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Charter School Modifications
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Heidi Balderree
House Sponsor: Candice B. Pierucci

LONG TITLE

General Description:

This bill establishes a charter school base funding study and creates a charter school educational service agency.

Highlighted Provisions:

This bill:

- ▶ requires a study of charter school administrative costs and funding options;
- ▶ establishes a charter school base funding study group with specific membership;
- ▶ requires charter school governing board members to take an oath of office;
- ▶ clarifies that charter schools are public schools;
- ▶ replaces the Charter School Revolving Account with the Charter School Revolving Fund;
- ▶ requires the study group to examine charter school administrative costs and funding options;
- ▶ directs the State Board of Education to report to the Legislature by December 1, 2026; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

This bill appropriates \$3,600,000 in operating and capital budgets for fiscal year 2027, all of which is from the various sources as detailed in this bill.

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

- 53F-2-706 (Effective upon governor's approval)**, as last amended by Laws of Utah 2023, Chapter 467
- 53F-9-203 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,

28 Chapter 507
 29 **53G-5-104 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
 30 Chapter 63
 31 **53G-5-401 (Effective upon governor's approval)**, as last amended by Laws of Utah 2024,
 32 Chapter 63

33 ENACTS:

34 **53F-9-203.1 (Effective upon governor's approval)**, Utah Code Annotated 1953

35 **53G-5-406.5 (Effective upon governor's approval)**, Utah Code Annotated 1953

36

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

38 Section 1. Section **53F-2-706** is amended to read:

39 **53F-2-706 (Effective upon governor's approval). Small charter school base**
 40 **funding -- Base funding study.**

41 (1) Subject to legislative appropriation, the state board shall distribute small charter school
 42 base funding to charter schools with 2,000 or fewer students in the amount of the greater
 43 of \$40,000 or \$115 per student.

44 (2) A charter school's eligibility for small charter school base funding is determined by the
 45 charter school's student enrollment on October 1 of a given year.

46 (3) Notwithstanding this section and subject to legislative appropriations, including intent
 47 language for the applicable fiscal year, the state board may distribute to charter schools,
 48 regardless of size, one-time funding that the Legislature appropriates[~~to mitigate~~
 49 ~~funding losses as described in legislative appropriations~~].

50 (4)(a) Subject to legislative appropriations, the state board shall coordinate and facilitate
 51 a comprehensive study of administrative and base funding costs for charter schools.

52 (b) The study described in Subsection (4)(a) shall include the following members to
 53 constitute the study group:

54 (i) a charter school business administrator from a small charter school whom the
 55 chair of the state board appoints;

56 (ii) a charter school director from a large charter school whom the chair of the state
 57 board appoints;

58 (iii) a school district business administrator whom the chair of the state board
 59 appoints;

60 (iv) the director of each charter school association that has a member charter school
 61 operating in the state, or the director's designee;

- 62 (v) a member of the Utah State Charter School Board whom the chair of the state
63 board appoints;
- 64 (vi) a member of the state board whom the chair of the state board appoints;
65 (vii) relevant staff from the state board whom the chair of the state board appoints;
66 and
- 67 (viii) a representative from the Governor's Office of Planning and Budget whom the
68 director of the Governor's Office of Planning and Budget appoints.
- 69 (c) The chair of the state board shall:
- 70 (i) convene the first meeting of the study group no later than April 1, 2026; and
71 (ii) designate a member of the study group to serve as chair of the study group.
- 72 (5) The study group described in Subsection (4)(b) shall:
- 73 (a) examine how factors such as school size, enrollment scale, and operational models
74 impact the relative costs of operating charter schools;
- 75 (b) analyze the adequacy and effectiveness of the charter school base funding formula in
76 addressing economies of scale challenges faced by charter schools of varying sizes;
- 77 (c) compare administrative and operational cost structures across charter schools of
78 different sizes and configurations and applicable districts;
- 79 (d) evaluate whether current funding mechanisms appropriately account for:
- 80 (i) fixed costs that do not scale proportionally with enrollment;
81 (ii) administrative requirements mandated by state and federal law; and
82 (iii) operational efficiencies or challenges unique to charter schools;
- 83 (e) consider funding models used in other states or jurisdictions that may provide
84 insights for the charter school funding system; and
- 85 (f) identify any additional factors that significantly impact charter school operational
86 costs beyond those currently considered in the funding formula.
- 87 (6) The state board shall submit a report to the Public Education Appropriations
88 Subcommittee no later than December 1, 2026, that includes:
- 89 (a) findings from the study described in this section;
90 (b) recommendations for any modifications to the charter school base funding formula;
91 (c) proposed criteria or metrics for evaluating the ongoing adequacy of charter school
92 base funding;
- 93 (d) estimated fiscal impacts of any recommended changes; and
94 (e) a proposed timeline for implementation of any recommended modifications.
- 95 (7) Subject to legislative appropriations, the state board may contract with a qualified third

96 party, including institutions of higher education or research organizations, to conduct
97 part of the study described in this section.

98 Section 2. Section **53F-9-203** is amended to read:

99 **53F-9-203 (Effective upon governor's approval). Charter School Revolving**
100 **Account.**

101 (1)(a) The terms defined in Section 53G-5-102 apply to this section.

