

SB0186S01 compared with SB0186

~~{Omitted text}~~ shows text that was in SB0186 but was omitted in SB0186S01

inserted text shows text that was not in SB0186 but was inserted into SB0186S01

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1 **Charter School Base Funding Amendments**
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Heidi Balderree
House Sponsor:Candice B. Pierucci



2
3 **LONG TITLE**

4 **General Description:**

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

7 **Highlighted Provisions:**

8 This bill:

- 9 ▶ requires a study of charter school administrative costs and funding options;
- 10 ▶ establishes a charter school base funding study group with specific membership;
- 11 ▶ requires the study group to examine charter school administrative costs and funding options;
- 13 ▶ directs the State Board of Education to report to the Legislature by December 1, 2026;and
- 14 ▶ ~~{ creates charter school educational service agencies to provide economies of scale for charter schools; }~~
- 16 ▶ ~~{ allows charter schools to form a service agency through a memorandum of understanding; and }~~
- 18 ▶ makes technical changes.

15 **Money Appropriated in this Bill:**

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- 16 ▶ This bill appropriates {~~\$15,995,000~~} \$3,600,000 in operating and capital budgets for fiscal year
17 of which is from the various sources as detailed in this bill.

18 **Other Special Clauses:**

19 This bill provides a special effective date.

20 **Utah Code Sections Affected:**

21 **AMENDS:**

22 **53F-2-706 (Effective upon governor's approval)**, as last amended by Laws of Utah 2023, Chapter
23 467

24 **ENACTS:**

25 ~~{53G-5-415 (Effective upon governor's approval), Utah Code Annotated 1953}~~

26

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

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

29 **53F-2-706. Small charter school base funding -- Base funding study.**

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

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

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

39 (4)

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

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

44 {(i) {~~one member of the Senate whom the president of the Senate appoints;~~} }

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- {(ii) ~~{ one member of the House of Representatives whom the speaker of the House of Representatives appoints;}~~}
- 51 (iii){(i)} a charter school business administrator from a small charter school whom the chair of the state board appoints;
- 53 (iv){(ii)} a charter school director from a large charter school whom the chair of the state board appoints;
- 55 (v){(iii)} a school district business administrator whom the chair of the state board appoints;
- 56 (vi){(iv)} the director of each charter school association that has a member charter school operating in the state, or the director's designee;
- 58 (vii){(v)} a member of the Utah State Charter School Board whom the chair of the state board appoints;
- 60 (viii){(vi)} a member of the state board whom the chair of the state board appoints;
- 61 (ix){(vii)} relevant staff from the state board whom the chair of the state board appoints;and
- 62 ~~{(x) {a representative from the Legislative Fiscal Analyst Office whom the director of the Legislative Fiscal Analyst Office appoints; and}}~~
- 64 (xi){(viii)} a representative from the Governor's Office of Planning and Budget whom the director of the Governor's Office of Planning and Budget appoints.
- 66 (c) The chair of the state board shall:
- 67 (i) convene the first meeting of the study group no later than April 1, 2026; and
- 68 (ii) designate a member of the study group to serve as chair of the study group.
- 69 (5) The study group described in Subsection (4)(b) shall:
- 70 (a) examine how factors such as school size, enrollment scale, and operational models impact the relative costs of operating charter schools;
- 72 (b) analyze the adequacy and effectiveness of the charter school base funding formula in addressing economies of scale challenges faced by charter schools of varying sizes;
- 74 (c) compare administrative and operational cost structures across charter schools of different sizes and configurations and applicable districts;
- 76 (d) evaluate whether current funding mechanisms appropriately account for:
- 77 (i) fixed costs that do not scale proportionally with enrollment;
- 78 (ii) administrative requirements mandated by state and federal law; and
- 79 (iii) operational efficiencies or challenges unique to charter schools;
- 80

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(e) consider funding models used in other states or jurisdictions that may provide insights for the charter school funding system; and

82 (f) identify any additional factors that significantly impact charter school operational costs beyond those currently considered in the funding formula.

84 (6) The state board shall submit a report to the Public Education Appropriations Subcommittee no later than December 1, 2026, that includes:

86 (a) findings from the study described in this section;

87 (b) recommendations for any modifications to the charter school base funding formula;

88 (c) proposed criteria or metrics for evaluating the ongoing adequacy of charter school base funding;

90 (d) estimated fiscal impacts of any recommended changes; and

91 (e) a proposed timeline for implementation of any recommended modifications.

