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# State Charter School Board Fiscal Year 2015 Funding Requests

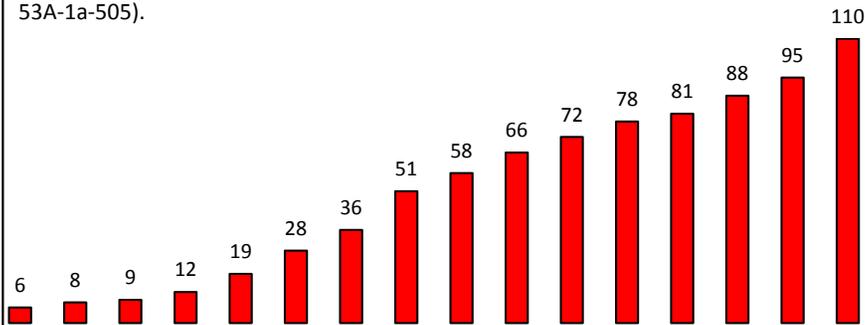
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# Full time dedicated attorney

\$225,000

**Purpose/Justification:** Utah charter schools continue to experience growth and the majority of that growth is with one authorizer. Of the 110 operational charter schools in 2014-2015, 100 were authorized by the State Charter School Board. Nine more authorized charter schools are scheduled to open in fall 2015 and an additional nine are authorized to tentatively open in fall 2016, bringing the number of schools authorized by the State Charter School Board to 118. According to statute, after approval of a charter school application, the applicant and the State Charter School Board set forth the terms and conditions for the operation of the charter school in a written charter agreement (UCA 53A-1a-505).



**Projected Outcomes:** Both charter schools and the State Charter School Board would benefit from having solid charter agreements in that (1) both parties would know specifically how schools will be monitored and evaluated on an annual basis and (2) charter schools would be held more accountable, which may lead to charter school improvement or the closure of charter schools not meeting the terms of their contract. In addition, the State Charter School Board would have legal advice on the multiple situations requiring them to take action.

**Specific Requirements:** The charter agreement is a contract between the charter school governing board and the authorizer (in this case the State Charter School Board) that outlines the rights and responsibilities of each party. This contract must be followed by both parties and can be modified by mutual agreement (UCA 53A-1a-508). If a charter school is found out of compliance with its charter agreement, the State Charter School Board is then obligated to notify the governing board in writing of the deficiency and set forth a timeline by which the governing board must remedy the deficiency (UCA 53A-1a-509). Should the deficiency not be remedied, the State Charter School Board may remove specific individuals involved in the governance and operation of the school, appoint a mentor, or terminate the charter agreement (UCA 53A-1a-510).

These three activities: (1) setting the terms of the charter agreement, (2) writing letters of noncompliance with terms for remedying deficiencies, and (3) taking actions if deficiencies are not remedied, are statutory responsibilities of the State Charter School Board. As such, the State Charter School Board requests \$225,000 in ongoing funding for a full time dedicated attorney through the Office of the Attorney General to provide advice and assistance with charter school compliance.

**Impact if not Funded:** Lack of legal advice from an attorney with expert knowledge of contracts has led to added liability for the State Charter School Board and Utah State Board of Education. Alternatively, in the absence of state funding, the State Charter School Board would have to consider a per student fee to fund this compliance position.



# Grants for new charter schools

\$2,472,715 (one-time); additional \$1M (ongoing)

<p><b>Purpose/Justification:</b> Charter schools are approved by the Utah State Board of Education approximately 16 months prior to opening. During these 16 months, referred to as the planning year, charter schools have to secure a facility, market and advertise for students, hire personnel, create policies, purchase educational materials and furniture, submit reports to USOE, and several other things. Charter schools do not have taxing authority, nor do they have access to state funding to perform these activities until the last working day of July the year they open, which is usually less than three weeks from the first day of school.</p> <p>The legislature provided \$2.5M in funding to the State Charter School Board beginning with FY13 to give grants to new charter schools to assist with planning and implementation needs (UCA 53A-1a-513.5). Note: all charter schools, regardless of authorizer, are eligible for these funds.</p>	<p><b>Specific Requirements:</b> This funding is distributed to new schools based on student enrollment for 36 months (i.e., planning year and first two years of operation). Schools serving over 200 students anticipated receiving \$300,000 over the 36 months and schools serving less than 200 students anticipated receiving \$100,000 over the same time period. As the number of projected and actual student enrollments of eligible schools exceeded the model, schools received less grant funds than anticipated, leaving the State Charter School Board with a shortfall. As such, the State Charter School Board requests \$2,472,715 in one-time funding to make these anticipated grants whole.</p> <p>In addition, with the continued demand for charter schools, the State Charter School Board is seeing more applications for new schools. The anticipated funding needed to hold current charter schools harmless and continue to offer new schools \$300,000 in grant funds over 36 months is \$3.5M annually.</p>
<p><b>Projected Outcomes:</b> Charter Schools that have received more generous startup and implementation grant funds have opened successfully, on time, and ready to serve students.</p>	<p><b>Impact if not Funded:</b> As the amount of grant funds decreased, charter schools have had to access private funding at a high interest rate, causing some to struggle with loan repayment prior to receiving state funding. While a continued \$2.5M provides new schools with startup and implementation grant funds, the State Charter School Board would like to provide satisfactory amounts of funds to schools during the planning year. If additional funds are not made available, the State Charter School Board will have to consider taking one or more of the following actions: (1) decrease the grant period to 24 months, (2) disallow new satellite schools from applying, (3) restrict multi-campus schools to only receiving an award for one school, (4) reducing the number of new schools authorized, or (5) something else.</p>



