



# MINIMUM SCHOOL PROGRAM VOTED & BOARD LEEWAY PROGRAMS

PUBLIC EDUCATION APPROPRIATIONS SUBCOMMITTEE  
STAFF: BEN LEISHMAN & THOMAS YOUNG

BUDGET BRIEF

**SUMMARY**

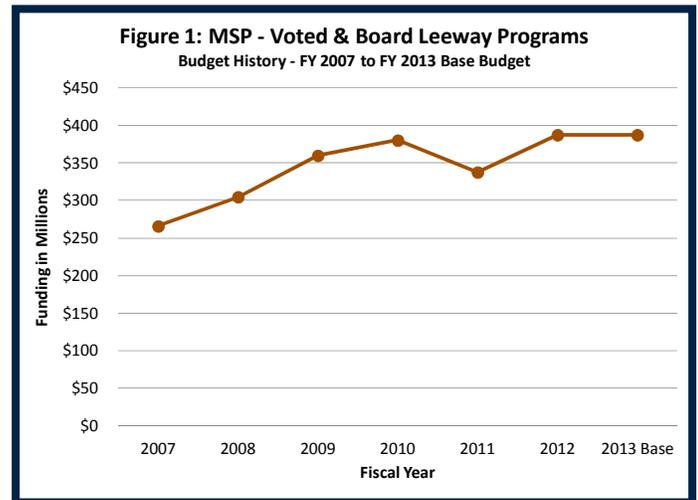
The Voted & Board Leeway Programs are state-supported property tax guarantee programs in which school districts levy a property tax and the state guarantees the district will receive a certain amount of revenue per WPU. State funding supplements school districts with lower per-student property tax collections due to having relatively lower property values and not due to a lower taxing effort by the school district.

Only school districts that don't meet the minimum revenue level per WPU established by the Legislature receive a state funding allocation. Charter schools do not participate in the Voted & Board Leeway programs on the same manner as school districts. Additional formulas or programs provide funding in lieu of the Voted Leeway and Board Leeway.

There are three state guarantee leeway programs: the Voted Leeway, the Board Leeway and the Board Leeway – K-3 Reading Improvement. Charter schools receive an allocation of state funding through the K-3 Reading Improvement program.

**Recommendation**

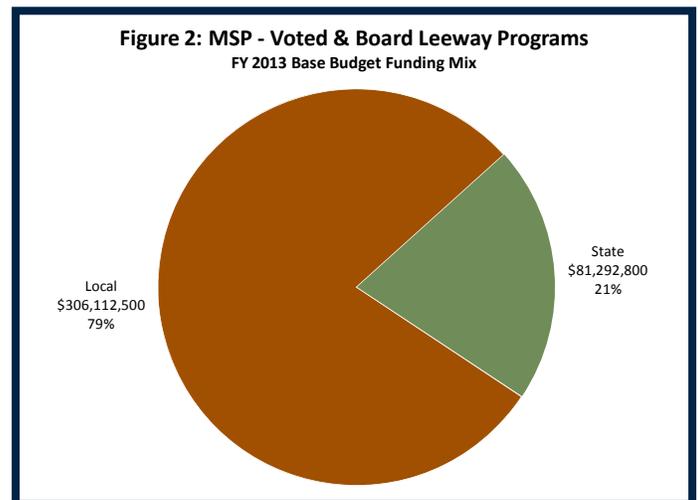
For the Voted & Board Leeway Programs, the Fiscal Analyst recommends an FY 2013 base budget of \$387,405,300, including the following changes to the base budget: (1) \$11,903,200 ongoing from the Education Fund for student enrollment growth; (2) a decrease in local property tax revenues of \$5,191,600 in FY 2013.



**BUDGET ISSUES**

Figure 1 shows the budget history for the Voted & Board Leeway Programs since FY 2007. The decrease in FY 2011 is the result of reduced local property tax collections in the programs.

Figure 2 shows the revenue sources supporting the Voted & Board Leeway Programs. The majority of funding, 79 percent comes from local property tax revenue collected in the school districts. The remaining 21 percent comes from the Education Fund. The state does not collect or distribute the local property tax revenue, but these revenues are included in the program formulas.



The Legislature may wish to consider the following issues as it determines changes to the FY 2013 base budget for the Voted & Board Leeway Programs.

### ***Base Budget***

House Bill 1, “Public Education Base Budget” includes the ongoing funding levels appropriated in FY 2012. This budget sets a starting point for the Legislature to use in building the FY 2013 budget.