92 (7) Subject to legislative appropriations, the state board may contract with a qualified third party, including institutions of higher education or research organizations, to conduct part of the study described in this section.

95 Section 2. Section 2 is enacted to read:

96 **53G-5-415. Charter school educational service agencies.**

98 (1) As used in this section:

99 (a) "Charter school educational service agency" means an entity formed by two or more charter schools under a memorandum of understanding with the authority and duties described in this section.

102 (b) "Member charter school" means a charter school that enters into a memorandum of understanding to form or participate in a charter school educational service agency.

104 (2) The Legislature strongly encourages charter schools to collaborate and cooperate to provide educational services in a manner that uses resources efficiently for the overall operation of the charter school system.

107 (3) A charter school educational service agency formed by a memorandum of understanding:

109 (a) may apply directly for any grant or program in which an LEA may participate if the agency has the written consent of a majority of member charter schools that the agency serves;

112 (b) may receive a service from or partner with any department, division, or agency of the state, including coverage by the Division of Risk Management;

114 (c) may recommend an educator for licensing;

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- (d) may provide a service for a student as agreed upon in the memorandum of understanding approved by the charter school educational service agency's governing body;
- 118 (e) may access as necessary an LEA system that the state board provides; and
- 119 (f) does not have authority over a member charter school that the agency serves.
- 120 (4) A charter school educational service agency may elect to participate as an employer for a retirement program under:
- 122 (a) Title 49, Chapter 12, Public Employees' Contributory Retirement Act;
- 123 (b) Title 49, Chapter 13, Public Employees' Noncontributory Retirement Act; and
- 124 (c) Title 49, Chapter 22, New Public Employees' Tier II Contributory Retirement Act.
- 125 (5)
- (a) A memorandum of understanding that forms a charter school educational service agency shall:
- 127 (i) identify each member charter school;
- 128 (ii) describe the purpose and scope of the charter school educational service agency;
- 129 (iii) establish a governing structure for the charter school educational service agency, including fees and appropriate costs for services to be provided by the agency;
- 131 (iv) specify the terms of the memorandum of understanding; and
- 132 (v) describe the process by which a member charter school may withdraw from the charter school educational service agency.
- 134 (b) A member charter school may withdraw from a charter school educational service agency in accordance with the memorandum of understanding.
- 136 (6)
- (a) Subject to legislative appropriations, the state board shall distribute funding to a charter school educational service agency as provided by the Legislature.
- 138 (b) The state board may provide funding to a charter school educational service agency in addition to a legislative appropriation.
- 140 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the state board shall make a rule regarding charter school educational service agencies similar to the rules for the Regional Education Service Agencies, including:
- 143 (a) the authority, scope, and duty of a charter school educational service agency;
- 144 (b) the distribution of a legislative appropriation to a charter school educational service agency; and
- 146 (c) the designation of a charter school educational service agency as an agent to distribute a service.

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- 148 (8) The state board shall annually:
149 (a) review the funding the Legislature appropriates to support a charter school educational service
agency; and
151 (b) recommend an adjustment as part of the state board's annual budget request.

86 Section 2. **FY 2027 Appropriations.**

87 The following sums of money are appropriated for the fiscal year beginning July 1,
88 2026, and ending June 30, 2027. These are additions to amounts previously appropriated for
89 fiscal year 2027.

90 Subsection 2(a). **Operating and Capital Budgets**

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

94 ITEM 1 To State Board of Education - Minimum School Program - Related to Basic
95 School Programs

96 From Public Education Economic Stabilization Restricted Account, { ~~14,495,000~~ } 3,100,000

97 Schedule of Programs:

98 Charter School Funding Base Program { ~~14,495,000~~ } 3,100,000

100 (1) The Legislature intends the state board to
101 provide additional base funding to charter schools above
102 the amounts directed in Section 53F-2-706 using a
103 formula approved by the state board that distributes no
104 more than \$220,000 in total base funding to any charter
105 school with amounts decreasing proportionately for each
106 additional student.

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

112 (3) The Legislature further intends the study
113 described in Section 53F-2-706 shall be funded from this

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114 appropriation not to exceed \$70,000.

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

116 From Public Education Economic Stabilization Restricted Account, On ~~{1,500,000}~~ 500,000

118 Schedule of Programs:

119 Charter School Educational Service Agency {~~1,500,000~~} 500,000

120 Section 3. **Effective date.**

Effective Date.

This bill takes effect:

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

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

190 (a) upon approval by the governor;

191 (b) without the governor's signature, the day following the constitutional time limit of Utah

Constitution, Article VII, Section 8; or

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

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