

## Charter School Board

### Proposed FY 2015 Base Budget

Agency = State Board of Education

Funding by Source of Finance

State Charter School Board

	2009	2010	2011	2012	2013	2014 Est	2015 Base	Trend
Federal Funds	\$4,803,600	\$4,462,100	\$3,547,200	\$2,551,500	\$0	\$0	\$0	
Dedicated Credits Revenue	\$0	\$0	\$0	\$3,500	\$0	\$0	\$0	
Beginning Nonlapsing	\$569,900	\$0	\$0	\$0	\$212,200	\$586,900	\$565,900	
Closing Nonlapsing	\$0	\$0	\$0	(\$212,200)	(\$586,900)	(\$565,900)	(\$565,900)	
Uniform School Fund	\$636,600	\$585,200	\$0	\$0	\$0	\$0	\$0	
Uniform School Fund, One-time	(\$488,200)	(\$21,000)	\$0	\$0	\$0	\$0	\$0	
Education Fund	\$0	\$0	\$575,800	\$573,700	\$3,079,000	\$3,089,400	\$2,989,400	
Education Fund, One-time	\$0	\$0	\$0	\$0	\$3,000,000	(\$21,000)	\$0	
Grand Total	\$5,521,900	\$5,026,300	\$4,123,000	\$2,916,500	\$5,704,300	\$3,089,400	\$2,989,400	

### Proposed FY 2015 Base Budget

Agency = State Board of Education

Expenditures by Object Category, All Sources of Finance

State Charter School Board

	2009	2010	2011	2012	2013	2014 Est	2015 Base	Trend
Personnel Services	\$536,900	\$527,600	\$524,600	\$264,500	\$325,700	\$402,400	\$402,400	
In-state Travel	\$8,500	\$8,100	\$9,400	\$10,500	\$6,000	\$6,000	\$6,000	
Out-of-state Travel	\$22,900	\$12,400	\$15,700	\$21,700	\$9,100	\$9,100	\$34,300	
Current Expense	\$239,300	\$77,300	\$172,000	\$279,500	\$3,077,500	\$77,500	\$77,500	
DP Current Expense	\$7,200	\$6,300	\$600	\$6,400	\$6,600	\$6,600	\$6,600	
DP Capital Outlay	\$101,600	\$0	\$0	\$0	\$0	\$0	\$0	
Capital Outlay	\$11,500	\$0	\$0	\$0	\$0	\$0	\$0	
Other Charges/Pass Thru	\$4,594,000	\$4,394,600	\$3,400,700	\$2,333,900	\$2,279,400	\$2,587,800	\$2,462,600	
Grand Total	\$5,521,900	\$5,026,300	\$4,123,000	\$2,916,500	\$5,704,300	\$3,089,400	\$2,989,400	

**Benefit-Cost Report for Programs within USOE  
(In compliance with SB 2 of the 2011 Legislature)**

**Section: Charter Schools**

**Description of Section Functions, Programs and Statutory Provisions fulfilled:**

Within the Utah State Office of Education (USOE), the Charter School Section is tasked with functions that pertain uniquely to charter schools, in support of both charter schools and the State Charter School Board, which is the primary authorizer of charter schools in this state. This office also advises and assists the State Board of Education, its executive officer, its staff at the USOE and in school districts, other charter school authorizers (including school districts and institutions of higher education), and the Legislature and related offices regarding charter school issues. It serves as executive staff of the State Charter School Board. Permanent assignments of the Charter School Section include:

53A-1a-501(6) - Assisting the State Charter School Board in carrying out in its statutory duties, with respect to schools authorized by the State Board of Education, including: annual review, evaluation and provision of legislative reports required by law; assistance to the Legislature and State Board of Education on legislation and rules pertaining to charter schools; advice to the State Board of Education on the funding of charter schools; maintenance of school compliance with relevant state and federal law and regulations, and administrative rule; review and evaluation of proposals to establish charter schools for the purpose of supporting and strengthening proposals before an applications submitted to chartering entities; facilitation of charter school access to private sources of financing, training and technical support; development and implementation of charter school Governing Board training modules.

