

SCHOOL FUNDING PROVISIONS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Derrin R. Owens

House Sponsor: _____

LONG TITLE

General Description:

This bill amends and enacts provisions related to school funding.

Highlighted Provisions:

This bill:

▶ amends provisions governing funding allocations to school districts that consolidate small schools;

▶ creates the Rural School District Improvements Revolving Loan Account (account) within the Uniform School Fund to provide rural district improvement loans to certain school districts; and

▶ directs the State Board of Education to make rules for the account.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

53F-2-304, as last amended by Laws of Utah 2021, Chapter 439

ENACTS:

53F-2-524, Utah Code Annotated 1953



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

29 Section 1. Section **53F-2-304** is amended to read:

30 **53F-2-304. Necessarily existent small schools -- Computing additional weighted**
31 **pupil units -- Consolidation of small schools.**

32 (1) As used in this section, "necessarily existent small schools funding balance" means
33 the difference between:

34 (a) the amount appropriated for the necessarily existent small schools program in a
35 fiscal year; and

36 (b) the amount distributed to school districts for the necessarily existent small schools
37 program in the same fiscal year.

38 (2) (a) Upon application by a local school board, the state board shall, in consultation
39 with the local school board, classify schools in the school district as necessarily existent small
40 schools, in accordance with this section and state board rules adopted under Subsection (3).

41 (b) An application must be submitted to the state board before April 2, and the state
42 board must report a decision to a local school board before June 2.

43 (3) The state board shall adopt standards and make rules, in accordance with Title 63G,
44 Chapter 3, Utah Administrative Rulemaking Act, to:

45 (a) govern the approval of necessarily existent small schools consistent with principles
46 of efficiency and economy that serve the purpose of eliminating schools where consolidation is
47 feasible by participation in special school units; and

48 (b) ensure that school districts are not building secondary schools in close proximity to
49 one another where economy and efficiency would be better served by one school meeting the
50 needs of secondary students in a designated geographical area.

51 (4) The state board shall prepare and publish objective standards and guidelines for
52 determining which small schools are necessarily existent after consultation with local school
53 boards.

54 (5) (a) Additional weighted pupil units for schools classified as necessarily existent
55 small schools shall be computed using distribution formulas adopted by the state board.

56 (b) The distribution formulas establish the following maximum sizes for funding under
57 the necessarily existent small school program:

58 (i) an elementary school

160

- 59 (ii) a one or two-year secondary school 300
- 60 (iii) a three-year secondary school 450
- 61 (iv) a four-year secondary school 500
- 62 (v) a six-year secondary school 600
- 63 (c) An elementary school with fewer than 10 students shall receive the same add-on
64 weighted pupil units as an elementary school with 10 students.
- 65 (d) A secondary school with fewer than 15 students shall receive the same add-on
66 weighted pupil units as a secondary school with 15 students.
- 67 (e) If a necessarily existent small school generates ADM in both elementary and
68 secondary grades, the state board may divide the school's ADM between an elementary and
69 secondary distribution formula.
- 70 (f) The state board shall prepare and distribute an allocation table based on the
71 distribution formula to each school district.
- 72 (6) (a) To avoid penalizing a school district financially for consolidating the school
73 district's small schools, additional weighted pupil units may be allowed a school district each
74 year, not to exceed [~~two~~] 10 years.
- 75 (b) [~~The~~] In the first year after consolidation, the additional weighted pupil units may
76 not exceed the difference between what the school district receives for a consolidated school
77 and what the school district would have received for the small schools had the small schools
78 not been consolidated.
- 79 (c) In each subsequent year following the first year after consolidation, not to exceed
80 nine years, the additional weighted pupil units may not exceed 75% of the prior year's
81 additional weighted pupil units.
- 82 (7) (a) The state board may allocate up to 208 weighted pupil units to support schools
83 that:
- 84 (i) have isolating conditions, as defined by the state board, including geographic
85 isolation; and
- 86 (ii) do not qualify for necessarily existent small schools funding due to formula
87 limitations.
- 88 (b) The state board shall review funding allocations under this Subsection (7) at least
89 once every five calendar years.

