

A Guide to State Allocation Calculations 2023-2024

Alabama State Department of Education

The purpose of this publication is to help you understand the calculations that are found on your school system's allocation sheet (see sample allocation sheet on the following page). You will find the following items for each line contained on the allocation sheet:

- 1) A brief explanation of how the allocation is to be expended
- 2) How the allocation was computed
- 3) The origination of the dollar amount
- 4) Other information relative to the appropriation/allocation

This publication is divided into four (4) sections as seen on the allocation sheet. The sections are:

- 1) Total Units
- 2) Total Foundation Program
- 3) Total State Funds
- 4) Total Local Funds

Flexibility: Local boards of education may exercise flexibility among line item expenditures, not to create a reduction of foundation teacher units and/or local board of education support personnel.



State Department of Education
FY2024 State Totals
FY 2024 - Enacted

STATE TOTALS	FY 2024		FY 2023	Change
Total ADM	726,266.93		723,670.03	2,596.90
Foundation Program Units				
Teachers	42,173.41		41,880.79	292.62
Principals	1,356.00		1,350.00	6.00
Assistant Principals	824.00		823.00	1.00
Counselors	1,458.00		1,453.50	4.50
Librarians	1,367.50		1,360.00	7.50
Career Tech Directors	240.25		239.25	1.00
Career Tech Counselors	71.00		71.00	0.00
Total Units	47,490.16		47,177.54	312.62
Foundation Program (State and Local Funds)				
Salaries	2,879,910,474		2,767,842,344	112,068,130
Fringe Benefits	1,067,871,104		1,041,847,846	26,023,258
Other Current Expense (\$23,068 /unit)	1,095,509,838	(\$21,175 /unit)	998,986,506	96,523,332
Classroom Instructional Support				
Student Materials (\$569.15/unit)	27,029,015	(\$900/unit)	42,459,786	-15,430,771
Technology (\$500/unit)	23,745,080	(\$500/unit)	23,588,770	156,310
Library Enhancement (\$157.72/unit)	7,490,127	(\$157.72/unit)	7,440,840	49,287
Professional Development (\$100/unit)	4,749,016	(\$100/unit)	4,717,754	31,262
Textbooks (\$75/adm)	54,379,239	(\$75/adm)	54,275,370	103,869
Student Growth	42,706,968		27,080,035	15,626,933
Total Foundation Program	5,203,390,861		4,968,239,251	235,151,610
State Funds				
Foundation Program ETF	4,488,432,021		4,281,082,751	207,349,270
School Nurses Program	65,571,473		49,579,875	15,991,598
Salaries - 1% per Act 97-238	0		0	0
Technology Coordinator	20,871,392		20,413,129	458,263
Transportation Operations	380,799,955		355,984,794	24,815,161
Fleet Renewal (\$7,581 /bus)	51,573,543	(\$7,581 /bus)	49,754,103	1,819,440
Current Units	2,000,000		2,000,000	0
At Risk	22,492,734		20,967,734	1,525,000
Board Of Adjustment	750,800		750,800	0
Career Tech O and M	8,000,000		8,000,000	0
ETF Subtotal	5,040,491,918		4,815,613,221	224,878,697
Capital Purchase	215,000,000		215,000,000	0
Debt Service	532,864		532,864	0
PSF Subtotal	215,532,864		215,532,864	0
Total State Funds	5,256,024,782		5,031,146,085	224,878,697
Local Funds				
Foundation Program (10 Mills)	714,958,840	(10 Mills)	687,156,500	27,802,340
Capital Purchase (0.501013 Mills)	35,835,042	(0.525333 Mills)	36,084,125	-249,083
Total Local Funds	750,793,882		723,240,625	27,553,257

NOTE: Due to rounding, some line items may not calculate to exact dollar amount shown.

SECTION (1)

TOTAL UNITS

System ADM

“System ADM” (Average Daily Membership) represents the total, average daily enrollment for your system during the first twenty days after Labor Day of the school year as reported to the State Department of Education (SDE) by your system. This ADM information is collected from your district’s student database by school.

Note:

ACT NO: 2005-309 passed by the Alabama Legislature changed the way systems will report their average daily enrollment. Under this Act, ADM will be based upon the average number of students enrolled on a daily basis during the first 20 scholastic days following Labor Day of the preceding school year.

