

1 **CHARTER SCHOOL FUNDING AMENDMENTS**

2 2011 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Merlynn T. Newbold**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill modifies funding provided to a charter school to replace local discretionary
10 property taxes that are not available to charter schools.

11 **Highlighted Provisions:**

12 This bill:

13 ▶ modifies funding provided to a charter school to replace local property taxes that are
14 not available to charter schools by, over a period of 13 years:

15 • increasing the portion of school district revenues that a school district allocates
16 for a resident student enrolled in a charter school; and

17 • decreasing state revenues allocated to a charter school;

18 ▶ provides an allocation of state funds for a charter school student in the amount of
19 school districts' average per pupil revenues from the voted and board leeway
20 guarantee programs, Capital Outlay Foundation Program, and Capital Outlay
21 Enrollment Growth Program;

21a ~~H~~→ ▶ requires the state superintendent of public instruction to annually report on the
21b number of a school district's resident students enrolled in charter schools and the school
21c district's contribution of local property taxes per charter school student; ←~~H~~

22 ▶ eliminates a requirement that a charter school spend at least 10% of money received
23 to replace local property tax revenue for capital facilities; and

24 ▶ makes technical amendments.

25 **Money Appropriated in this Bill:**

26 None

27 **Other Special Clauses:**



28 This bill takes effect on July 1, 2011.

29 **Utah Code Sections Affected:**

30 AMENDS:

30a **Ĥ→ 53A-1-301, as last amended by Laws of Utah 2010, Chapters 139 and 206 ←Ĥ**

31 **53A-1a-513, as last amended by Laws of Utah 2010, Chapters 3 and 399**



32 *Be it enacted by the Legislature of the state of Utah:*

33a **Ĥ→ Section 1. Section 53A-1-301 is amended to read:**

33b **53A-1-301. Appointment -- Qualifications -- Duties.**

33c (1) (a) The State Board of Education shall appoint a superintendent of public instruction,
33d hereinafter called the state superintendent, who is the executive officer of the board and serves at the
33e pleasure of the board.

33f (b) The board shall appoint the state superintendent on the basis of outstanding professional
33g qualifications.

33h (c) The state superintendent shall administer all programs assigned to the State Board of
33i Education in accordance with the policies and the standards established by the board.

33j (2) The superintendent shall develop a statewide education strategy focusing on core
33k academics, including the development of:

33l (a) core curriculum and graduation requirements;

33m (b) a process to select instructional materials that best correlate to the core curriculum and
33n graduation requirements that are supported by generally accepted scientific standards of evidence;

33o (c) professional development programs for teachers, superintendents, and principals;

33p (d) remediation programs;

33q (e) a method for creating individual student learning targets, and a method of measuring an
33r individual student's performance toward those targets;

33s (f) progress-based assessments for ongoing performance evaluations of districts and schools;

33t (g) incentives to achieve the desired outcome of individual student progress in core academics,
33u and which do not create disincentives for setting high goals for the students;

33v (h) an annual report card for school and district performance, measuring learning and
33w reporting progress-based assessments;

33x (i) a systematic method to encourage innovation in schools and school districts as they strive to
33y achieve improvement in their performance; and

33z (j) a method for identifying and sharing best demonstrated practices across districts and
33aa schools.

33ab (3) The superintendent shall perform duties assigned by the board, including the following:

33ac (a) investigating all matters pertaining to the public schools;

