



OPERATIONS & MAINTENANCE COSTS FOR CHARTER SCHOOLS IN STATE FACILITIES

HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
STAFF: BEN LEISHMAN

ISSUE BRIEF

SUMMARY

Higher education institutions have directly authorized the creation or work closely in the operation of charter schools. The Analyst has found several charter schools housed in state buildings on institutional campuses. In many cases, the state is paying the cost of Operations and Maintenance (O&M) of these facilities through the institutional budgets. In addition, charter schools receive funding from the state to cover such expenditures resulting in the state double-funding these expenditures.

RECOMMENDATION

We recommend that Legislature do the following to address this issue:

1. Reduce the ongoing appropriations for O&M for higher education institutions by \$928,000 beginning in FY 2022 and replace it with a one-time appropriation. See the table below for detail.
2. Direct that charter schools housed in higher education facilities begin paying the cost of O&M for their space beginning in FY 2023.
3. Direct the State Board of Higher Education to work with institutions housing charter schools to identify all schools and the full cost of O&M for these facilities in FY 2022 and report back to the subcommittee by October 1, 2021.

DISCUSSION AND ANALYSIS

So far, the analyst has identified seven charter schools that are housed in state owned facilities and not paying O&M costs. The following table provides details on the institution, charter school, and estimated annual costs. Some costs are currently unknown. These amounts will be researched and presented to the subcommittee prior to the 2022 General Session.

Institution	Charter School	Estimated O&M Cost
Utah State University	Edith Bowen Laboratory School	\$453,200
Utah State University	InTech Collegiate Academy	Unknown
Dixie State University	Success Academy	\$43,000
Dixie State University	Ace Academy	\$19,500
Weber State University	Northern Utah Academy for Math, Engineering & Science (NUAMES)	\$390,800
Davis Technical College	Career Path High School	\$21,500
Utah Valley University	Utah County Academy of Sciences	Unknown
State Total		\$928,000

Charter School Local Replacement

Charter schools receive a per-student allocation each year called the Charter School Local Replacement. The local replacement was developed by the Legislature to mirror local revenue, primarily from property tax, generated for each resident student. Local property tax revenue does not follow a resident student when they opt to enroll in a charter schools, so the local replacement acts as a state-funded proxy for this amount. Local property tax revenue supports a myriad of expenditures in a school district, from instruction, facilities, and O&M type costs.

Each charter school receives a per-student amount based on a statutory formula. In FY 2022, the local replacement formula will pay charter schools \$2,701 for each enrolled student. The following table outlines the estimated amount each of the identified charter schools may receive from the allocation.

Since O&M costs are one of the items school districts and charter schools not affiliated with a state higher education institution pay with local or local replacement revenue, those charter schools affiliated with an institution are receiving a greater benefit. The state is double funding these expenditures.

Charter School Local Replacement FY 2022 Estimates	
Charter School	Amount
Edith Bowen Laboratory School	\$967,000
InTech Collegiate Academy	\$553,700
Success Academy	\$956,200
Ace Academy (Possibly Affiliated with Success Academy)	Unknown
Northern Utah Academy for Math, Engineering & Science (NUAMES)	\$2,836,100
Career Path High School	\$542,900
Utah County Academy of Sciences	\$1,890,700
Total	\$7,746,600