Teachers

“Teachers” represents the total number of state funded teaching units calculated at each school in your system. This number of teacher units is determined by dividing the ADM in each grade at each school by the “grade divisor” (see below). A sum is derived from all grades in each school. Grade divisors are approved annually by the State Board of Education to be used in the calculation of state calculated teaching units. The current “divisors” are as follows:

$$\begin{aligned} \text{K-3} &= 14.25 \\ \text{4-6} &= 20.06 \\ \text{7-8} &= 19.70 \\ \text{9-12} &= 17.95 \end{aligned}$$

The grade divisors include an adjustment for weighting special education and career technical education to reflect increased programmatic costs. The adjustment for special education reflects 5% ADM weighted 2.50 in grades kindergarten through twelve. The adjustment for career technical education reflects 7.4% ADM weighted 1.40 in grades seven and eight and 16.5% ADM weighted 2.0 in grades nine through twelve.

Principals, Assistant Principals, Counselors, Librarians, Career Technical Education Directors and Career Technical Education Counselors

Principals, Assistant Principals, Counselors, Librarians, Career Technical Education Directors and Career Technical Education Counselors are calculated for each school system.

The Principals, Assistant Principals, Counselors, and Librarians are determined by using each school's ADM and following the classifications of the AdvancED Instructional Support Standards. (See chart on the following page).

The Alabama State Board of Education Resolution of September 11, 1997, and as amended, to date, January 8, 1998, recognized the authority of the State Superintendent to review exceptions to the class size limitations contained within the adopted resolution. The State Board of Education has authorized the State Superintendent to grant exceptions to the assignment of fractional Foundation Program units that are calculated for each school.

In exercising district flexibility in the placement of fractional units, *local superintendents must determine if taking the fractional units from schools and assigning the pooled units to other school(s) will lead to non-compliance with Federal regulations for comparability, supplement/not supplant, or maintenance of effort. If fractional units from Title I schools are pooled, federal funds may not be used to fund additional units (teachers, assistant principals, counselors, librarians, and library aides) in the Title I schools from which the fractional units were removed.*

FY 2014 K-12 INSTRUCTIONAL SUPPORT STANDARDS - Advanced

Position	Elementary		Middle/Secondary	
Principal	1.0		1.0	
 Asst Principal	1-249	0.0	1-249	0.0
	250-499	0.0	250-499	0.5
	500-749	0.5	500-749	1.0
	750-999	1.0	750-999	1.5
	1000-1249	1.5	1000-1249	2.0
	1250-1499	2.0	1250-1499	2.5
	Over 1500	*	Over 1500	*
 Guidance	1-249	0.5	1-249	0.5
	250-499	0.5	250-499	1.0
	500-749	1.0	500-749	1.5
	750-999	1.5	750-999	2.0
	1000-1249	2.0	1000-1249	2.5
	1250-1499	2.5	1250-1499	3.0
	Over 1500	*	Over 1500	*
 Librarian	1-249	0.5	1-249	0.5
	250-499	1.0	250-499	1.0
	500-749	1.0	500-749	1.0
	750-999	1.0	750-999	1.0
	1000-1249	1.0	1000-1249	1.0+
	1250-1499	1.0	1250-1499	1.0+
	Over 1500	1.0	Over 1500	1.0+

* One FTE is added for each additional 250 over 1500

+ After employing one Library/Media Specialist, the school may employ a qualified Technology/Information Specialist to work in collaboration with the Library/Media Specialist

Average Sized School Calculations

The following calculations are samples of “average” sized schools based on ADM to show the manual calculation of all calculated units. The calculations for Special Education and Career Technical Education are merely to serve as a guide to identify a suggested portion of total units calculated.

