

**CHARTER SCHOOL FUNDING AMENDMENTS**

2008 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Ron Bigelow**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill modifies provisions related to the funding of charter schools.

**Highlighted Provisions:**

This bill:

- ▶ annually increases the maximum student capacity of charter schools;
- ▶ requires a school district:
  - beginning in fiscal year 2010-11, to provide an allocation equal to the school district's per pupil local revenues for each resident student who attends a charter school; and
  - in fiscal years 2008-09 and 2009-10, to provide a partial allocation;
- ▶ specifies how the school district's per pupil local revenues are calculated;
- ▶ requires the State Board of Education to:
  - deduct from a school district's state funds an amount equal to the allocation of per pupil local revenues; and
  - remit the money to the student's charter school;
- ▶ directs the Legislature to provide an appropriation for charter schools:
  - annually, to replace property tax revenues for debt service that are not available to charter schools; and
  - in fiscal years 2008-09 and 2009-10, to supplement revenues received from school districts; and



28           ▶ modifies charter school administrative cost provisions.

29 **Monies Appropriated in this Bill:**

30           None

31 **Other Special Clauses:**

32           This bill takes effect on July 1, 2008.

33 **Utah Code Sections Affected:**

34 AMENDS:

35           **53A-1a-502.5**, as last amended by Laws of Utah 2007, Chapter 344

36           **53A-1a-513**, as last amended by Laws of Utah 2005, Chapters 9 and 291

37           **53A-17a-108**, as last amended by Laws of Utah 2007, Chapter 344



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

40           Section 1. Section **53A-1a-502.5** is amended to read:

41           **53A-1a-502.5. Charter schools -- Maximum authorized students.**

42           (1) The State Charter School Board and local school boards may only authorize a  
43 combined maximum student capacity of:

44           ~~[(a) 27,921 students for the charter schools in the 2007-08 school year; and]~~

45           ~~[(b)]~~ (a) 32,921 students for the charter schools in the 2008-09 school year[-]; and

46           (b) an annual increase of 5,000 students for the charter schools beginning in the  
47 2009-10 school year.

48           (2) The State Board of Education, in consultation with the State Charter School Board,  
49 shall allocate the students under Subsection (1) between the State Charter School Board and  
50 local school boards.

51           Section 2. Section **53A-1a-513** is amended to read:

52           **53A-1a-513. Funding for charter schools.**

53           (1) As used in this section:

54           (a) "Per pupil local revenues" means the amount determined as follows:

55           (i) calculate the sum of a school district's revenue received from:

56           (A) a voted levy imposed under Section 53A-17a-133;

57           (B) a board levy imposed under Section 53A-17a-134;

58           (C) 10% of the cost of the basic program levy imposed under Section 53A-17a-145;

- 59 (D) a tort liability levy imposed under Section 63-30d-704;
- 60 (E) a capital outlay levy imposed under Section 53A-16-107;
- 61 (F) a voted capital outlay levy imposed under Section 53A-16-110;
- 62 (G) state support for a voted levy program provided under Section 53A-17a-133;
- 63 (H) state support for a board levy program provided under Section 53A-17a-134; and
- 64 (I) state ongoing appropriations to the Capital Outlay Foundation and Enrollment
- 65 Growth Programs created in Section 53A-21-102; and

- 66 (ii) divide the sum calculated under Subsection (1)(a)(i) by the sum of:
- 67 (A) a school district's average daily membership; and
- 68 (B) the average daily membership of a school district's resident students who attend
- 69 charter schools.

70 (b) "Resident student" means a student who is considered a resident of the school  
 71 district under Title 53A, Chapter 2, Part 2, District of Residency.

72 ~~[(1)]~~ (2) (a) Charter schools shall receive funding as described in this section, except  
 73 Subsections ~~[(2)]~~ (3) through ~~[(7)]~~ (8) do not apply to charter schools described in Subsection  
 74 ~~[(1)]~~ (2)(b).

