

SB0186S02 compared with SB0186S01

~~{Omitted text}~~ shows text that was in SB0186S01 but was omitted in SB0186S02

inserted text shows text that was not in SB0186S01 but was inserted into SB0186S02

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

1 **Charter School ~~{Base Funding Amendments}~~ Modifications**

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 charter school governing board members to take an oath of office;
- 12 ▶ clarifies that charter schools are public schools;
- 13 ▶ replaces the Charter School Revolving Account with the Charter School Revolving Fund;
- 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 ▶ makes technical changes.

18 **Money Appropriated in this Bill:**

- 19 ▶ This bill appropriates \$3,600,000 in operating and capital budgets for fiscal year 2027, all

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20 of which is from the various sources as detailed in this bill.

21 **Other Special Clauses:**

22 This bill provides a special effective date.

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **53F-2-706 (Effective upon governor's approval)**, as last amended by Laws of Utah 2023, Chapter
467

27 **53F-9-203 (Effective upon governor's approval), as last amended by Laws of Utah 2024,**
Chapter 507

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

31 **53G-5-401 (Effective upon governor's approval), as last amended by Laws of Utah 2024,**
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. Small charter school base funding -- Base funding study.**

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

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

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

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- (a) Subject to legislative appropriations, the state board shall coordinate and facilitate a comprehensive study of administrative and base funding costs for charter schools.
- 40 (b) The study described in Subsection (4)(a) shall include the following members to constitute the study group:
- 42 (i) a charter school business administrator from a small charter school whom the chair of the state board appoints;
- 44 (ii) a charter school director from a large charter school whom the chair of the state board appoints;
- 46 (iii) a school district business administrator whom the chair of the state board appoints;
- 48 (iv) the director of each charter school association that has a member charter school operating in the state, or the director's designee;
- 50 (v) a member of the Utah State Charter School Board whom the chair of the state board appoints;
- 52 (vi) a member of the state board whom the chair of the state board appoints;
- 53 (vii) relevant staff from the state board whom the chair of the state board appoints; and
- 55 (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.
- 57 (c) The chair of the state board shall:
- 58 (i) convene the first meeting of the study group no later than April 1, 2026; and
- 59 (ii) designate a member of the study group to serve as chair of the study group.
- 60 (5) The study group described in Subsection (4)(b) shall:
- 61 (a) examine how factors such as school size, enrollment scale, and operational models impact the relative costs of operating charter schools;
- 63 (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;
- 65 (c) compare administrative and operational cost structures across charter schools of different sizes and configurations and applicable districts;
- 67 (d) evaluate whether current funding mechanisms appropriately account for:
- 68 (i) fixed costs that do not scale proportionally with enrollment;
- 69 (ii) administrative requirements mandated by state and federal law; and
- 70 (iii) operational efficiencies or challenges unique to charter schools;
- 71 (e) consider funding models used in other states or jurisdictions that may provide insights for the charter school funding system; and

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- 73 (f) identify any additional factors that significantly impact charter school operational costs beyond those
currently considered in the funding formula.
- 75 (6) The state board shall submit a report to the Public Education Appropriations Subcommittee no later
than December 1, 2026, that includes:
- 77 (a) findings from the study described in this section;
- 78 (b) recommendations for any modifications to the charter school base funding formula;
- 79 (c) proposed criteria or metrics for evaluating the ongoing adequacy of charter school base funding;
- 81 (d) estimated fiscal impacts of any recommended changes; and
- 82 (e) a proposed timeline for implementation of any recommended modifications.
- 83 (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.

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

99 **53F-9-203. Charter School Revolving 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 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 of an existing
charter school.
- 108 (b) The state board, in consultation with the State Charter School Board, shall administer the Charter
School Revolving Account in accordance with rules adopted by the state 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 the costs of:
- 117 (a) planning expenses;

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- 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 priority.
122 (6) The state board shall:
123 (a) review requests by charter schools for loans under this section; and
124 (b) in consultation with the State Charter School Board, approve or reject each request.
125 (7) A loan under this section may not be made unless the state board, in consultation with the State
126 Charter School Board, approves the loan.
127 (8) The term of a loan to a charter school under this section may not exceed five years.
128 (9) The state board may not approve loans to charter schools under this section that exceed a total of
129 \$2,000,000 in any fiscal year.
130 (10)
131 (a) On March 16, 2011, the assets of the Charter School Building Subaccount administered by the state
board shall be deposited into the Charter School Revolving Account.
132 (b) Beginning on March 16, 2011, loan payments for loans made from the Charter School Building
133 Subaccount shall be deposited into the Charter School Revolving Account.
134 (11)
135 (a) On July 1, 2026, the state board shall transfer into the Charter School Revolving Fund created in
Section 53F-9-203.1 the assets, unused money, and obligations of the Charter School Revolving
Account administered under this section.
136 (b) Beginning July 1, 2026, the state board shall deposit loan payments received for loans made under
this section into the Charter School Revolving Fund established in Section 53F-9-203.1.
137
138 Section 3. Section 3 is enacted to read:
139
140 **53F-9-203.1. Charter School Revolving Fund.**
141 (1) As used in this section:
142 (a) The definitions in Section 53G-5-102 apply to this section.
143 (b) "Fund" means the Charter School Revolving Fund.
144 (2)
145 (a) There is created within the Uniform School Fund a restricted account known as the Charter School
Revolving Fund to provide assistance to charter schools to:

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- 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 an existing
charter school.
- 154 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the 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 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 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 charter school; and
176 (ii) require a recipient charter school to repay the funds if the recipient charter school 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 approves the
loan.
- 181 (8) The Utah Charter Finance Authority shall set the term of a loan to a charter school under this
section.
- 183 (9)

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(a) On July 1, 2026, the state board shall transfer into the fund the assets, unused money, and obligations of the Charter School Revolving Account administered under Section 53F-9-203.

186 (b) Beginning on July 1, 2026, the state board shall deposit loan payments for loans 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. Purpose of charter schools -- Charter schools are public schools.**

191 (1) The purposes of the state's charter schools are to enhance school choice, meet the unique needs of Utah families, and encourage innovation within the public education 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 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 emphasize unique performance measures and innovative measurement tools to measure education outcomes;

202 [(6)] (f) providing opportunities for greater parental involvement in governance decisions at the school level;

204 [(7)] (g) expanding public school choice in areas where there is a lack of school choice or where schools have been identified for school improvement, corrective action, or 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 under Utah law, including:

210 (a) the Legislature's authority under Utah Constitution, Article X, Section 3, to designate schools and educational programs, including charter schools, as part of the public 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. Status of charter schools.**

219 (1) Charter schools[-are]:

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- 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 oath of office
as described in Section 53G-5-406.5, and held accountable to a legally 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 6 is enacted to read:

230 **53G-5-406.5. Oath of office for charter school governing board members.**

232 (1) Before entering upon the duties of office, each charter school governing board member shall take
and subscribe to the following oath: "I do solemnly swear that I will support, obey, and defend the
Constitution of the United States and the Constitution of the State of Utah, and that I will discharge
the duties of my office as a charter school governing 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 authorizer; or
241 (c) after the initial board is sworn in, the chair or another member of the charter school 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 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

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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 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 Restricted Account, One-time 500,000

279 Schedule of Programs:

280 Charter School Educational Service Agency 500,000

281 Section 8. **Effective date.**

Effective Date.

This bill takes effect:

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

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

124 (a) upon approval by the governor;

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

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

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