State Department of Education
Foundation Program
LEA Unit Breakdown

School Name	Type	ADM	Teacher Units	Principal	Asst. Principal Units	Counselor Units	Library/ Media Units	Additional Units (see note)	Voc Ed Principal Units	Voc Ed Counselor Units	Total Units
Average Elementary School	E	445.35	28.19	1.00	0.00	0.50	1.00	0.00	0.00	0.00	30.69
Average Middle School	M	605.62	30.56	1.00	1.00	1.50	1.00	0.00	0.00	0.00	35.06
Average High School	S	740.09	41.23	1.00	1.00	1.50	1.00	0.00	0.00	0.00	45.73
TOTALS:		1,791.06	99.98	3.00	2.00	3.50	3.00	0.00	0.00	0.00	111.48

Average Elementary School (Grades K-5)

ADM: 445.35

Instructional Support Units

Calculated Units

Principal 1.00
Guidance 0.50
Library 1.00

2.50

Teaching Units:

Calculated Units Regular Program

K - 71.31
1 - 73.94
2 - 73.43
3 - 75.96
4 - 76.32
5 - 74.39

$294.64 \div 14.25 = 20.68 - 2.58 = 18.10$

$150.71 \div 20.06 = 7.51 - .94 = 6.57$

Special Education

K - 3 $294.64 \times 5\% = 14.73 \times 2.5 = 36.83 \div 14.25 = 2.58$
4 - 5 $150.71 \times 5\% = 7.54 \times 2.5 = 18.85 \div 20.06 = 0.94$

Career Technical Education

NA

Total Units

Instructional Support: 2.50
Regular Program: 24.67
Special Education: 3.52

30.69 Calculated Units

Average Middle School (Grades 6-8)

ADM: 605.62

Instructional Support Units

Calculated Units

Principal	1.00
Asst. Principal	1.00
Guidance	1.50
Library	1.00

4.50

Teaching Units:

Calculated Units Regular Program

6 - 200.33

$$200.33 \div 20.06 = 9.99 - 1.25 = 8.74$$

7 - 208.49

8 - 196.80

$$405.29 \div 19.70 = 20.57 - 4.70 = 15.87$$

Special Education

$$6 \quad 200.33 \times 5\% = 10.02 \times 2.5 = 25.05 \div 20.06 = 1.25$$

$$7 - 8 \quad 405.29 \times 5\% = 20.26 \times 2.5 = 50.65 \div 19.70 = 2.57$$

Career Technical Education

$$7 - 8 \quad 405.29 \times 7.4\% = 29.99 \times 1.40 = 41.99 \div 19.70 = 2.13$$

Total Units

Instructional Support:	4.50
Regular Program:	24.61
Special Education:	3.82
Vocational:	2.13

35.06 Calculated Units

Average High School (Grades 9-12)

ADM: 740.09

Instructional Support Units

Calculated Units

Principal	1.00
Asst. Principal	1.00
Guidance	1.50
Library	1.00

4.50

Teaching Units:

Calculated Units Regular Program

9 - 227.17

10 - 191.74

11 - 168.11

12 - 153.07

$$740.09 \div 17.95 = 41.23 - 18.76 = 22.47$$

Special Education

$$9 - 12 \quad 740.09 \times 5\% = 37.00 \times 2.5 = 92.50 \div 17.95 = 5.15$$

Career Technical Education

$$9 - 12 \quad 740.09 \times 16.5\% = 122.11 \times 2.0 = 244.22 \div 17.95 = 13.61$$

Total Units

Instructional Support: 4.50

Regular Program: 22.47

Special Education: 5.15

Vocational: 13.61

45.73 Calculated Units

SECTION (2)

TOTAL FOUNDATION PROGRAM

The cost of the Foundation Program is computed using five areas:

- Salaries
- Fringe Benefits
- Classroom Instructional Support
- Other Current Expense
- Student Growth

The total of the cost in the five categories is defined as the cost of the Foundation Program for each school.

Salaries

This number represents the amount of money it will take to fund the salaries of the state calculated units for the current fiscal year for your system. Once the number of state calculated units is determined, these units are converted to dollars using a salary matrix. The matrix is specified annually in the Education Trust Fund (ETF) appropriations act. The salary matrix schedule gives consideration to public education experience, certification and the degree level at which a certificated employee is employed for a standard 187 day contract.

Extension Increases: for Principals, Assistant Principals, Counselors, Career Tech Ed. Counselors, and Career Tech Ed. Directors are determined by school categories (i.e., Elementary, Middle, and Secondary School) by a calculated percentage rate. The extension increase rate for Elementary school Principal is .31; for Assistant Principal .10. The extension increase rate for Middle school Principal is .35; for Assistant Principal .10. The extension increase rate for Secondary school Principal is .45; Assistant Principal .10; Counselor .03; Career Tech Ed. Counselor .03, and Career Tech Ed. Director .45. The accuracy of the information submitted by your system on the LEAPS report significantly effects the salary allocation that your system receives.

