

# Charter School

## Startup & Implementation Grant

### Talking Points:

- The grant was established during the 2012 general session in 53A-1a-513.5 and is set to be repealed on July 1, 2017 (see 63I-2-249).
- The grant provides financial assistance to new charter schools (regardless of authorizer) for planning, program design, and initial implementation of the school.
- The allocation has been \$2.5 million each year, where \$200,000 is for a mentoring program, \$200,000 is for administrative costs for start-up and new school technical assistance, and \$2.1 million available to new schools.
- From SY2013 to SY2017, 56 schools have received start-up funds.
- The \$200,000 used for administrative costs allows for oversight and assistance to schools as they work to open successfully. This pays for 1 FTE, trainings to schools (such as a new school boot camp and pre-applicant trainings), visits to preoperational and new schools, and grant oversight.
- The start-up funds are critical for new schools. Other than the Startup funds and revolving loan funds (if received), new charter schools do not receive any other funds from the state until the last day of July the year the school opened (i.e., less than 30 days before the typical first day of school).
- Without these funds, schools will need to rely on external funding, such as third parties fronting money to the school. This would likely result in greater long-term costs, such requiring schools to pay interest on any funds provided to them by a third party.
- During FY13-FY17, an average of 10 new schools were eligible each year for the funds and the average award was approximately \$220,000.

### Background:

The Charter School Program (CSP) under the Federal Government created Startup & Implementation grants to promote the successful start of charter schools by providing funds during their planning phase and initial startup (up to 36 consecutive months). Utah received two consecutive CSP Startup & Implementation Grants in FFY2005 and FFY2008. At the time, Utah did not provide another funding source to charter schools until the last day of July the year the school opened (i.e., less than 30 days before the typical first day of school).

The FFY2012 grant awards saw a major change in how the CSP office reviewed the applicants and awarded grant funds. Only 2 of the 14 applicant states received a grant; Utah did not receive a grant. The CSP announced the next available grant would be FFY2016. Therefore, the State Charter School Board (SCSB) worked with legislators to see if the State would provide the critical startup and implementation grant funds to new charter schools.

During the 2012 Legislative Session, the Legislature created a 5-year funding stream for new charter schools via State Startup & Implementation grants. The fund receives \$2.5 million annually, with up to \$200,000 earmarked for mentoring activities and up to 8% of the total amount earmarked for administrative costs. This leaves \$2.1 million allocated to schools each year. The law stipulated awards to new charter schools must be based on

enrollment. The SCSB awarded funds to charter schools for FY13-FY17 for the same purpose as the CSP grant (i.e., startup and implementation costs during a new charter school's planning phase and initial startup).

When the FFY2016 CSP Startup & Implementation Grant application was released, SCSB staff reviewed the CSP grant application and found that current Utah statute and Board rule would not meet several required sections. The CSP anticipated very few awards and stated applications from applicants that did not have rigorous state laws for evaluating and closing low performing charter schools would not be viewed favorably.

When the SCSB initially requested legislative funding, it was based on an average of 7 new schools being eligible for the grant each year and the typical enrollment of each new school was about the same. Each school was projected to receive approximately \$300,000 over the 36-month period. However, during FY13-FY17, an average of 10 new schools were eligible each year and the average award dropped to approximately \$220,000. This is mainly due to successful charter schools replicating and adding a satellite school (which was not a common practice prior to FY13).