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ONLINE STUDENT FUNDING AMENDMENTS
2024 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Lincoln Fillmore
House Sponsor: Carol S. Moss

LONG TITLE

General Description:

This bill requires the exclusion of a fully online student from a local education agency's (LEA) capital outlay funding formulas.

Highlighted Provisions:

This bill:

- ▶ amends the capital outlay foundation distribution formula;
- ▶ amends the capital outlay enrollment growth distribution formula; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

53F-3-202, as last amended by Laws of Utah 2019, Chapter 186

53F-3-203, as last amended by Laws of Utah 2019, Chapter 186

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

Section 1. Section **53F-3-202** is amended to read:

53F-3-202 . Capital Outlay Foundation Program created -- Distribution formulas -- Allocations.

(1) As used in this section:

- (a) "ADM" or "pupil in average daily membership" means the same as that term is defined in Section 53F-2-102 excluding a pupil fully enrolled in an online education program for at least 180 days.

- 29 (b) "Foundation guarantee level per ADM" means a minimum revenue amount per
30 ADM generated by the base tax effort rate, including the following:
- 31 (i) the revenue generated locally from a school district's combined capital levy rate;
32 and
- 33 (ii) the revenue allocated to a school district by the state board in accordance with
34 Section 53F-3-202.
- 35 ~~[(b)]~~ (c) "Qualifying school district" means a school district with a property tax yield per
36 ADM less than the foundation guarantee level per ADM.
- 37 ~~[(e)]~~ (d) "Small school district" means a school district that has fewer than 1,000 pupils
38 in average daily membership.
- 39 (2) There is created the Capital Outlay Foundation Program to provide capital outlay
40 funding to a school district based on a district's local property tax effort and property tax
41 yield per student compared to a foundation guarantee funding level.
- 42 (3) (a) The state board shall determine the foundation guarantee level per ADM that
43 fully allocates the funds appropriated to the state board for distribution under this
44 section.
- 45 (b) In determining the foundation guarantee level per ADM and a school district's
46 allocation of funds under this section, the state board shall use data from the fiscal
47 year that is two years prior to the fiscal year the school district receives the
48 allocation, including the:
- 49 (i) number of pupils in average daily membership;
50 (ii) tax rates; and
51 (iii) derived net taxable value.
- 52 (4) By June 1, a county treasurer shall report to the state board the actual collections of
53 property taxes in the school districts located within the county treasurer's county for the
54 period beginning April 1 through the following March 31 immediately preceding that
55 June 1.
- 56 (5) If a qualifying school district imposes a combined capital levy rate that is greater than or
57 equal to the base tax effort rate, the state board shall allocate to the qualifying school
58 district an amount equal to the product of the following:
- 59 (a) the qualifying school district's ADM; and
60 (b) an amount equal to the difference between the following:
- 61 (i) the foundation guarantee level per ADM, as determined in accordance with
62 Subsection (3); and

- 63 (ii) the qualifying school district's property tax yield per ADM.
- 64 (6) If a qualifying school district imposes a combined capital levy rate less than the base tax
- 65 effort rate, the state board shall allocate to the qualifying school district an amount equal
- 66 to the product of the following:
- 67 (a) the qualifying school district's ADM;
- 68 (b) an amount equal to the difference between the following:
- 69 (i) the foundation guarantee level per ADM; and
- 70 (ii) the qualifying school district's property tax yield per ADM; and
- 71 (c) a percentage equal to:
- 72 (i) the qualifying school district's combined capital levy rate; divided by
- 73 (ii) the base tax effort rate.
- 74 (7) (a) The state board shall allocate:
- 75 (i) a minimum of \$200,000 to each small school district with a property tax base per
- 76 ADM less than or equal to the statewide average property tax base per ADM;
- 77 (ii) a minimum of \$100,000 to each small school district with a property tax base per
- 78 ADM that is:
- 79 (A) greater than the statewide average property tax base per ADM; and
- 80 (B) less than or equal to two times the statewide average property tax base per
- 81 ADM; and
- 82 (iii) a minimum of \$50,000 to each small school district with a property tax base per
- 83 ADM that is:
- 84 (A) greater than two times the statewide average property tax base per ADM; and
- 85 (B) less than or equal to five times the statewide average property tax base per
- 86 ADM.
- 87 (b) The state board shall incorporate the minimum allocations described in Subsection
- 88 (7)(a) in its calculation of the foundation guarantee level per ADM determined in
- 89 accordance with Subsection (3).

90 Section 2. Section **53F-3-203** is amended to read:

91 **53F-3-203 . Capital Outlay Enrollment Growth Program created -- Distribution**
 92 **formulas -- Allocations.**

- 93 (1) As used in this section:
- 94 (a) "Average annual net enrollment increase" means the quotient of:
- 95 (i) (A) enrollment in the prior fiscal year, based on October 1 enrollment counts
- 96 excluding a pupil fully enrolled in an online education program for at least 180

- 97 days; minus
98 (B) enrollment in the year four years prior, based on October 1 enrollment counts
99 excluding a pupil fully enrolled in an online education program for at least 180
100 days; divided by
101 (ii) three.
102 (b) "Eligible district" or "eligible school district" means a school district that:
103 (i) has an average annual net enrollment increase; and
104 (ii) has a property tax base per ADM in the year two years prior that is less than two
105 times the statewide average property tax base per ADM in the year two years prior.
106 (2) There is created the Capital Outlay Enrollment Growth Program to provide capital
107 outlay funding to school districts experiencing net enrollment increases.
108 (3) [~~For fiscal years beginning on or after July 1, 2008, the~~] The state board shall annually
109 allocate appropriated funds to eligible school districts in accordance with Subsection (4).
110 (4) The state board shall allocate to an eligible school district an amount equal to the
111 product of:
112 (a) the quotient of:
113 (i) the eligible school district's average annual net enrollment increase; divided by
114 (ii) the sum of the average annual net enrollment increase in all eligible school
115 districts; and
116 (b) the total amount appropriated for the Capital Outlay Enrollment Growth Program in
117 that fiscal year.
118 **Section 3. Effective date.**
119 This bill takes effect on July 1, 2024.