- 33ad **Ĥ→(b) adopting and keeping an official seal to authenticate the superintendent's official acts;**
- 33ae **(c) holding and conducting meetings, seminars, and conferences on educational topics;**
- 33af **(d) presenting to the governor and the Legislature each December a report of the public school**
- 33ag **system for the preceding year to include:**
- 33ah **(i) data on the general condition of the schools with recommendations considered desirable for**
- 33ai **specific programs;**
- 33aj **(ii) a complete statement of fund balances;**
- 33ak **(iii) a complete statement of revenues by fund and source;**
- 33al **(iv) a complete statement of adjusted expenditures by fund, the status of bonded indebtedness,**
- 33am **the cost of new school plants, and school levies;**
- 33an **(v) a complete statement of state funds allocated to each school district and charter school by**
- 33ao **source, including supplemental appropriations, and a complete statement of expenditures by each**
- 33ap **school district and charter school, including supplemental appropriations, by function and object as**
- 33aq **outlined in the U.S. Department of Education publication "Financial Accounting for Local and State**
- 33ar **School Systems";**
- 33as **(vi) a complete statement, by school district and charter school, of the amount of and**
- 33at **percentage increase or decrease in expenditures from the previous year attributed to:**
- 33au **(A) wage increases, with expenditure data for base salary adjustments identified separately**
- 33av **from step and lane expenditures;**
- 33aw **(B) medical and dental premium cost adjustments; and**
- 33ax **(C) adjustments in the number of teachers and other staff;**
- 33ay **(vii) a statement that shows, for each school district, the number of resident students**
- 33az **enrolled in charter schools and the school district's contribution of local property taxes per**
- 33ba **charter school student as provided in Section 53A-1a-513;**
- 33bb **~~[(vii)] (viii)~~ a statement that includes data on fall enrollments, average membership, high**
- 33bc **school graduates, licensed and classified employees, pupil-teacher ratios, average class sizes calculated**
- 33bd **in accordance with State Board of Education rules adopted under Subsection 53A-3-602.5(4), average**
- 33be **salaries, applicable private school data, and data from standardized norm-referenced tests in grades 5,**
- 33bf **8, and 11 on each school and district;**
- 33bg **~~[(viii)] (ix)~~ statistical information regarding incidents of delinquent activity in the schools or**
- 33bh **at school-related activities with separate categories for:**
- 33bi **(A) alcohol and drug abuse;**
- 33bj **(B) weapon possession;**
- 33bk **(C) assaults; and**
- 33bl **(D) arson;**
- 33bm **~~[(ix)] (x)~~ information about:**
- 33bn **(A) the development and implementation of the strategy of focusing on core academics; ←Ĥ**

- 33bo **Ĥ→ (B) the development and implementation of competency-based education and**
 33bp **progress-based assessments; and**
- 33bq **(C) the results being achieved under Subsections (3)(d)(ix)(A) and (B), as measured by**
 33br **individual progress-based assessments and a comparison of Utah students' progress with the progress**
 33bs **of students in other states using standardized norm-referenced tests as benchmarks; and**
- 33bt **[~~(x)~~] (xi) other statistical and financial information about the school system which the state**
 33bu **superintendent considers pertinent;**
- 33bv **(e) collecting and organizing education data into an automated decision support system to**
 33bw **facilitate school district and school improvement planning, accountability reporting, performance**
 33bx **recognition, and the evaluation of educational policy and program effectiveness to include:**
- 33by **(i) data that are:**
- 33bz **(A) comparable across schools and school districts;**
- 33ca **(B) appropriate for use in longitudinal studies; and**
- 33cb **(C) comprehensive with regard to the data elements required under applicable state or federal**
 33cc **law or state board rule;**
- 33cd **(ii) features that enable users, most particularly school administrators, teachers, and**
 33ce **parents, to:**
- 33cf **(A) retrieve school and school district level data electronically;**
- 33cg **(B) interpret the data visually; and**
- 33ch **(C) draw conclusions that are statistically valid; and**
- 33ci **(iii) procedures for the collection and management of education data that:**
- 33cj **(A) require the state superintendent of public instruction to:**
- 33ck **(I) collaborate with school districts in designing and implementing uniform data standards**
 33cl **and definitions;**
- 33cm **(II) undertake or sponsor research to implement improved methods for analyzing education**
 33cn **data;**
- 33co **(III) provide for data security to prevent unauthorized access to or contamination of the data;**
 33cp **and**
- 33cq **(IV) protect the confidentiality of data under state and federal privacy laws; and**
- 33cr **(B) require all school districts and schools to comply with the data collection and management**
 33cs **procedures established under Subsection (3)(e);**
- 33ct **(f) administering and implementing federal educational programs in accordance with Title**
 33cu **53A, Chapter 1, Part 9, Implementing Federal Programs Act; and**
- 33cv **(g) with the approval of the board, preparing and submitting to the governor a budget for the**
 33cw **board to be included in the budget that the governor submits to the Legislature.**
- 33cx **(4) The state superintendent shall distribute funds deposited in the Autism Awareness**
 33cy **Restricted Account created in Section 53A-1-304 in accordance with the requirements of ←Ĥ**

33cz Section 53A-1-304.