53a-1a-107 – Supporting the State board of Education in carrying out its statutory duties including offering a public school choice program, giving students and their parents options to best meet the student's personalized education needs, and which emphasizes the involvement of educators, parents, business partnerships, and the community at large in decision-making at the school site.

53A-1a-513.5 – Administration of Charter school start-up grant program including: formation of procedures for applying for and awarding grants for charter school start-up costs, and ensuring that grant funds are spent only on permitted uses; establishment of a mentoring program for new and existing charter schools.

53A-1a-520 – Directing charter schools in developing an accountability plan, approved by its chartering entity, during its first year of operation; monitor compliance with accountability plans through review, written reports and site visits; establish a review process that is required of a charter school once every five years by its chartering entity.

53A-1a-522 – Reviewing requests by charter schools for revolving loans and make recommendations regarding approval or disapproval of the loan applications. Staff support to Charter School Revolving Account Committee.

53A-20b-204 – Providing expert advice and assistance to State Charter School Finance Authority regarding Charter School Credit Enhancement Program.

53A-20b-103 – Supporting, via staff, the State Charter School Finance Authority.

**State/Federal Regulatory Functions Performed by Section:**

53A-1a-507; 53A-1a-520; 53A-1a-510; 53A-1a-510.5 - Annual Review and 5-year review and evaluation of school performance; monitoring for compliance with charter and accountability requirements.

53A-1a-502.5; 53A-1a-508 – Advise State Board of Education regarding requests for increases in school enrollment or charter medication.

53A-1a-510.5 - Management of school closure, allocation of remaining assets of closing school.

53A-1a-507; US Code 107–110 No Child Left Behind Act of 2011; 53A-1-904; Title VII of the Civil Rights Act of 1964; US Code 108-446, et al. Individuals with Disabilities Education Act; Section 504 of the Rehabilitation Act of 1973; 53A-15-301 - Monitoring schools for compliance with state and federal law.

53A-1a-522 – Monitoring charter revolving loan expenditures with Board-approved application.

**State/Federal Reporting Requirements Performed by Section:**

53A-1a-513.5 – Report on start-up grant compliance and performance.

53A-1a-507; 53A-1a-520 – Report on required evaluation and review of schools.

53A-1a-513 - Enrollment projections provided to Common Data Committee yearly.

53A-17a-154 – Solicit, prioritize, and consolidate proposals for USTAR Centers Program.

**Benefits Provided by Program or Section:**

- The Charter School Section provides expert evaluation of charter school performance; technical support to persons seeking to establish charter schools; start-up grant management technical assistance and monitoring; management of the Revolving Loan program; monthly meetings for Directors providing critical information and program development.
- Through Charter School Section management of the “Charter School Mentoring Program,” the Charter School Section facilitates third-party technical support to charter schools and chartering entities; twice-yearly financial training for school business managers.
- For each new charter school opened, per-pupil educational costs are decreased given that charter schools are not funded for pupil transportation costs. This benefits school districts, as expenses of transporting students’ fall when they are shifted to a charter school that does not receive additional funding for this purpose.
- Facility financing is obtained largely from private entities, rather than from taxation of area citizens.
- State avoids costs associated with charter school closure due to lack of governing board member and school director knowledge and skill of operating a non-profit corporation, public school, and medium-to-large sized business, estimated at 3% of charter school revenue