# Revolving loan funds

\$4M (one-time)

**Purpose/Justification:** Charter schools can request loans from the State Superintendent of Public Instruction to pay for the costs of planning expenses, constructing or renovating charter school buildings, equipment and supplies, or other start-up or expansion expenses (UCA 53A-1a-522). Charter schools with urgent facility needs are given priority in the loan process. The legislature provided \$6M in funding to the State Charter School Board to give loans to charter schools to assist with various needs. Note: all charter schools, regardless of authorizer, are eligible for these funds.

Although numerous charter schools have sought private sector funding, very few have been successful in securing reasonable loans until attempting to purchase a facility after 3 or more years of operation.

**Projected Outcomes:** All 67 Charter Schools that have received loans totaling approximately \$15M have made regular payments and several have paid off their loans in full. To date, no charter school has defaulted on a loan payment. Allowing more charter schools to access these funds will help ensure their facilities are safe and they have funds in addition to grant funds to assist with planning year activities, such as securing a facility, marketing and advertising for students, hiring personnel, creating policies, purchasing educational materials and furniture, submitting reports to USOE, etc. Increasing the funds available would allow the committee to consider increasing the current loan cap as well.

**Specific Requirements:** Charter schools must submit an application to the Charter School Revolving Loan Committee consistent with Board Rule R277-480. Applications are reviewed by a 6-member committee, which then submits a recommendation to the State Charter School Board and Utah State Board of Education containing the recommended amount of the loan, payback schedule, and interest rate to be charged. If approved by both boards, the Superintendent then makes loans to charter schools.

The legislature placed a loan limit of \$2M annually on the Utah State Board of Education. To ensure as many schools as possible are able to access loan funds, the committee created a maximum loan amount of \$300,000 per school or \$1,000 per student, whichever is lower. This allows at least seven schools to access loan funds in a given year. However, as the number of Utah charter schools increases the amount of loan funds requested also increases. As such, the State Charter School Board requests \$4M in additional funds (one-time) to increase the funds available for charter school loans. In addition, the State Charter School Board requests the legislature increase the annual loan limit to \$3M.

**Impact if not Funded:** The revolving loan account will continue to grow incrementally over time as loans are repaid, but there would continue to be limits to the maximum loan amount and number of loans approved.



# Data access point

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\$100,000 (one-time); \$10,000 (ongoing)

<p><b>Purpose/Justification:</b> As the State Charter School Board continues its efforts to monitor charter schools and hold them accountable for their performance, there is the need to have a localized data access point that both schools and the board can access to see current performance compared to charter agreement terms and performance standards. In addition, this program will allow charter schools to submit data in a single location to the State Charter School Board. The Utah Charter Access Point (UCAP) is currently under development, but there will be an ongoing need for program maintenance and upgrades/changes.</p>	<p><b>Specific Requirements:</b> Five initial modules have been identified, including governing board online training, student enrollment projections, data dashboard, communications with governing boards, and data collection. The State Charter School Board anticipates identifying additional modules based on charter school feedback and changes to requirements in legislation and board rule</p>
<p><b>Projected Outcomes:</b> Both charter schools and the State Charter School Board will be able to see charter school performance compared to charter agreement terms and performance standards. In addition, communication between the State Charter School Board and the entire governing board of the charter school will improve.</p>	<p><b>Impact if not Funded:</b> Development and maintenance/upgrades of UCAP will be slowed. Data sharing will continue to be accomplished via email and annual reports.</p>

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