

Candice B. Pierucci proposes the following substitute bill:

Charter School Base Funding Amendments

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 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

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

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

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

- 29 (1) Subject to legislative appropriation, the state board shall distribute small charter school
30 base funding to charter schools with 2,000 or fewer students in the amount of the greater
31 of \$40,000 or \$115 per student.
- 32 (2) A charter school's eligibility for small charter school base funding is determined by the
33 charter school's student enrollment on October 1 of a given year.
- 34 (3) Notwithstanding this section and subject to legislative appropriations, including intent
35 language for the applicable fiscal year, the state board may distribute to charter schools,
36 regardless of size, one-time funding that the Legislature appropriates[~~to mitigate~~
37 ~~funding losses as described in legislative appropriations~~].
- 38 (4)(a) Subject to legislative appropriations, the state board shall coordinate and facilitate
39 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
41 constitute the study group:
- 42 (i) a charter school business administrator from a small charter school whom the
43 chair of the state board appoints;
- 44 (ii) a charter school director from a large charter school whom the chair of the state
45 board appoints;
- 46 (iii) a school district business administrator whom the chair of the state board
47 appoints;
- 48 (iv) the director of each charter school association that has a member charter school
49 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
51 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;
54 and
- 55 (viii) a representative from the Governor's Office of Planning and Budget whom the
56 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
62 impact the relative costs of operating charter schools;

- 63 **(b)** analyze the adequacy and effectiveness of the charter school base funding formula in
 64 addressing economies of scale challenges faced by charter schools of varying sizes;
 65 **(c)** compare administrative and operational cost structures across charter schools of
 66 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
 72 insights for the charter school funding system; and
 73 **(f)** identify any additional factors that significantly impact charter school operational
 74 costs beyond those currently considered in the funding formula.
 75 **(6)** The state board shall submit a report to the Public Education Appropriations
 76 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
 80 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
 84 party, including institutions of higher education or research organizations, to conduct
 85 part of the study described in this section.

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

97	Restricted Account, One-time	3,100,000
98	Schedule of Programs:	
99	Charter School Funding Base Program	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	
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	
117	Restricted Account, One-time	500,000
118	Schedule of Programs:	
119	Charter School Educational Service Agency	500,000

120 Section 3. **Effective Date.**

121 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;

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

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