75 (b) Charter schools authorized by local school boards that are converted from district  
 76 schools or operate in district facilities without paying reasonable rent shall receive funding as  
 77 prescribed in Section 53A-1a-515.

78 ~~[(2)]~~ (3) (a) Except as provided in Subsection ~~[(2)]~~ (3)(b), a charter school shall receive  
 79 state funds, as applicable, on the same basis as a school district receives funds.

80 (b) In distributing funds under Title 53A, Chapter 17a, Minimum School Program Act,  
 81 to charter schools, charter school pupils shall be weighted, where applicable, as follows:

- 82 (i) .55 for kindergarten pupils;
- 83 (ii) .9 for pupils in grades 1-6;
- 84 (iii) .99 for pupils in grades 7-8; and
- 85 (iv) 1.2 for pupils in grades 9-12.

86 ~~[(c) The State Board of Education shall make rules in accordance with Title 63,~~  
 87 ~~Chapter 46a, Utah Administrative Rulemaking Act, to administer Subsection (2)(b), including~~  
 88 ~~hold harmless provisions to maintain a charter elementary school's funding level for a period of~~  
 89 ~~two years after the effective date of the distribution formula.]~~

90 ~~[(d) Subsection (2)(b) does not apply to funds appropriated to charter schools to~~  
91 ~~replace local property tax revenues.]~~

92 ~~[(3) The State Board of Education shall adopt rules to provide for the distribution of~~  
93 ~~monies to charter schools under this section.]~~

94 ~~[(4) (a) The Legislature shall provide an appropriation for charter schools for each of~~  
95 ~~their students to replace some of the local property tax revenues that are not available to charter~~  
96 ~~schools. The amount of money provided for each charter school student shall be determined~~  
97 ~~by:]~~

98 ~~[(i) calculating the sum of:]~~

99 ~~[(A) school districts' operations and maintenance revenues derived from local property~~  
100 ~~taxes, except revenues from imposing a minimum basic tax rate pursuant to Section~~  
101 ~~53A-17a-135;]~~

102 ~~[(B) school districts' capital projects revenues derived from local property taxes; and]~~

103 ~~[(C) school districts' expenditures for interest on debt; and]~~

104 ~~[(ii) dividing the sum by the total average daily membership of the districts' schools.]~~

105 (4) (a) (i) Except as provided in Subsection (4)(a)(ii), a school district shall allocate a  
106 portion of school district revenues for each resident student of the school district who is  
107 enrolled in a charter school on October 1 as follows:

108 (A) in fiscal year 2008-09, the allocation shall equal 35% of per pupil local revenues;

109 (B) in fiscal year 2009-10, the allocation shall equal 70% of per pupil local revenues;

110 and

111 (C) beginning in fiscal year 2010-11, the allocation shall equal 100% of per pupil local  
112 revenues.

113 (ii) For the purpose of allocating school district revenues under Subsection (4)(a)(i), a  
114 kindergarten student who is enrolled in less than a full-day kindergarten program is weighted as  
115 .55 of a student.

116 (iii) Nothing in this Subsection (4)(a) affects the school bond guarantee program  
117 established under Chapter 28, Utah School Bond Guaranty Act.

118 (b) The State Board of Education shall:

119 (i) deduct an amount equal to the allocation provided under Subsection (4)(a) from  
120 state funds the school district is authorized to receive under Title 53A, Chapter 17a, Minimum

121 School Program Act; and

122 (ii) remit the money to the student's charter school.

123 (c) Notwithstanding the method used to transfer school district revenues to charter  
124 schools as provided in Subsection (4)(b), a school district may deduct the allocations to charter  
125 schools under this section from:

126 (i) unrestricted revenues available to the school district; or

127 (ii) the revenue sources listed in Subsections (1)(a)(i)(A) through (I) based on the  
128 portion of the allocations to charter schools attributed to each of the revenue sources listed in  
129 Subsections (1)(a)(i)(A) through (I).

