

**CHARTER SCHOOL FUNDING AMENDMENTS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Merlynn T. Newbold**

Senate Sponsor: \_\_\_\_\_

---

---

**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

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

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

- decreasing state revenues allocated to a charter school;

▶ provides an allocation of state funds for a charter school student in the amount of school districts' average per pupil revenues from the voted and board leeway

guarantee programs, Capital Outlay Foundation Program, and Capital Outlay

Enrollment Growth Program;

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

▶ makes technical amendments.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**



28 This bill takes effect on July 1, 2011.

29 **Utah Code Sections Affected:**

30 AMENDS:

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



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

34 Section 1. 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) "Charter school students' average local revenues" 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)]~~(e) 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 2. **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.