

School Utility Funding Frequently Asked Questions Provided by APPLE

How did we end up with “excess utilities?”

More than 20 years ago the Legislature capped state funding for electricity, water, phone and sanitation because the state could not keep up with rising energy costs. The state arranged for communities to cover the unmet need with a property tax levy.

Why do some districts have higher excess utilities than others?

At the time the formula was adopted, districts had differences in their costs due to utility-provider rates, condition of buildings, and climate. As a result, the need to go to the property tax impacted each district differently. Because the formula was never modernized, these variables still exist today. A portion of this difference is also due to the awkward reporting on the amount of utilities used. Schools report usage divided by how many students they have and not by square-footage. Square footage is a more accurate way to measure energy use because generally utilities are dispensed to rooms and to buildings, not to individual students. Investments in technology have also increased costs for all districts. After all, telecommunications costs just doesn't mean the phone bill anymore. New technologies create new connectivity and service provider costs.

Why are schools in jeopardy of losing these utilities funding?

Excess utilities funding will sunset after the 2008-09 school year. Arrangements have not been made to replace that revenue and the 1985 cap that determines how much money schools receive to pay their water, light, phone, heating, cooling and garbage bills has not been lifted.

What are schools proposing as a solution?

School districts propose a solution that addresses the three primary issues: **conservation**, **modernization** of the formula and replacing the bulk of the lost **revenue** to avoid education cuts and to keep up with the costs of technology. Schools only request that their actual bills be funded, there is not “extra” or “excess” in their request. Additionally, schools voluntarily agree to give up some of the funding for their actual costs as a way to further motivate districts to find ways to conserve power. This concession is on top of the efficiency savings many districts have already realized due to aggressive conservation planning *and* despite the fact that power rates in most districts have increased *20 percent*. (Many districts have reduced their kilowatt-hours but still see increases in their bills.) In return, they are asking the State to honor its obligation to fund school operations; to modernize the formula so accurate measurements of actual costs for power and technology are used to fund schools; and to adopt new standards for energy efficiencies in school construction.

February 2008