33da (5) Upon leaving office, the state superintendent shall deliver to the state superintendent's
33db successor all books, records, documents, maps, reports, papers, and other articles pertaining to the
33dc state superintendent's office.

33dd (6) (a) For the purpose of Subsection (3)(d)(vii):

33de (i) the pupil-teacher ratio for a school shall be calculated by dividing the number of students
33df enrolled in a school by the number of full-time equivalent teachers assigned to the school, including
33dg regular classroom teachers, school-based specialists, and special education teachers;

33dh (ii) the pupil-teacher ratio for a school district shall be the median pupil-teacher ratio of the
33di schools within a school district;

33dj (iii) the pupil-teacher ratio for charter schools aggregated shall be the median pupil-teacher
33dk ratio of charter schools in the state; and

33dl (iv) the pupil-teacher ratio for the state's public schools aggregated shall be the median
33dm pupil-teacher ratio of public schools in the state.

33dn (b) The printed copy of the report required by Subsection (3)(d) shall:

33do (i) include the pupil-teacher ratio for:

33dp (A) each school district;

33dq (B) the charter schools aggregated; and

33dr (C) the state's public schools aggregated; and

33ds (ii) indicate the Internet website where pupil-teacher ratios for each school in the state may be
33dt accessed. ←H

34 Section H→ [†] 2 ←H . Section 53A-1a-513 is amended to read:

35 53A-1a-513. Funding for charter schools.

36 (1) As used in this section:

37 (a) " H→ [~~Charter school students' average local revenues~~] Average district per pupil local
37a revenues ←H " means the amount determined as

38 follows:

39 (i) for each student enrolled in a charter school on the previous October 1, calculate the
40 district per pupil local revenues of the school district in which the student resides;

41 (ii) sum the district per pupil local revenues for each student enrolled in a charter
42 school on the previous October 1; and

43 (iii) divide the sum calculated under Subsection (1)(a)(ii) by the number of students
44 enrolled in charter schools on the previous October 1.

45 (b) "District per pupil local revenues" means the amount determined as follows, using
46 data from the most recently published school district annual financial reports and state
47 superintendent's annual report:

- 48 (i) calculate the sum of a school district's revenue received from:
- 49 (A) a voted levy imposed under Section 53A-17a-133;
- 50 (B) a board levy imposed under Section 53A-17a-134;
- 51 (C) 10% of the cost of the basic program levy imposed under Section 53A-17a-145;
- 52 (D) a tort liability levy imposed under Section 63G-7-704;
- 53 (E) a capital outlay levy imposed under Section 53A-16-107; and
- 54 (F) a voted capital outlay levy imposed under Section 53A-16-110; and
- 55 (ii) divide the sum calculated under Subsection (1)(b)(i) by the sum of:
- 56 (A) a school district's average daily membership; and
- 57 (B) the average daily membership of a school district's resident students who attend
- 58 charter schools.

59 (c) "Resident student" means a student who is considered a resident of the school
60 district under Title 53A, Chapter 2, Part 2, District of Residency.

61 ~~[(d) "Statewide average debt service revenues" means the amount determined as
62 follows, using data from the most recently published state superintendent's annual report:]~~

63 ~~[(i) sum the revenues of each school district from the debt service levy imposed under
64 Section 11-14-310; and]~~

65 ~~[(ii) divide the sum calculated under Subsection (1)(d)(i) by statewide school district
66 average daily membership.]~~

67 (2) (a) Charter schools shall receive funding as described in this section, except
68 Subsections (3) through (8) do not apply to charter schools described in Subsection (2)(b).

69 (b) Charter schools authorized by local school boards that are converted from district
70 schools or operate in district facilities without paying reasonable rent shall receive funding as
71 prescribed in Section 53A-1a-515.

72 (3) (a) Except as provided in Subsection (3)(b), a charter school shall receive state
73 funds, as applicable, on the same basis as a school district receives funds.