Fringe Benefits

This number represents the amount of money it will take to fund the fringe benefits relating to the salaries of the state calculated units. The fringe benefit costs are computed on salaries for Foundation Program units at rates determined by the legislature in the ETF appropriations act, or as otherwise required by state or federal law. Fringe benefits are computed for FICA, Medicare, matching retirement (TRS), health insurance (PEEHIP), unemployment compensation, and leave (sick and personal).

An example of a system's fringe benefits calculation is as follows:

School System Salary Costs = \$5,758,000

School System Units Calculated = 150

Tier I Units = 135

Tier II Units = 15

FICA/MEDICARE = \$ 5,758,000 x 7.65% = \$ 440,487

TRS - Tier I = 135/150 = 90% x \$5,758,000 x 12.59% = \$ 652,439

TRS - Tier II = 15/150 = 10% x \$5,758,000 x 11.57% = \$ 66,620

INSURANCE = \$ 800.00 x 12 mo x 150 = \$ 1,440,000

UNEMP COMP = \$ 5,758,000 x .125% = \$ 7,198

LEAVE = \$ 120.00 x 7 days x 150 = \$ 126,000

(These factors are adjusted on a year-to-year basis)

Other Current Expense (OCE)

Other Current Expense is calculated as a fixed amount (determined annually by the legislature) and multiplied times the number of Foundation Program units in your system. This money has more flexibility than some of the other items listed on the allocation sheet and can be expended for operating expense or salary expense.

Common practice is to code support positions (i.e., janitors, secretaries, bookkeepers) to OCE thereby establishing a full-time equivalent (FTE), which is used in calculating the annual salary and fringe benefit increases for the subsequent year. These calculations are made on support positions only; therefore, it is to your (LEA) benefit to only code support positions to your OCE allocations.

Student Growth

Student Growth is calculated for systems with a growing ADM. The ADM growth from the prior year to the current year for each LEA is calculated. The most recent state-wide gross Foundation Program cost per ADM is calculate. These two calculations are multiplied to determine a dollar amount for growth ADM for each eligible LEA. This is the fully funded rate and is paid to the LEA in the next fiscal year.

Example:

- October 2022 (FY23) to October 2023 (FY24) Growth = 300
- FY24 Total Foundation Program / State ADM = \$7,165
- FY25 Student Growth Allocation = $\$7,165 \times 300 = \$2,149,500$

The Student Growth calculation is part of the total Foundation Program allocation. These funds should be used to pay for the additional expenses incurred because of the increased ADM. Examples of these expenses include, but are not limited to, salaries, benefits, and instructional support.

Classroom Instructional Support

Classroom Instructional Support costs are calculated for all Foundation Program units in the categories of (1) Student Materials (*formerly called Teacher Materials and Supplies*), (2) Technology, (3) Library Enhancement, (4) Professional Development, (5) Common Purchase, and (6) Textbooks. All rates are “per unit” with the exception of “Textbooks” which is calculated on a per ADM rate. Rates are determined by the legislature on an annual basis as provided in the ETF appropriations bill.

An example of a system’s Classroom Instructional Support calculation is as follows:

School System ADM = 2400

School System Units Calculated = 150

STUDENT MATERIALS	= \$ 569.15 x 150	=	\$ 85,372.50
TECHNOLOGY	= 500.00 x 150	=	75,000.00
LIBRARY ENHANCEMENT	= 157.72 x 150	=	23,658.00
PROFESSIONAL DEV	= 100.00 x 150	=	15,000.00
COMMON PURCHASE	= 0.00 x 150	=	0
TEXTBOOKS	= 75.00 x 2400	=	180,000.00

Instructional Support funds must be budgeted and spent in accordance with the rules and regulations specified in Act # 2005-198, which defines the responsibility of the local school budget committee. 100% of the funds allocated for Student Materials shall be used for in-classroom expense.

SECTION (3)

TOTAL STATE FUNDS

Foundation Program - ETF

This number represents the state portion, which is total foundation calculation minus local matching funds (the value of 10 mills for the Foundation Program).