The base budget does not include adjustments for student enrollment growth or changes in the state guarantee rate for the Voted & Board Leeway programs. It also does not include changes in local property tax revenues supporting the programs.

### ***Student Enrollment Growth***

Any change in the total number of WPUs may impact funding for the Voted Leeway and Board Leeway programs. The state guarantees that a school district that levies a certain tax rate will generate a minimum level of revenue per WPU. A school district that generates less revenue through its levy than the state guarantee rate receives state funding to make up the difference. The state guarantee rate in FY 2012 is \$27.17 per WPU.

The estimated increase of 8,495 WPUs for FY 2013 also impacts the cost of these programs. An increase of \$11,903,200 from the Education Fund is required to maintain the FY 2012 state guarantee rate of \$27.17 for each qualifying WPU.

*Note: As mentioned previously, the FY 2013 base budget does not include the estimated net increase in total WPUs for students entering the public education system this fall. Section 53A-17a-105 requires the State Board of Education to reduce the guarantee per WPU if local revenues supporting the programs are overestimated or the number of WPUs within qualifying school districts is underestimated.*

### ***State Guarantee Rate Change***

Statute, 53A-17a-133, increases the state guarantee rate each year by 0.0005 times the value of the prior year WPU. Implementing this statutory increase raises the guarantee rate from \$27.17 to \$31.10 in FY 2013. The estimated cost of this increase is \$43.9 million.

This increase is larger than in past years due to the significant increase in the WPU value in FY 2012. The Legislature reallocated funding from programs in the Related to Basic School Program into the WPU Value, increasing the value approximately 9 percent. Because the statutory increase is based on the prior year WPU Value, this FY 2012 change in the WPU Value impacts the FY 2013 budget.

### ***Changes in Local Property Tax Revenue***

Estimates for FY 2013 indicate that local property tax revenues for the Voted Leeway will decrease by \$10,689,200 and will increase by \$5,497,600 for the Board Leeway. The net decrease in local revenue is \$5,191,600; this decrease is largely the result of lower property values in the participating school districts.

**BUDGET SUMMARY**

The FY 2013 base budget for the Basic School Program totals \$387,405,300. Most funding, \$306,112,500 comes from local property tax sources and \$81,292,800 comes from the Education Fund.

**BUDGET DETAIL TABLE**

<b>Voted &amp; Board Leeways</b>			
<b>Sources of Revenue</b>		<b>Total Revenue</b>	<b>Total Revenue</b>
A. State Revenue			
1. Education Fund		\$81,292,848	\$81,292,800
B. Local Revenue			
1. Voted Leeway		234,191,851	234,191,900
2. Board Leeway		56,920,609	56,920,600
3. Board Leeway - Reading Improvement Program		15,000,000	15,000,000
C. Beginning Nonlapsing Balances <sup>(1)</sup>		16,504,400	16,504,400
D. Closing Nonlapsing Balances		(16,504,400)	(16,504,400)
<b>Total Revenue:</b>		<b>\$387,405,308</b>	<b>\$387,405,300</b>
<b>Programs of Expenditure</b>		<b>Funding</b>	<b>Funding</b>
<b>Guarantee Rate (per 0.0001 Tax Rate per WPU):</b>		<b>\$27.17</b>	<b>\$27.17</b>
A. Voted and Board Leeway Programs			
1. Voted Leeway		\$297,260,811	\$297,260,800
2. Board Leeway		75,144,497	75,144,500
3. Board Leeway - Reading Improvement Program		15,000,000	15,000,000
<b>Total Expenditures:</b>		<b>\$387,405,308</b>	<b>\$387,405,300</b>

**RECOMMENDATIONS**

- For the Minimum School Program – Voted & Board Leeway Programs, the Fiscal Analyst recommends an FY 2013 base budget of \$387,405,300 as shown in the Budget Detail Table above.
- The Fiscal Analyst further recommends that the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$11,903,200 from the Education Fund for student enrollment growth as outlined above. This amount will maintain the FY 2012 state guarantee rate of \$27.17 for all qualifying WPUs in FY 2013.
- The Fiscal Analyst also recommends that the subcommittee adopt the following estimated property tax revenue amounts for FY 2013: (1) Voted Leeway, \$223,502,700; (2) Board Leeway, \$62,418,200; and (3) Board Leeway – K-3 Reading Improvement, \$15,000,000.