

School Facilities Funding Conversation

- I. Bond Equalization fund**
 - a. Leave this program in place
 - b. Does a good job of equalizing property tax burden

- II. Plant Facility Levies (change)**
 - a. Change current Code to allow for up to 20 years (currently allows for up to 10 years)
 - i. Extending collection term would allow for districts to run plant facility levies (instead of bonds) for amounts large (and long) enough to add onto schools, and in some cases build a new school
 - ii. Could utilize lease/purchase mechanism to build now and “lease to own” with fixed levy amount.
 - iii. Plant levies authorize a fixed levy amount (not “unlimited as to rate or amount” that applies to bonds)
 - iv. 55% or 60% voter approval rate

III. School Capital Improvement Matching Program (new)

School Capital Improvement Matching Program would provide matching facility grants to districts who pass bonds for construction projects.

- Pot of money that districts could draw from.
 - Initial appropriation of \$100 million
 - Annual appropriation to replenish matching dollars
- Mechanics (annual cycle)
 - Districts conduct a “needs assessment” completed by a licensed architect or facility consultant
 - Districts submit application (including needs assessment) for matching dollars
 - State committee would evaluate applications and determine a priority list (similar to DEQ SRF)
 - District must pass bond to access matching dollars from the funding list
 - Districts would be alerted of priority list before running bond election
 - Districts would run local bond election for local portion of project (total cost less authorized state match)
 - Priority list would be applicable for specific time period (allow two years to pass bond?) Unused moneys after applicable time period (bonds that don’t pass) would be recycled for future priority lists
- Priority List
 - Evaluation criteria could include: Health Safety, Security, meeting ADA requirements, capacity (growth issues), technology, developing or expanding Career/Technical programs, etc.
 - Balance rural & urban?

- Higher match (50%) for health safety and security
- Lower match (35%) for growth
- Cap amount available to individual district per funding cycle so large districts don't crowd out smaller districts
- **Benefits**
 - Property tax relief – Districts will run smaller bonds and have reduced interest costs because of equity provided by state matching grants
 - Help districts that struggle to pass facility bonds to upgrade and modernize their facilities
 - Future funding would be subject to appropriation – allowing State to make funding adjustments during economic downturn
- **Sizing evaluation**
 - The most recent 5-year average amount of bonds approved was \$157 million. With a maximum matching grant of 50% - the average annual demand on the program would have been roughly \$80 million
 - Not all projects would qualify for 50% match
 - Some years will have higher amounts – the largest year was 2017 when \$409 million in bonds were approved
 - Other years will have lower amounts – the lowest year was 2020 when no bonds were approved
 - The 20-year historical average amount of bonds passing is \$122 million
- **Charter Schools**
 - Work with Charter School stakeholders to determine equitable program for matching grants