74 (b) In distributing funds under Title 53A, Chapter 17a, Minimum School Program Act,
75 to charter schools, charter school pupils shall be weighted, where applicable, as follows:

- 76 (i) .55 for kindergarten pupils;
- 77 (ii) .9 for pupils in grades 1-6;
- 78 (iii) .99 for pupils in grades 7-8; and
- 79 (iv) 1.2 for pupils in grades 9-12.

80 (4) (a) ~~[(+)]~~ A school district shall allocate a portion of school district revenues for each
81 resident student of the school district who is enrolled in a charter school on October 1 ~~[equal to
82 25% of the lesser of]~~ as follows:

- 83 ~~[(A) district per pupil local revenues; or]~~
- 84 ~~[(B) charter school students' average local revenues.]~~
- 85 ~~[(ii) Nothing in this Subsection (4)(a) affects the school bond guarantee program
86 established under Chapter 28, Utah School Bond Guaranty Act.]~~

87 (i) in fiscal year 2011-12:

88 (A) for a resident student enrolled in kindergarten in a charter school, the allocation
89 shall equal 100% of district per pupil local revenues; and

90 (B) for a resident student enrolled in grades 1 through 12 in a charter school, the
91 allocation shall equal 25% of district per pupil local revenues;

92 (ii) in fiscal year 2012-13:

93 (A) for a resident student enrolled in grades kindergarten through 1 in a charter school,
94 the allocation shall equal 100% of district per pupil local revenues; and

95 (B) for a resident student enrolled in grades 2 through 12 in a charter school, the
96 allocation shall equal 25% of district per pupil local revenues;

97 (iii) in fiscal year 2013-14:

98 (A) for a resident student enrolled in grades kindergarten through 2 in a charter school,
99 the allocation shall equal 100% of district per pupil local revenues; and

100 (B) for a resident student enrolled in grades 3 through 12 in a charter school, the
101 allocation shall equal 25% of district per pupil local revenues;

102 (iv) in fiscal year 2014-15:

103 (A) for a resident student enrolled in grades kindergarten through 3 in a charter school,
104 the allocation shall equal 100% of district per pupil local revenues; and

105 (B) for a resident student enrolled in grades 4 through 12 in a charter school, the
106 allocation shall equal 25% of district per pupil local revenues;

107 (v) in fiscal year 2015-16:

108 (A) for a resident student enrolled in grades kindergarten through 4 in a charter school,
109 the allocation shall equal 100% of district per pupil local revenues; and

110 (B) for a resident student enrolled in grades 5 through 12 in a charter school, the
111 allocation shall equal 25% of district per pupil local revenues;

112 (vi) in fiscal year 2016-17:

113 (A) for a resident student enrolled in grades kindergarten through 5 in a charter school,
114 the allocation shall equal 100% of district per pupil local revenues; and

115 (B) for a resident student enrolled in grades 6 through 12 in a charter school, the
116 allocation shall equal 25% of district per pupil local revenues;

117 (vii) in fiscal year 2017-18:

118 (A) for a resident student enrolled in grades kindergarten through 6 in a charter school,
119 the allocation shall equal 100% of district per pupil local revenues; and

120 (B) for a resident student enrolled in grades 7 through 12 in a charter school, the