90 (8) If the state board classifies a school as a necessarily existent small school in
91 accordance with this section, the state board shall, subject to legislative appropriation,
92 distribute small district base funding to the relevant school district in the following amounts:

- 93 (a) for a district with 500 students or less, 83 additional weighted pupil units;
- 94 (b) for a district with 501 to 1,000 students, 28 additional weighted pupil units; and
- 95 (c) for a district with 1,001 to 2,000 students, 14 additional weighted pupil units.

96 (9) Subject to legislative appropriation, the state board shall give first priority from an
97 appropriation made under this section to funding an expense approved by the state board as
98 described in Subsection 53G-6-305(3)(a).

99 (10) (a) Subject to Subsection (10)(b) and after a distribution made under Subsection
100 (9), the state board may distribute a portion of necessarily existent small schools funding:

- 101 (i) in accordance with a formula adopted by the state board that considers the tax effort
102 of a local school board; or
- 103 (ii) to isolated small schools, as identified by the state board.

104 (b) The amount distributed in accordance with Subsection (10)(a) may not exceed the
105 necessarily existent small schools fund in balance of the prior fiscal year.

106 (11) A local school board may use the money allocated under this section for
107 maintenance and operation of school programs or for other school purposes as approved by the
108 state board.

109 (12) (a) Notwithstanding this section and subject to legislative appropriations, the state
110 board may, in accordance with Subsection (12)(b), distribute one-time funding that the
111 Legislature appropriates to mitigate funding losses as described in legislative appropriations.

112 (b) The state board may make the distribution described in Subsection (12)(a) to school
113 districts that:

- 114 (i) enroll fewer than 5,000 students; and
- 115 (ii) do not pay local property tax proceeds into the Uniform School Fund as described
116 in Section 53F-2-301.5.

117 Section 2. Section 53F-2-524 is enacted to read:

118 **53F-2-524. Rural School District Improvements Revolving Loan Account.**

119 (1) As used in this section:

120 (a) "Account" means the Rural School District Improvements Revolving Loan Account

121 created in this section.

122 (b) "Eligible school district" means a school district within whose boundary at least:

123 (i) 90% of the land is public land; and

124 (ii) 67% of the land that is not public land is greenbelt property.

125 (c) "Greenbelt property" means the same as that term is defined in Section [72-5-407](#).

126 (d) "Public land" means land owned or administered by a:

127 (i) federal agency;

128 (ii) state agency; or

129 (iii) political subdivision of the state.

130 (e) "Rural district improvement loan" means a loan made to an eligible school district
131 to fund capital projects or improvements in accordance with this section.

132 (2) There is created within the Uniform School Fund a restricted account known as the
133 "Rural School District Improvements Revolving Loan Account" to provide rural district
134 improvement loans to eligible school districts to fund capital projects or improvements.

135 (3) The state board shall, in accordance with Title 63G, Chapter 3, Utah Administrative
136 Rulemaking Act, make rules for the administration of the program.

137 (4) Each loan shall specify the terms for repayment.

138 (5) The loan may be evidenced by general obligation or revenue bonds or other
139 obligations of the eligible school district.

140 (6) The state board may not:

141 (a) charge interest for a rural improvement loan; or

142 (b) allocate funds from the account that exceed an eligible school district's bonding
143 limit minus the district's outstanding bonds.

144 (7) In order to receive money from the account, an eligible school district shall:

145 (a) contract with the state board to repay the loan, within five years of receipt;

146 (b) demonstrate whether or not the capital projects or improvements:

147 (i) are necessary to meet the education needs of the eligible school district; and

148 (ii) are cost effective; and

149 (c) meet any other conditions considered necessary by the state board.