

**Representative Ron Bigelow** proposes the following substitute bill:

**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:

▶ directs the State Charter School Board to provide support services to charter schools from money appropriated for that purpose;

▶ annually increases the maximum student capacity of charter schools;

▶ requires a school district to provide an allocation of local revenues for each resident student who attends a charter school;

▶ requires the State Board of Education to:

• deduct from a school district's state funds the allocation of local revenues for a charter school student; and

• remit the money to the student's charter school;

▶ directs the Legislature to provide an appropriation for charter schools to supplement local revenues allocated by school districts; and

▶ modifies charter school administrative cost provisions.

**Monies Appropriated in this Bill:**

None



26 **Other Special Clauses:**

27 This bill takes effect on July 1, 2008.

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **53A-1a-501.6**, as last amended by Laws of Utah 2007, Chapter 344

31 **53A-1a-502.5**, as last amended by Laws of Utah 2007, Chapter 344

32 **53A-1a-513**, as last amended by Laws of Utah 2005, Chapters 9 and 291

33 **53A-17a-108**, as last amended by Laws of Utah 2007, Chapter 344



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

36 Section 1. Section **53A-1a-501.6** is amended to read:

37 **53A-1a-501.6. Power and duties of State Charter School Board.**

38 (1) The State Charter School Board shall:

39 (a) authorize and promote the establishment of charter schools, subject to the  
40 provisions in this part;

41 (b) annually review and evaluate the performance of charter schools authorized by the  
42 State Charter School Board and hold the schools accountable for their performance;

43 (c) monitor charter schools authorized by the State Charter School Board for  
44 compliance with federal and state laws, rules, and regulations;

45 (d) provide technical support to charter schools and persons seeking to establish charter  
46 schools by:

47 (i) identifying and promoting successful charter school models;

48 (ii) facilitating the application and approval process for charter school authorization;

49 (iii) directing charter schools and persons seeking to establish charter schools to  
50 sources of private funding and support;

51 (iv) reviewing and evaluating proposals to establish charter schools for the purpose of  
52 supporting and strengthening proposals before an application for charter school authorization is  
53 submitted to the State Charter School Board or a local school board; and

54 (v) assisting charter schools to understand and carry out their charter obligations;

55 (e) provide technical support, as requested, to a local school board relating to charter  
56 schools;

57 (f) make recommendations on legislation and rules pertaining to charter schools to the  
58 Legislature and State Board of Education, respectively; and

59 (g) make recommendations to the State Board of Education on the funding of charter  
60 schools.

61 (2) The State Charter School Board may:

62 (a) contract;

63 (b) sue and be sued; and

64 (c) (i) at the discretion of the charter school, provide administrative services to, or  
65 perform other school functions for, charter schools authorized by the State Charter School  
66 Board; and

67 (ii) charge fees for the provision of services or functions.

68 (3) (a) The State Charter School Board shall provide support services to charter schools  
69 from monies appropriated under Subsection (3)(b).

70 (b) Subject to future budget constraints, the Legislature shall annually appropriate  
71 money to the State Charter School Board for support services to charter schools in the amount  
72 of \$30 times the number of students enrolled in charter schools on October 1.

73 Section 2. Section **53A-1a-502.5** is amended to read:

74 **53A-1a-502.5. Charter schools -- Maximum authorized students.**

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

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

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

79 (b) an annual increase of 7,500 students for the charter schools beginning in the  
80 2009-10 school year.

81 (2) (a) The State Board of Education, in consultation with the State Charter School  
82 Board, shall allocate the students under Subsection (1) between the State Charter School Board  
83 and local school boards.

84 (b) 2,500 of the student capacity described under Subsection (1)(b) shall be allocated to  
85 increase the maximum student capacity of operating charter schools.

86 (c) If the operating charter schools do not use the allocation described under  
87 Subsection (2)(b), the remaining student capacity may be used by new charter schools.

88 Section 3. Section 53A-1a-513 is amended to read:

89 **53A-1a-513. Funding for charter schools.**

90 (1) As used in this section:

91 (a) "Charter school students' average local revenues" means the amount determined as

92 follows:

93 (i) for each student enrolled in a charter school on the previous October 1, calculate the  
94 district per pupil local revenues of the school district in which the student resides;

95 (ii) sum the district per pupil local revenues for each student enrolled in a charter  
96 school on the previous October 1; and

97 (iii) divide the sum calculated under Subsection (1)(a)(ii) by the number of students  
98 enrolled in charter schools on the previous October 1.

99 (b) "District per pupil local revenues" means the amount determined as follows, using  
100 data from the most recently published school district annual financial reports and state  
101 superintendent's annual report:

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

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

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

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

106 (D) a tort liability levy imposed under Section 63-30d-704;

107 (E) a capital outlay levy imposed under Section 53A-16-107;

108 (F) a voted capital outlay levy imposed under Section 53A-16-110;

109 (G) state support for a voted levy program provided under Section 53A-17a-133;

110 (H) state support for a board levy program provided under Section 53A-17a-134; and

111 (I) state ongoing appropriations to the Capital Outlay Foundation and Enrollment

112 Growth Programs created in Section 53A-21-102; and

113 (ii) divide the sum calculated under Subsection (1)(b)(i) by the sum of:

114 (A) a school district's average daily membership; and

115 (B) the average daily membership of a school district's resident students who attend  
116 charter schools.

117 (c) "Resident student" means a student who is considered a resident of the school

118 district under Title 53A, Chapter 2, District of Residency.