121 allocation shall equal 25% of district per pupil local revenues;
122 (viii) in fiscal year 2018-19:
123 (A) for a resident student enrolled in grades kindergarten through 7 in a charter school,
124 the allocation shall equal 100% of district per pupil local revenues; and
125 (B) for a resident student enrolled in grades 8 through 12 in a charter school, the
126 allocation shall equal 25% of district per pupil local revenues;
127 (ix) in fiscal year 2019-20:
128 (A) for a resident student enrolled in grades kindergarten through 8 in a charter school,
129 the allocation shall equal 100% of district per pupil local revenues; and
130 (B) for a resident student enrolled in grades 9 through 12 in a charter school, the
131 allocation shall equal 25% of district per pupil local revenues;
132 (x) in fiscal year 2020-21:
133 (A) for a resident student enrolled in grades kindergarten through 9 in a charter school,
134 the allocation shall equal 100% of district per pupil local revenues; and
135 (B) for a resident student enrolled in grades 10 through 12 in a charter school, the
136 allocation shall equal 25% of district per pupil local revenues;
137 (xi) in fiscal year 2021-22:
138 (A) for a resident student enrolled in grades kindergarten through 10 in a charter
139 school, the allocation shall equal 100% of district per pupil local revenues; and
140 (B) for a resident student enrolled in grades 11 through 12 in a charter school, the
141 allocation shall equal 25% of district per pupil local revenues;
142 (xii) in fiscal year 2022-23:
143 (A) for a resident student enrolled in grades kindergarten through 11 in a charter
144 school, the allocation shall equal 100% of district per pupil local revenues; and
145 (B) for a resident student enrolled in grade 12 in a charter school, the allocation shall
146 equal 25% of district per pupil local revenues; and
147 (xiii) beginning in fiscal year 2023-24, the allocation for a resident student enrolled in
148 a charter school shall equal 100% of district per pupil local revenues.
149 (b) The State Board of Education shall:
150 (i) deduct an amount equal to the allocation provided under Subsection (4)(a) from
151 state funds the school district is authorized to receive under Title 53A, Chapter 17a, Minimum

152 School Program Act; and

153 ~~[(ii) remit the money to the student's charter school.]~~

154 (ii) use the money deducted under Subsection (4)(b)(i), together with supplemental
155 state money appropriated as necessary, to provide funds to charter schools in the amount of
156 average district per pupil local revenues for each student enrolled in a charter school on
157 October 1.

158 (c) Notwithstanding the method used to transfer school district revenues to charter
159 schools as provided in Subsection (4)(b), a school district may deduct the allocations to charter
160 schools under this section from:

161 (i) unrestricted revenues available to the school district; or

162 (ii) the revenue sources listed in Subsections (1)(b)(i)(A) through (F) based on the
163 portion of the allocations to charter schools attributed to each of the revenue sources listed in
164 Subsections (1)(b)(i)(A) through (F).

165 (d) ~~[(i)]~~ Subject to future budget constraints and in addition to money distributed to
166 charter schools under Subsection (4)(b), the Legislature shall provide an appropriation for
167 charter schools for each student enrolled on October 1 [to supplement the allocation of school
168 district revenues under Subsection (4)(a). (ii) Except as provided in Subsection (4)(d)(iii), the
169 amount of money provided by the state for a charter school student shall be the sum of: (A)
170 charter school students' average local revenues minus the allocation of school district revenues
171 under Subsection (4)(a); and (B) statewide average debt service revenues.] in an amount equal
172 to:

173 (i) the sum of the following received by school districts statewide in the fiscal year two
174 years prior to the fiscal year a charter school receives a per pupil allocation under this
175 Subsection (4)(d):

176 (A) money for the guarantee provided under the voted leeway program established in
177 Section 53A-17a-133;

178 (B) money for the guarantee provided under the board-authorized leeway program
179 established in Section 53A-17a-134;

180 (C) money provided under the Capital Outlay Foundation Program created in Section
181 53A-21-201;

182 (D) money provided under the Capital Outlay Enrollment Growth Program created in

183 Section 53A-21-301; and

184 (E) revenues received from a debt service levy imposed under Section 11-14-310;

185 divided by

186 (ii) the sum of the average daily membership of school districts statewide in the school

187 year that is two years before the school year a charter school receives a per pupil allocation

188 under this Subsection (4)(d).

189 ~~[(iii) If the total of a school district's allocation for a charter school student under~~

190 ~~Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than~~

191 ~~\$1427, the state shall provide an additional supplement so that a charter school receives at least~~

192 ~~\$1427 per student under this Subsection (4).]~~

193 ~~[(iv)-(A)] (e) (i) If the appropriation provided under this Subsection (4)[(d)]~~

193a ~~H→ [(e)] ←H~~ is [less

194 ~~than the amount prescribed by Subsection (4)(d)(ii) or (4)(d)(iii)] insufficient to provide the~~

195 amounts required in Subsections (4)(b)(ii) and (4)(d), the appropriation shall be allocated

196 among charter schools in proportion to each charter school's enrollment as a percentage of the

197 total enrollment in charter schools.