102 (b) As used in this section, "account" means the Charter School Revolving Account.

103 (2)(a) There is created within the Uniform School Fund a restricted account known as
104 the "Charter School Revolving Account" to provide assistance to charter schools to:

105 (i) meet school building construction and renovation needs; and

106 (ii) pay for expenses related to the start[-]up of a new charter school or the expansion
107 of an existing charter school.

108 (b) The state board, in consultation with the State Charter School Board, shall administer
109 the Charter School Revolving Account in accordance with rules adopted by the state
110 board.

111 (3) The Charter School Revolving Account shall consist of:

112 (a) money appropriated to the account by the Legislature;

113 (b) money received from the repayment of loans made from the account; and

114 (c) interest earned on money in the account.

115 (4) The state superintendent shall make loans to charter schools from the account to pay for
116 the costs of:

117 (a) planning expenses;

118 (b) constructing or renovating charter school buildings;

119 (c) equipment and supplies; or

120 (d) other start-up or expansion expenses.

121 (5) Loans to new charter schools or charter schools with urgent facility needs may be given
122 priority.

123 (6) The state board shall:

124 (a) review requests by charter schools for loans under this section; and

125 (b) in consultation with the State Charter School Board, approve or reject each request.

126 (7) A loan under this section may not be made unless the state board, in consultation with
127 the State Charter School Board, approves the loan.

128 (8) The term of a loan to a charter school under this section may not exceed five years.

129 (9) The state board may not approve loans to charter schools under this section that exceed

130 a total of \$2,000,000 in any fiscal year.

131 (10)(a) On March 16, 2011, the assets of the Charter School Building Subaccount
132 administered by the state board shall be deposited into the Charter School Revolving
133 Account.

134 (b) Beginning on March 16, 2011, loan payments for loans made from the Charter
135 School Building Subaccount shall be deposited into the Charter School Revolving
136 Account.

137 (11)(a) On July 1, 2026, the state board shall transfer into the Charter School Revolving
138 Fund created in Section 53F-9-203.1 the assets, unused money, and obligations of the
139 Charter School Revolving Account administered under this section.

140 (b) Beginning July 1, 2026, the state board shall deposit loan payments received for
141 loans made under this section into the Charter School Revolving Fund established in
142 Section 53F-9-203.1.

143 Section 3. Section **53F-9-203.1** is enacted to read:

144 **53F-9-203.1 (Effective upon governor's approval). Charter School Revolving**
145 **Fund.**

146 (1) As used in this section:

147 (a) The definitions in Section 53G-5-102 apply to this section.

148 (b) "Fund" means the Charter School Revolving Fund.

149 (2)(a) There is created within the Uniform School Fund a restricted account known as
150 the Charter School Revolving Fund to provide assistance to charter schools to:

151 (i) meet school building construction and renovation needs; and

152 (ii) pay for expenses related to the startup of a new charter school or the expansion of
153 an existing charter school.

154 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
155 Utah Charter Finance Authority shall make rules to administer the fund including:

156 (i) establishing the interest rates of loans;

157 (ii) amortization schedules for loans; and

158 (iii) other terms of repayment.

159 (3) The fund shall consist of:

160 (a) assets and money deposited in accordance with Subsection (9);

161 (b) money the Legislature appropriates to the fund;

162 (c) money received from the repayment of loans made from the fund; and

163 (d) interest earned on money in the fund.

- 164 (4) The Utah Charter Finance Authority shall make loans to charter schools from the fund
 165 for a loan of:
- 166 (a) up to \$1,000,000 to a charter school for a school facility addition or expansion; or
 167 (b) up to 25% of a requested loan amount to a charter school for the acquisition or
 168 construction of a school facility.
- 169 (5) The Utah Charter Finance Authority shall:
- 170 (a) review requests by charter schools for loans under this section; and
 171 (b) approve or reject each request.
- 172 (6) The Utah Charter Finance Authority:
- 173 (a) shall:
- 174 (i) make a loan that is secured by a promissory note and a deed of trust from the
 175 charter school; and
- 176 (ii) require a recipient charter school to repay the funds if the recipient charter school
 177 sells or refinances any collateral associated with the loan; and
- 178 (b) may make a loan that is subordinate to senior debt.
- 179 (7) A loan under this section may not be made unless the Utah Charter Finance Authority
 180 approves the loan.
- 181 (8) The Utah Charter Finance Authority shall set the term of a loan to a charter school
 182 under this section.
- 183 (9)(a) On July 1, 2026, the state board shall transfer into the fund the assets, unused
 184 money, and obligations of the Charter School Revolving Account administered under
 185 Section 53F-9-203.
- 186 (b) Beginning on July 1, 2026, the state board shall deposit loan payments for loans
 187 made from the Charter School Revolving Account into the fund.
- 188 Section 4. Section **53G-5-104** is amended to read:
- 189 **53G-5-104 (Effective upon governor's approval). Purpose of charter schools --**
 190 **Charter schools are public schools.**
- 191 (1) The purposes of the state's charter schools are to enhance school choice, meet the
 192 unique needs of Utah families, and encourage innovation within the public education
 193 system by:
- 194 [(1)] (a) continuing to improve student learning;
 195 [(2)] (b) encouraging the use of different and innovative teaching methods;
 196 [(3)] (c) creating new professional opportunities for educators that allow educators to
 197 actively participate in designing and implementing learning programs at the school;

