School facility needs have received a lot of attention lately, including in the 2017 Legislature. Here’s a recap.

First, it might help to review one of the 2015-2016 School Funding Interim Commission’s findings. The commission identified three “tiers” related to facility needs:

Tier 1—Operations and regular maintenance (O&M) – basically the normal costs of heating, cleaning, and running a building (the state and district share a large portion of these costs via the district general fund);

Tier 2—Major maintenance – those larger, periodic investments, like replacing a roof or boiler, resurfacing floors, fixing or replacing windows (this was an area of funding concern due to unpredictable state support of the QSFGP* and lack of district commitment evidenced by just over a quarter of districts utilizing building reserve funds); and

Tier 3—New construction including additions and major renovations (district bond levies are the main funding vehicle for this and state support of poorer districts through the facility reimbursement program [now renamed debt service assistance] has eroded over the last decade).

* Quality Schools Facility Grant Program; repealed in SB 307 (Jones, 2017)

With the enactment and interaction of a number of bills, there are now two main buckets for state money to support Tier 2 and Tier 3 school district facility needs through two main programs—school major maintenance aid and debt service assistance

**Tier 2**

New School Major Maintenance Aid Account

Revenue from:
- New NRD for facilities
- Earnings off new subtrust of coal tax trust fund (SB 260)

**Tier 3**

School Facility and Technology Account (20-9-516)

Revenue from:
- Timber harvests
- Riverbed rents (?)

For the current biennium, the revenue streams for both buckets are not likely to be sufficient to fully fund both programs.

- FY 2018—there is no appropriation for major maintenance and revenue for debt service assistance is shaky
- FY 2019—the new NRD kicks in at $5.8 million plus up to $2.0 million from the new subtrust is appropriated for major maintenance; revenue for debt service assistance remains shaky, but there is a mutual spillover provision between the buckets meaning that if one has more revenue than needed to fully fund its program and the other bucket is running low for its program, revenue is transferred

$1 million for tech (statutory approp)

Remaining for debt service assistance to support lower-wealth districts in repaying construction bonds
School districts are given the authority to raise up to $15K + $100/ANB annually—this amount or “box” is intended to be filled by both local effort and state support.

Local effort means:
1. First, a levy not to exceed 10 mills; then
2. Nonlevy revenue deposits and transfers from other funds

State support per dollar of local effort based on district property wealth and tax effort

Each district’s responsibility to fill the box will vary from about 20% for the poorest districts to about 80% for the wealthiest.

State support ranges from about $0.15 to $4.00 per dollar of local effort based on district property tax wealth.

Then, if a district’s adopted general fund budget is less than 97% of its MAX budget, the area of state support is decreased and more local effort is required.

The idea here is that if a district does not have local “skin in the game” in terms of supporting a near-MAX general fund budget, they need to show more local effort here.

State support calculated above multiplied by % of MAX budget if less than 97%.

SB 307 School Major Maintenance Program: Calculating “the Box” and determining ratio of state support*

Example 1

District A has 500 ANB, so its box is $65,000 ($15K + (500 x $100). The district would like to raise $50,000 to replace a boiler but knows there will not be any state support for the year. District A’s mill value is $25,000, so it will levy 2 mills to raise the money.

If the district’s mill value was $10,000 it would take 5 mills.

If a mill was only worth $2,000 in this district, the district would only be able to raise $20,000 due to the 10 mill limit.

Example 2

District B has 100 ANB, so its box is $25,000 ($15K + (100 x $100). The district would like to raise $50,000 to replace a boiler over the next two years and anticipates full state support each year. District B’s mill value is $1,000, so it will levy 6.25 mills to raise the money.

In order to fill its box, District B will need to levy 6.25 mills raising $6,250.

District B is relatively poor and receives state support per dollar of local effort of $3.00. (Its subsidy would be higher, but it budgets at BASE—80% of MAX.) With the district raising $6,250, the state will contribute $18,750.

* State support is subject to appropriation and proration depending on available revenue. There is no appropriation in FY 18, so districts will be on their own to fill up their box.