198 ~~[(B)] (ii) If the State Board of Education makes adjustments to Minimum School~~

199 Program allocations as provided under Section 53A-17a-105, the allocation provided in

200 Subsection ~~[(4)(d)(iv)-(A)] (4)(e)(i)~~ shall be determined after adjustments are made under

201 Section 53A-17a-105.

202 ~~[(e) Of the money provided to a charter school under this Subsection (4), 10% shall be~~
203 ~~expended for funding school facilities only.]~~

204 (f) Nothing in this Subsection (4) affects the school bond guarantee program

205 established under Chapter 28, Utah School Bond Guaranty Act.

206 (5) Charter schools are eligible to receive federal funds if they meet all applicable
207 federal requirements and comply with relevant federal regulations.

208 (6) The State Board of Education shall distribute funds for charter school students
209 directly to the charter school.

210 (7) (a) Notwithstanding Subsection (3), a charter school is not eligible to receive state
211 transportation funding.

212 (b) The board shall also adopt rules relating to the transportation of students to and
213 from charter schools, taking into account Sections 53A-2-210 and 53A-17a-127.

214 (c) The governing body of the charter school may provide transportation through an
215 agreement or contract with the local school board, a private provider, or with parents.

216 (8) (a) (i) The state superintendent of public instruction may allocate grants for both
217 start-up and ongoing costs to eligible charter school applicants from money appropriated for
218 the implementation of this part.

219 (ii) Applications for the grants shall be filed on a form determined by the state
220 superintendent and in conjunction with the application for a charter.

221 (iii) The amount of a grant may vary based upon the size, scope, and special
222 circumstances of the charter school.

223 (iv) The governing board of the charter school shall use the grant to meet the expenses
224 of the school as established in the school's charter.

225 (b) The State Board of Education shall coordinate the distribution of federal money
226 appropriated to help fund costs for establishing and maintaining charter schools within the
227 state.

228 (9) (a) A charter school may receive, hold, manage and use any devise, bequest, grant,
229 endowment, gift, or donation of any property made to the school for any of the purposes of this
230 part.

231 (b) It is unlawful for any person affiliated with a charter school to demand or request
232 any gift, donation, or contribution from a parent, teacher, employee, or other person affiliated
233 with the charter school as a condition for employment or enrollment at the school or continued
234 attendance at the school.

235 Section ~~H~~→ [2] 3 ←~~H~~ . **Effective date.**

236 This bill takes effect on July 1, 2011.

Legislative Review Note
as of 2-11-11 11:27 AM

Office of Legislative Research and General Counsel

FISCAL NOTE

H.B. 313

SHORT TITLE: Charter School Funding Amendments

SPONSOR: Newbold, M.

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill may increase the cost from the Education Fund to the Minimum School Program by \$984,400 based on changes to the Charter School Local Replacement formula outlined in the bill.

Currently, school districts pay 25 percent of their district per pupil local revenues towards the total cost of the local replacement. Enactment of this bill will increase the district contribution to 100 percent of per pupil local revenues based on the phase-in outlined in the bill. The state will continue to provide a replacement for the state average local property tax revenues generated in the districts, as well as, an average replacement for state property tax guarantee programs as outlined in the bill.

STATE BUDGET DETAIL TABLE

	FY 2011	FY 2012	FY 2013
Revenue	\$0	\$0	\$0
Expenditure:			
Education Fund	\$0	\$984,400	\$984,100
Total Expenditure	\$0	\$984,400	\$984,100
Net Impact, All Funds (Rev.-Exp.)	\$0	(\$984,400)	(\$984,100)
Net Impact, General/Education Funds	\$0	(\$984,400)	(\$984,100)

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

School districts that have resident students attending a charter school will contribute to the cost of the local replacement at a greater rate over the next thirteen years as outlined in the bill. Based on the current formula, school districts may contribute approximately \$15.9 million to the cost of the local replacement in FY 2012. The actual amount will vary depending on the total number of students entering charter schools this fall.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill likely will not result in direct, measurable expenditures by Utah residents or businesses.