130 (d) (i) In fiscal years 2008-09 and 2009-10, the Legislature shall provide an  
131 appropriation for charter schools for each student enrolled on October 1 to supplement  
132 revenues received under Subsection (4)(b).

133 (ii) Except as provided in Subsection (4)(d)(iii), the amount of money provided for a  
134 charter school student shall be:

135 (A) in fiscal year 2008-09, the greater of:

136 (I) 65% of the per pupil local revenues of the school district in which the charter school  
137 student resides; or

138 (II) 65% of \$1,069; and

139 (B) in fiscal year 2009-10, the greater of:

140 (I) 30% of the per pupil local revenues of the school district in which the charter school  
141 student resides; or

142 (II) 30% of \$1,069.

143 (iii) For the purpose of providing state monies for charter school students under this  
144 Subsection (4)(d), a kindergarten student who is enrolled in less than a full-day kindergarten  
145 program is weighted as .55 of a student.

146 (e) (i) Subject to future budget constraints, the Legislature shall annually provide an  
147 appropriation for charter schools for each student enrolled on October 1 to replace property tax  
148 revenues for debt service that are not available to charter schools.

149 (ii) Except as provided in Subsection (4)(e)(iii), the amount of money provided for a  
150 charter school student shall be equal to statewide school district revenues from debt service  
151 levies imposed under Section 11-14-310 divided by statewide school district average daily

152 membership.

153 (iii) For the purpose of providing state monies for charter school students under this  
154 Subsection (4)(e), a kindergarten student who is enrolled in less than a full-day kindergarten  
155 program is weighted as .55 of a student.

156 ~~[(b)]~~ (f) Of the monies provided to a charter school under this Subsection (4)~~[(a)]~~, 10%  
157 shall be expended for funding school facilities only.

158 ~~[(c) To qualify for money under Subsection (4)(a), a new charter school shall, by~~  
159 ~~September 30 of the school year prior to the school year it intends to begin operations:]~~

160 ~~[(i) obtain approval of its application for a charter from:]~~

161 ~~[(A) the State Board of Education, pursuant to Section 53A-1a-505; or]~~

162 ~~[(B) a local school board, pursuant to Section 53A-1a-515; and]~~

163 ~~[(ii) submit to the chartering entity an estimate of the charter school's first year~~  
164 ~~enrollment.]~~

165 ~~[(d) Subsection (4)(c) does not apply to charter schools beginning operations in the~~  
166 ~~2005-06 school year.]~~

167 ~~[(e) By December 1, the State Charter School Board shall submit to the Governor's~~  
168 ~~Office of Planning and Budget and the Office of the Legislative Fiscal Analyst an estimate of~~  
169 ~~total charter school enrollment in the state for the following school year.]~~

170 (5) Charter schools are eligible to receive federal funds if they meet all applicable  
171 federal requirements and comply with relevant federal regulations.

172 (6) The State Board of Education shall distribute funds for charter school students  
173 directly to the charter school.

174 (7) (a) Notwithstanding Subsection ~~[(2)]~~ (3), a charter school is not eligible to receive  
175 state transportation funding.

176 (b) The board shall also adopt rules relating to the transportation of students to and  
177 from charter schools, taking into account Sections 53A-2-210 and 53A-17a-127.

178 (c) The governing body of the charter school may provide transportation through an  
179 agreement or contract with the local school board, a private provider, or with parents.

180 (8) (a) (i) The state superintendent of public instruction may allocate grants for both  
181 start-up and ongoing costs to eligible charter school applicants from monies appropriated for  
182 the implementation of this part.

183 (ii) Applications for the grants shall be filed on a form determined by the state  
184 superintendent and in conjunction with the application for a charter.

185 (iii) The amount of a grant may vary based upon the size, scope, and special  
186 circumstances of the charter school.

