~] \$25,000,000 ←~~H~~ annually, to the Capital  
111a Outlay Account.

112 ~~H~~→ [~~(4) The Division of Finance shall transfer to the Capital Outlay Account 33% of the~~  
113 unexpended balance in each of the following programs within the Minimum School Program at  
114 the end of a fiscal year:

115 ~~(a) the Basic Program; and~~

116 ~~(b) the Related to Basic Programs.~~

117 ~~(5) (4) ←~~H~~ Notwithstanding Subsection (3), if, at the end of a fiscal year, the Division of~~  
118 Finance determines that an operating deficit exists, the Division of Finance may reduce the

119 transfer to the Capital Outlay Account by the amount necessary to eliminate the operating  
120 deficit.

121 ~~H→~~ [(6)] (5) ~~←H~~ Upon the appropriation of money from the Capital Outlay Account  
121a to the State

122 Board of Education, the State Board of Education shall:

123 (a) (i) allocate ~~H→~~ [75%] 50% ~~←H~~ of the money to the Capital Outlay Enrollment  
123a Growth Program;

124 and

125 (ii) distribute the money to school districts in accordance with Section 53A-21-302;

126 and

127 (b) (i) allocate ~~H→~~ [25%] 50% ~~←H~~ of the money to the Capital Outlay Foundation  
127a Program; and

128 (ii) distribute the money to school districts in accordance with Section 53A-21-202.

129 Section ~~H→~~ [4] 3 ~~←H~~ . **Effective date.**

130 This bill takes effect on July 1, 2014.