119 (d) "Statewide average debt service revenues" means the amount determined as  
 120 follows, using data from the most recently published state superintendent's annual report:

121 (i) sum the revenues of each school district from the debt service levy imposed under  
 122 Section 11-14-310; and

123 (ii) divide the sum calculated under Subsection (1)(d)(i) by statewide school district  
 124 average daily membership.

125 ~~[(1)]~~ (2) (a) Charter schools shall receive funding as described in this section, except  
 126 Subsections ~~[(2)]~~ (3) through ~~[(7)]~~ (8) do not apply to charter schools described in Subsection  
 127 ~~[(1)]~~ (2)(b).

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

131 ~~[(2)]~~ (3) (a) Except as provided in Subsection ~~[(2)]~~ (3)(b), a charter school shall receive  
 132 state funds, as applicable, on the same basis as a school district receives funds.

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

- 135 (i) .55 for kindergarten pupils;
- 136 (ii) .9 for pupils in grades 1-6;
- 137 (iii) .99 for pupils in grades 7-8; and
- 138 (iv) 1.2 for pupils in grades 9-12.

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

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

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

147 ~~[(4) (a) The Legislature shall provide an appropriation for charter schools for each of~~  
 148 ~~their students to replace some of the local property tax revenues that are not available to charter~~  
 149 ~~schools. The amount of money provided for each charter school student shall be determined~~

150 by:]

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

152 [~~(A) school districts' operations and maintenance revenues derived from local property~~  
153 ~~taxes, except revenues from imposing a minimum basic tax rate pursuant to Section~~  
154 ~~53A-17a-135;]~~

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

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

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

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

161 (A) in fiscal year 2008-09, the allocation shall equal 25% of the lesser of:

162 (I) district per pupil local revenues; or

163 (II) charter school students' average local revenues;

164 (B) in fiscal year 2009-10, the allocation shall equal 50% of the lesser of:

165 (I) district per pupil local revenues; or

166 (II) charter school students' average local revenues;

167 (C) in fiscal year 2010-11, the allocation shall equal 75% of the lesser of:

168 (I) district per pupil local revenues; or

169 (II) charter school students' average local revenues; and

170 (D) beginning in fiscal year 2011-12, the allocation shall equal 100% of the lesser of:

171 (I) district per pupil local revenues; or

172 (II) charter school students' average local revenues.

173 (ii) For the purpose of allocating school district revenues under Subsection (4)(a)(i), a  
174 kindergarten student who is enrolled in less than a full-day kindergarten program is weighted as  
175 .55 of a student.

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

178 (b) The State Board of Education shall:

179 (i) deduct an amount equal to the allocation provided under Subsection (4)(a) from

180 state funds the school district is authorized to receive under Title 53A, Chapter 17a, Minimum

181 School Program Act; and

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

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

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

187 (ii) the revenue sources listed in Subsections (1)(b)(i)(A) through (I) based on the  
188 portion of the allocations to charter schools attributed to each of the revenue sources listed in  
189 Subsections (1)(b)(i)(A) through (I).

190 (d) (i) Subject to future budget constraints, the Legislature shall provide an  
191 appropriation for charter schools for each student enrolled on October 1 to supplement the  
192 allocation of school district revenues under Subsection (4)(a).

193 (ii) Except as provided in Subsections (4)(d)(iii) and (iv), the amount of money  
194 provided by the state for a charter school student shall be the sum of:

195 (A) charter school students' average local revenues minus the allocation of school  
196 district revenues under Subsection (4)(a); and

197 (B) statewide average debt service revenues.

198 (iii) If the total of a school district's allocation for a charter school student under  
199 Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than  
200 \$1427, the state shall provide an additional supplement so that a charter school receives at least  
201 \$1427 per student under this Subsection (4).

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

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

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

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

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

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

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

214 ~~[(d) Subsection (4)(c) does not apply to charter schools beginning operations in the~~  
215 ~~2005-06 school year.]~~

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

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

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

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

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

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

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

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

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

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

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

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



243 part.

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

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

250 Section 4. Section **53A-17a-108** is amended to read:

251 **53A-17a-108. Weighted pupil units for school district administrative costs --**  
252 **Appropriation for charter school administrative costs.**

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

255 Administrative Costs Schedule

256 School District Enrollment as of October 1	Weighted Pupil Units
257 1 - 2,000 students	53
258 2,001 - 10,000 students	48
259 10,001 - 20,000 students	25
260 20,001 and above	16

261 (2) (a) Money appropriated to the State Board of Education for charter school  
262 administrative costs, including an appropriation in Section 53A-17a-104, shall be distributed to  
263 charter schools in the amount of [~~\$62~~] \$70 for each charter school student in enrollment.

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

267 (3) Charter schools are not eligible for funds for administrative costs under Subsection  
268 (1).

269 Section 5. **Effective date.**

270 This bill takes effect on July 1, 2008.

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**H.B. 278 1st Sub. (Buff) - Charter School Funding Amendments**

**Fiscal Note**

2008 General Session  
State of Utah

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**State Impact**

Enactment of this bill may require \$37,599,153 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, provide additional state funding for Charter School school-level administrative costs, and provide funding for charter school support services provided by the State Charter School Board.

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 \$2,462,335. Over the next three 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 and administrative functions 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	(\$2,462,335)	(\$2,462,335)	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>(\$2,462,335)</b>	<b>(\$2,462,335)</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.

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