- 198 ~~[(4)]~~ (d) increasing choice of learning opportunities for students;
 199 ~~[(5)]~~ (e) establishing new educational models and new forms of accountability that
 200 emphasize unique performance measures and innovative measurement tools to
 201 measure education outcomes;
 202 ~~[(6)]~~ (f) providing opportunities for greater parental involvement in governance decisions
 203 at the school level;
 204 ~~[(7)]~~ (g) expanding public school choice in areas where there is a lack of school choice or
 205 where schools have been identified for school improvement, corrective action, or
 206 restructuring; and
 207 ~~[(8)]~~ (h) collaborating within the public education system.

208 (2) As described in Section 53G-5-401, a charter school is a public school for all purposes
 209 under Utah law, including:

- 210 (a) the Legislature's authority under Utah Constitution, Article X, Section 3, to designate
 211 schools and educational programs, including charter schools, as part of the public
 212 education system;
 213 (b) eligibility for public funding and resources;
 214 (c) access to public facilities and property;
 215 (d) participation in public school programs and initiatives; and
 216 (e) application of laws governing an LEA.

217 Section 5. Section **53G-5-401** is amended to read:

218 **53G-5-401 (Effective upon governor's approval). Status of charter schools.**

219 (1) Charter schools~~[-are]~~:

- 220 (a) are considered to be public schools within the state's public education system;
 221 (b) are subject to Subsection 53E-3-401(8); and
 222 (c) shall be governed by an independent [boards] board whose members have taken the
 223 oath of office as described in Section 53G-5-406.5, and held accountable to a legally
 224 binding written contractual agreement.

225 (2) A charter school may be established by:

- 226 (a) creating a new school; or
 227 (b) converting an existing district school to charter status.

228 (3) A parochial school or home school is not eligible for charter school status.

229 Section 6. Section **53G-5-406.5** is enacted to read:

230 **53G-5-406.5 (Effective upon governor's approval). Oath of office for charter**
 231 **school governing board members.**

232 (1) Before entering upon the duties of office, each charter school governing board member
 233 shall take and subscribe to the following oath: "I do solemnly swear that I will support,
 234 obey, and defend the Constitution of the United States and the Constitution of the State
 235 of Utah, and that I will discharge the duties of my office as a charter school governing
 236 board member with fidelity."

237 (2) The charter school's authorizer shall ensure the oath is administered by:

238 (a) in accordance with Section 78B-1-142, any person authorized to administer oaths;

239 (b) for a newly authorized charter school, a representative of the charter school's
 240 authorizer; or

241 (c) after the initial board is sworn in, the chair or another member of the charter school
 242 governing board.

243 (3) The charter school shall:

244 (a) in accordance with Subsection 51-1-2(2), maintain a record of each governing board
 245 member's oath; and

246 (b) provide proof of compliance to the charter school's authorizer upon request.

247 **Section 7. FY 2027 Appropriations.**

248 The following sums of money are appropriated for the fiscal year beginning July 1,
 249 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
 250 fiscal year 2027.

251 **Subsection 7(a). Operating and Capital Budgets**

252 Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures Act, the
 253 Legislature appropriates the following sums of money from the funds or accounts indicated for
 254 the use and support of the government of the state of Utah.

255 **ITEM 1 To State Board of Education - Minimum School Program - Related to Basic**
 256 **School Programs**

257 From Public Education Economic Stabilization
 258 Restricted Account, One-time 3,100,000

259 Schedule of Programs:

260 Charter School Funding Base Program 3,100,000

261 (1) The Legislature intends the state board to
 262 provide additional base funding to charter schools above
 263 the amounts directed in Section 53F-2-706 using a
 264 formula approved by the state board that distributes no
 265 more than \$220,000 in total base funding to any charter

266 school with amounts decreasing proportionately for each
267 additional student.

268 (2) The Legislature further intends the formula to
269 distribute no more than \$175,000 to charters with more
270 than 2,000 students and for smaller charter schools, no
271 more than what the state board's formula would provide
272 per student for a charter school with 100 students.

273 (3) The Legislature further intends the study
274 described in Section 53F-2-706 shall be funded from this
275 appropriation not to exceed \$70,000.

276 ITEM 2 To State Board of Education - Regional Education Service Agencies

277 From Public Education Economic Stabilization

278 Restricted Account, One-time 500,000

279 Schedule of Programs:

280 Charter School Educational Service Agency 500,000

281 Section 8. **Effective Date.**

282 This bill takes effect:

283 (1) except as provided in Subsection (2), May 6, 2026; or

284 (2) if approved by two-thirds of all members elected to each house:

285 (a) upon approval by the governor;

286 (b) without the governor's signature, the day following the constitutional time limit of
287 Utah Constitution, Article VII, Section 8; or

288 (c) in the case of a veto, the date of veto override.