School Nurses

This act provides the annual ETF appropriations for the 2023-2024 fiscal year and includes funding for the school nurses program. The appropriations provide funding for each school system at the rate of \$71,485 for one nurse and the remainder allocated on a per ADM basis \$75.52 per student for additional nurses. Funds not expended for nurses' salaries and fringe benefits may be used for supplies and equipment used exclusively by the school nurses.

Act No. 2023-379 includes a salary matrix to determine the minimum pay for school nurses. The steps in the salary matrix apply to experience obtained as a school nurse in public K-12 schools. The salary matrix establishes the minimum pay for school nurses employed for 187 contract days. School nurses employed for other contract time periods must be paid a pro rata amount of the salary matrix.

Salaries 1% Per Act No. 1997-238

In the fiscal year 1998-99, the legislature included an appropriation for the Foundation Program which provides an allowance for additional instructional salaries and fringe benefits. This amount is over and above the amount calculated for instructional salaries by the State Minimum Salary (Matrix) Schedule. It is typically one percent of total state salaries but may be up to two percent of the total cost of instructional salaries. The allocation is distributed to each local board of education in an equitable manner, based on the number of Foundation Program units calculated. This allocation is to be expended only for classroom salaries and fringe benefits in the academic instructional program.

For the fifteenth year in a row this allocation has been zeroed out in the ETF Appropriations Act.

Technology Coordinator

This appropriation is designated by law and contained in the ETF budget. The purpose of this allocation is to provide funds for local systems to use toward the position of a district technology coordinator who meets the job description and qualifications as established by the State Board of Education. This person serves as the primary point of contact for all technology issues. Each local system is granted \$68,321 for the salary of the District Technology Coordinator.

Transportation

Operations

This is the amount of money to be used to operate your system's school buses for the year.

Funding will be largely based on the size of a school system's transportation operation. Each system will earn personnel positions based on the number of buses running morning and afternoon routes plus a 20% spare allowance. Salary amounts for the earned positions will be determined from each system's salary schedule as submitted on the LEAPS report. However, in order to fund salaries at a more equitable level, salaries for each position will not be allowed to exceed a maximum amount determined by position. If a system earns a position, but the position is vacant, funding will be based on minimum salaries established for each position. Applicable benefit costs and PEEHIP will be calculated on these salary amounts utilizing projected rates for the next fiscal year.

School systems will be required to employ a transportation supervisor at the percentage funded and a sufficient number of mechanics to meet the required mechanic-to-bus ratio of 1 to 25. Flexibility will be allowed in the employment of all other positions to help accommodate individual differences in the personnel and salary structures of each transportation operation. Additionally, under this new formula, systems that contract for their transportation services will be funded in the same manner as those who do not contract.

Allocations for fuel are determined by dividing the annual route miles by the miles per gallon of the Bus Fleet yielding

total gallons of fuel needed. Total gallons of fuel is then multiplied by the projected cost of fuel for the next fiscal year.

Allocations for all other non-salary costs will be calculated by multiplying the number of qualifying buses by a rate established by the State each year for the cost of maintaining a school bus.

Actual amounts allocated to the school system will be determined based on legislative funding in the ETF budget.

Fleet Renewal

This is the amount of money to be used to update your school bus fleet.

Fleet Renewal budget requests are made to the legislature based on the average price of a Type C (Standard) 72-passenger bus with a 10-year depreciation schedule. Final allocations are based on an approved amount established by the legislature that is multiplied by the number of eligible route buses that are 10 years or less in age that run morning and afternoon routes. All fleet renewal funds must be spent for new bus purchases or debt payments for new buses.

Example of an Average System:

30 buses <= 10 years old

Fleet Renewal allocation = \$7,581

30 x \$7,581 = \$227,430

Positions Funded w / Salaries

FY 2024

* Proportional allocation for systems earning less than one position.

■ Required Position, non-flexible.