187 (iv) The governing board of the charter school shall use the grant to meet the expenses  
188 of the school as established in the school's charter.

189 (b) The State Board of Education shall coordinate the distribution of federal monies  
190 appropriated to help fund costs for establishing and maintaining charter schools within the  
191 state.

192 (9) (a) A charter school may receive, hold, manage and use any devise, bequest, grant,  
193 endowment, gift, or donation of any property made to the school for any of the purposes of this  
194 part.

195 (b) It is unlawful for any person affiliated with a charter school to demand or request  
196 any gift, donation, or contribution from a parent, teacher, employee, or other person affiliated  
197 with the charter school as a condition for employment or enrollment at the school or continued  
198 attendance at the school.

199 ~~[(10) The State Office of Education shall use up to \$1,044,000 of funding provided for  
200 new growth to fund additional growth needs in charter schools in fiscal year 2005.]~~

201 Section 3. Section **53A-17a-108** is amended to read:

202 **53A-17a-108. Weighted pupil units for school district administrative costs --**

203 **Appropriation for charter school administrative costs.**

204 (1) Administrative costs weighted pupil units are computed and distributed to districts  
205 in accordance with the following schedule:

206 Administrative Costs Schedule

207 School District Enrollment as of October 1	Weighted Pupil Units
208 1 - 2,000 students	53
209 2,001 - 10,000 students	48
210 10,001 - 20,000 students	25
211 20,001 and above	16

212 (2) (a) Money appropriated to the State Board of Education for charter school  
213 administrative costs, including an appropriation in Section 53A-17a-104, shall be distributed to

214 charter schools in the amount of [~~\$62~~] \$70 for each charter school student in enrollment.

215 (b) Charter schools are encouraged to identify and use cost-effective methods of  
216 performing administrative functions, including contracting for administrative services with the  
217 State Charter School Board as provided in Section 53A-1a-501.6.

218 (3) Charter schools are not eligible for funds for administrative costs under Subsection  
219 (1).

220 Section 4. **Effective date.**

221 This bill takes effect on July 1, 2008.

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**Legislative Review Note**  
as of 1-2-08 1:19 PM

**Office of Legislative Research and General Counsel**



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## H.B. 278 - Charter School Funding Amendments

### Fiscal Note

2008 General Session

State of Utah

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#### State Impact

Enactment of this bill may require \$36,221,591 in Uniform School Funds to support the phase-out of the state funded Charter School Local Replacement Funding program within the Minimum School Program, provide for the continued state fund replacement of school district Debt Service revenues, and provide additional state funding for Charter School administrative costs.

The FY 2009 base budget for the Minimum School Program contains \$40,061,488 in Uniform School Funds appropriated to support the replacement of local revenues. Enactment of this bill may provide for a reduction in state expenditures supporting Charter School Local Replacement Funding by an estimated \$3,839,897. Over the next two fiscal years, the state funds supporting Charter School Local Replacement Funding will phase-out, except for state funds to charter schools replacing district Debt Service revenues as outlined in the bill.

	<u>FY 2008</u> <u>Approp.</u>	<u>FY 2009</u> <u>Approp.</u>	<u>FY 2010</u> <u>Approp.</u>	<u>FY 2008</u> <u>Revenue</u>	<u>FY 2009</u> <u>Revenue</u>	<u>FY 2010</u> <u>Revenue</u>
Uniform School Fund	\$0	(\$3,839,897)	(\$3,839,897)	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>(\$3,839,897)</b>	<b>(\$3,839,897)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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#### Individual, Business and/or Local Impact

School districts may see a reduction in Minimum School Program allocations, based on the formula outlined in the bill, commensurate with the number of resident students attending a charter school. Total funding received by a charter school may increase or decrease based on the comparative relationship between the formula outlined in the bill and a charter school's current allocation of Local Replacement Funding per student.