**Implications if the Section were not to provide the above-noted functions:**

- Without oversight and facilitation provided by this section, technical assistance to charter schools and to charter applicants would be provided commercially, by educational management and business management organizations.
- No oversight would exist regarding Start-Up Program funding of \$2,405,116, if grant program would not be implemented without implementation managed by Charter School Section of USOE. Technical assistance offered would not then necessarily result in or be aimed at appropriate compliance with state and federal law.
- Development of new charters, and expert assistance other authorizing entities (school districts and institutions of higher education) would not be possible, dramatically lessening the likelihood that charter schools would be founded or operated successfully. Technical assistance rendered would also be likely to be offered at a higher cost, given the ability of the Charter School Section to set standard rates for services.
- Oversight of compliance with Revolving Loan Program and Start-Up Grant Program requirements would need to be passed on to another section of USOE, as a private entity could not be in the position of assessing compliance with educational law and rule. This would lessen the charter-specific knowledge brought to bear in assessing program compliance, and would most likely result in an increase in fraud, waste and abuse.
- Expert assistance to State Board of Education would not exist, and communication between State Charter School Board and State Board of Education would not exist.
- No unbiased expert assistance could be offered to schools or charter applicants seeking private funding.
- No expert assistance to State Charter School Board, State Charter School Finance Authority, State Charter School Revolving Loan Committee.
- In 2011, the State of Minnesota reported a finding that average per school authorizer oversight expenditure in the previous year was \$20,125. Eighteen authorizers submitted expenditure reports. We utilize this herein to indicate the value of services provided by the section per school. Benefit to the state of oversight services may thus be valued as \$2,636,375.
- \$60,000 per school private sector consulting assistance completing the Charter Application; training and assistance through the application process; corporate establishment and administration; budget forecasting; financial set-up and reporting; bookkeeping and records management (\$10,000\* average of twelve schools per year) at a total benefit of \$120,000
- Total value of Savings not including pass-through to external entities charged with technical assistance to schools, \$2,756,375.

**Estimated Program or System Savings from Section Functions:**

Costs for commercially available services:

- Costs to charter school applicants for technical support and application evaluation estimated at \$10,000 per applicant (\$140,000 in FY13).
- Costs to approved charter schools for technical support and professional development during the planning year estimated at \$15,000 per school (\$225,000 in FY13).
- Costs to operational charter schools for technical support (e.g., legal advice on facilities contract and other legal questions, monthly meetings providing updates on changes to legislation and Board Rule, training on USOE reports and data systems) estimated at \$10,000 per school (\$880,000 in FY13).
- Costs to operational charter schools for professional development for governing board members and school directors (e.g., governing board online training module library, annual charter school conference, quarterly charter school symposia) estimated at \$20,000 per school (\$1,760,000 in

FY13).

- Costs to USOE to hire program manager for state charter school start-up grant and charter school mentoring program estimated at \$100,000.
- Costs to USOE to hire staff for Utah Charter Finance Authority and Charter School Revolving Account Committee estimated at \$100,000.
- Costs to USOE to hire one additional staff for eight sections to provide intensive support to new and beginning charter schools estimated at \$100,000 per staff (\$800,000 in FY13).
- Total Benefit Value, \$4,005,000.
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**Total Savings and Gross Benefit:** (not including savings to educational system due to increases in number of viable charter schools): \$6,761,375

<b>Source and Amount of Funding</b>	
State Education Funds	\$579,000
Other State Funds (pass through to Charter Schools and Training Professionals)	\$2,500,000
Other (Describe)	
<b>Total including Pass Through</b>	\$3,079,000
<b>Section Costs YTD</b>	
Personnel	\$325,724
Travel	\$15,087
Current	\$82,772
Indirect Costs	\$40,064
Other (pass through to Charter Schools)	\$2,240,589
<b>Total</b>	\$2,704,236
<b>Gross Benefit</b> (see above)	\$6,761,375
<b>Percentage Return on Investment (ROI)= (Savings-Costs YTD)/Costs YTD</b>	24.88%
<b>Implications if Section were not to provide noted functions or programs:</b>	
Summary of Costs and Benefits:	
It cost approximately \$791,179 to operate the State Charter School Board in FY13, including all costs associated with the Charter School Section. The cost savings of having a Charter School Section, dedicated to providing oversight, technical support, and professional development opportunities to charter schools in FY13, including groups seeking to found new charter schools, saved charter schools and the state an estimated \$6,761,375, which would have been spent in obtaining similar services commercially or otherwise.	
<b>Total Cost not including pass through dollars to schools</b>	\$463,647
<b>Gross Savings (Benefits plus Savings)</b>	\$6,761,375
<b>Net Savings (Gross Benefits minus Costs)</b>	\$4,057,139
<b>Benefits to Cost Ratio</b>	14.58