<i>POSITION</i>	<i>RATIO</i>	<i>ADDITIONAL</i>	<i>MINIMUM</i>	<i>MAXIMUM</i>
<u>Supervisor</u>	1/40*	No additional	\$63,121	\$105,025
Secretary	1/40*	Second@100; additional every 100	\$32,700	\$49,460
Assistant Supervisor	1/200	Additional every 200	\$80,233	\$101,728
<u>Mechanic</u>	1/22*	1@22, 2@33; additional every 22	\$39,544	\$55,789
Shop Foreman	1/55	1@55; additional every 88	\$49,134	\$69,029
Parts Specialist	1/100	Additional every 250	\$35,895	\$51,400
Shop Assistant	1/22*	1@22, 2@33, 3@55, 4@77, additional every 88	\$26,391	\$41,812
Route Specialist	1/75	Additional every 100	\$45,308	\$75,701
Bus Driver	1/1	N/A (Midday: \$50.00 X 180 days X # of buses)	\$14,654	\$19,285
Utility Worker	1/40*	Additional every 40	\$13,743	\$17,860
Bus Aide	IEP	Not Funded	\$0	\$0
Nurse	IEP	Not Funded	\$0	\$0

Capital Purchase

This amount represents the annual estimated total of the statewide 3.0 mills of ad valorem earmarked for education. These funds shall be used for costs related to capital improvements of public school facilities. This appropriation of Public School Funds is contained in the ETF budget and is allocated using a formula based on a system's ability to raise local revenues. This formula has a variable matching scale and guarantees that each local board will receive the same amount per pupil (ADM) in matched funds. In order to receive funds from this appropriation, the LEA must develop and maintain a comprehensive, long-range Capital Plan addressing the facility, educational technology and equipment needs of the local board of education.

At-Risk

This is an annual appropriation determined by the legislature and part of the ETF budget. The total appropriation is divided by the total number of At-Risk students. This allocation is used for those students who have been determined to be at risk of dropping out of school, or who are performing at an academic level below current grade placement. Your school system should be successfully moving students from the At-Risk category. Each student moving from At-Risk should be provided At-Risk services for the 2 years following removal from the At-Risk category. Local systems should provide special programs using these dollars to assist these At-Risk students to increase learning opportunities.

The at-risk funds shall be apportioned to provide funds for development of programs that address the needs of at-risk students as defined by the State Board of education. These programs shall provide the additional services that increase the amount and quality of instructional time with extended learning opportunities including but not limited to before and after school programs, summer programs, tutoring programs, weekend programs, and alternative schools. A portion of the appropriation may also be used for training parents and teachers to work with at-risk students and to provide services that meet identified critical needs of at-risk students. School systems receiving special grant funds from at-risk or other fund sources for early intervention/ special/ innovative/pilot learning projects will be required to submit a written proposal for funds before any release of funds occurs and the funded programs will require a year-end summary of activities so that the project can be evaluated by the

Department or its agent before or shortly after the end of the first full year of implementation and thereafter, if continued.

At-Risk Allotment. For each school the number of free and reduced price lunch eligible students at the end of the first 20 days of attendance following Labor Day is divided by the first 20 days ADM following Labor Day. The number of students scoring in level 1 or 2 (not proficient), is divided by the number tested for the grades in the school that are included in the State approved testing program. The two quotients computed are averaged and the result is multiplied by the total ADM for the school to identify the number of students for every school. Schools with no grades tested on the State approved testing program are assigned 0 for the number scoring in level 1 or 2. The total from all schools within a local school system is used to compute the system At-Risk allocation. The system At-Risk allocation must be used in accordance with the At-Risk Plan submitted by the local board to the State Superintendent of Education. Funds are restricted for use at schools within a system that were used to generate at-risk funds unless provisions are included in the system at-risk plan and approved by the State Superintendent.

Pre-School

This appropriation was originally designated by statute in 1991 (Act No. 1991-474), to provide special education services for children with disabilities. The amount of the appropriation is determined annually by the legislature. Each system reports in October how many children (age 3-4) they have with special needs. This total number is divided into the total appropriation, and the money is allocated by multiplying this number by the number of children in the system. The dollars must be used to provide free, appropriate public education for all eligible children with disabilities.

SECTION (4)

TOTAL LOCAL FUNDS

Local Funds-Foundation Program

This is the amount of local funds required by your system to set aside as a “match” to receive state foundation funds. The amount for your local match is determined by the assessed value of one local district mill of property tax (as reported on your Supplemental II Report which is a part of your annual Financial Statement) multiplied by 10.

Local Match-Capital Purchase

This is the amount of local funds required to match the Capital Purchase allocation for your school system. The required local matching funds are based on the value of 1 mill of district ad valorem tax per ADM in your school system in relation to the school system with the highest value of 1 mill of district ad valorem tax per ADM. This local matching amount may be made by local expenditures for capital improvements or debt service payments for capital improvements.