

**CHARTER SCHOOL FUNDING AMENDMENTS**

2017 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Bradley G. Last**

Senate Sponsor: Howard A. Stephenson

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**LONG TITLE**

**General Description:**

This bill amends provisions related to funding for charter students.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ requires a charter school to include in a charter agreement the maximum number of students the charter school will serve;
- ▶ repeals outdated language;
- ▶ provides, if legislative appropriations are insufficient, for funding distribution to charter schools for charter students enrolled in a charter school that are below or exceed the charter school's maximum number of students; and
- ▶ makes technical corrections.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**53A-1a-508**, as last amended by Laws of Utah 2015, Chapter 258

**53A-1a-513**, as last amended by Laws of Utah 2016, Chapter 229



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

Section 1. Section **53A-1a-508** is amended to read:

**53A-1a-508. Charter agreement -- Content -- Modification.**

(1) As used in this section "satellite charter school" means a charter school affiliated with an operating charter school, which has the same charter school governing board and a similar program of instruction, but has a different school number than the affiliated charter school.

~~[(1)]~~ (2) A charter agreement:

- (a) is a contract between the charter school applicant and the charter school authorizer;
- (b) shall describe the rights and responsibilities of each party; and
- (c) shall allow for the operation of the applicant's proposed charter school.

~~[(2)]~~ (3) A charter agreement shall include:

- (a) the name of:
  - (i) the charter school; and
  - (ii) the charter school applicant;
- (b) the mission statement and purpose of the charter school;
- (c) the charter school's opening date;
- (d) the grade levels ~~[and number of students]~~ the charter school will serve;
- (e) (i) the maximum number of students a charter school will serve; or
- (ii) for an operating charter with satellite charter schools, the maximum number of students of all satellite charter schools collectively served by the operating charter;

~~[(e)]~~ (f) a description of the structure of the charter school's governing board, including:

- (i) the number of board members;
- (ii) how members of the board are appointed; and
- (iii) board members' terms of office;

~~[(f)]~~ (g) assurances that:

- (i) the governing board shall comply with:
  - (A) the charter school's bylaws;
  - (B) the charter school's articles of incorporation; and

59 (C) applicable federal law, state law, and State Board of Education rules;  
60 (ii) the governing board will meet all reporting requirements described in Section  
61 [53A-1a-507](#); and  
62 (iii) except as provided in Title 53A, Chapter 20b, Part 2, Charter School Credit  
63 Enhancement Program, neither the authorizer nor the state, including an agency of the state, is  
64 liable for the debts or financial obligations of the charter school or a person who operates the  
65 charter school;

66 [~~(g)~~] (h) which administrative rules the State Board of Education will waive for the  
67 charter school;

68 [~~(h)~~] (i) minimum financial standards for operating the charter school;

69 [~~(i)~~] (j) minimum standards for student achievement; and

70 [~~(j)~~] (k) signatures of the charter school authorizer and the charter school's governing  
71 board members.

72 [~~(3)~~] (4) A charter agreement may not be modified except by mutual agreement  
73 between the charter school authorizer and the governing board of the charter school.

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

75 **53A-1a-513. Funding for charter schools.**

76 (1) As used in this section:

77 (a) "Basic program" means the same as that term is defined in Section [53A-17a-103](#).

78 (b) "Charter school students' average local revenues" means the amount determined as  
79 follows:

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

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

84 (iii) divide the sum calculated under Subsection (1)(b)(ii) by the number of students  
85 enrolled in charter schools on the previous October 1.

86 (c) "Charter school levy per pupil revenues" means the same as that term is defined in  
87 Section [53A-1a-513.1](#).

88 (d) "District local property tax revenues" means the sum of a school district's revenue  
89 received from the following:

- 90 (i) a voted local levy imposed under Section 53A-17a-133;
- 91 (ii) a board local levy imposed under Section 53A-17a-164, excluding revenues
- 92 expended for:
  - 93 (A) pupil transportation, up to the amount of revenue generated by a .0003 per dollar of
  - 94 taxable value of the school district's board local levy; and
  - 95 (B) the K-3 Reading Improvement Program, up to the amount of revenue generated by
  - 96 a .000121 per dollar of taxable value of the school district's board local levy;
  - 97 (iii) a capital local levy imposed under Section 53A-16-113; and
  - 98 (iv) a guarantee described in Section 53A-17a-133, 53A-17a-164, 53A-21-202, or
  - 99 53A-21-302.
- 100 (e) "District per pupil local revenues" means, using data from the most recently
- 101 published school district annual financial reports and state superintendent's annual report, an
- 102 amount equal to district local property tax revenues divided by the sum of:
  - 103 (i) a school district's average daily membership; and
  - 104 (ii) the average daily membership of a school district's resident students who attend
  - 105 charter schools.
- 106 (f) "Resident student" means a student who is considered a resident of the school
- 107 district under Title 53A, Chapter 2, Part 2, District of Residency.
- 108 (g) "Statewide average debt service revenues" means the amount determined as
- 109 follows, using data from the most recently published state superintendent's annual report:
  - 110 (i) sum the revenues of each school district from the debt service levy imposed under
  - 111 Section 11-14-310; and
  - 112 (ii) divide the sum calculated under Subsection (1)(g)(i) by statewide school district
  - 113 average daily membership.
- 114 (2) (a) Charter schools shall receive funding as described in this section, except
- 115 Subsections (3) through (8) do not apply to charter schools described in Subsection (2)(b).
- 116 (b) Charter schools authorized by local school boards that are converted from district
- 117 schools or operate in district facilities without paying reasonable rent shall receive funding as
- 118 prescribed in Section 53A-1a-515.
- 119 (3) (a) Except as provided in [Subsections] Subsection (3)(b) [~~and (3)(c)~~], a charter
- 120 school shall receive state funds, as applicable, on the same basis as a school district receives

121 funds.

122 ~~[(b) For the 2015-16 school year, the number of weighted pupil units assigned to a~~  
123 ~~charter school for the kindergarten and grades 1 through 12 programs of the Basic School~~  
124 ~~Program shall be:]~~

125 ~~[(i) based on the higher of:]~~

126 ~~[(A) October 1 enrollment in the current school year; or]~~

127 ~~[(B) average daily membership in the prior school year plus growth as determined~~  
128 ~~under Section 53A-17a-106; and]~~

129 ~~[(ii) weighted as provided in Subsection (3)(c):]~~

130 ~~[(c)]~~ (b) In distributing funds under Chapter 17a, Minimum School Program Act, to  
131 charter schools, charter school pupils shall be weighted, where applicable, as follows:

132 (i) .55 for kindergarten pupils;

133 (ii) .9 for pupils in grades 1 through 6;

134 (iii) .99 for pupils in grades 7 through 8; and

135 (iv) 1.2 for pupils in grades 9 through 12.

136 (4) (a) (i) A school district shall allocate a portion of school district revenues for each  
137 resident student of the school district who is enrolled in a charter school on the previous  
138 October 1 equal to 25% of the district per pupil local revenues excluding the amount of  
139 revenues:

140 (A) described in Subsection (1)(d)(iv) collected by the district; and

141 (B) expended by the school district for recreational facilities and activities authorized  
142 under Title 11, Chapter 2, Playgrounds.

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

145 (b) The State Board of Education shall:

146 (i) deduct an amount equal to the allocation provided under Subsection (4)(a) from  
147 state funds the school district is authorized to receive under Chapter 17a, Minimum School  
148 Program Act; and

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

150 (c) Notwithstanding the method used to transfer school district revenues to charter  
151 schools as provided in Subsection (4)(b), a school district may deduct the allocations to charter

152 schools under this section from:

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

154 (ii) the revenue sources listed in Subsection (1)(d) based on the portion of the  
155 allocations to charter schools attributed to each of the revenue sources listed in Subsection  
156 (1)(d).

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

160 (ii) Except as provided in Subsection (4)(d)(iii), the amount of money provided by the  
161 state for a charter school student shall be the sum of:

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

164 (B) statewide average debt service revenues.

165 (iii) If the total of a school district's allocation for a charter school student under  
166 Subsection (4)(a) and the amount provided by the state under Subsection (4)(d)(ii) is less than  
167 \$1427, the state shall provide an additional supplement so that a charter school receives at least  
168 \$1427 per student under this Subsection (4).

169 (iv) (A) If the appropriation provided under this Subsection (4)(d) is less than the  
170 amount prescribed by Subsection (4)(d)(ii) or (4)(d)(iii), the appropriation shall be allocated  
171 among charter schools in proportion to each charter school's enrollment as a percentage of the  
172 total enrollment in charter schools.

173 (B) If the State Board of Education makes adjustments to Minimum School Program  
174 allocations as provided under Section [53A-17a-105](#), the allocation provided in Subsection  
175 (4)(d)(iv)(A) shall be determined after adjustments are made under Section [53A-17a-105](#).

176 (e) (i) Except as provided in Subsection (4)(e)(ii), of the money provided to a charter  
177 school under this Subsection (4), 10% shall be expended for funding school facilities only.

178 (ii) Subsection (4)(e)(i) does not apply to an online charter school.

179 (f) This Subsection (4) is repealed July 1, 2017.

180 (5) (a) As described in Section [53A-1a-513.1](#), the State Board of Education shall  
181 distribute charter school levy per pupil revenues to charter schools.

182 (b) (i) Subject to future budget constraints, the Legislature shall provide an

183 appropriation for charter schools for each charter school student enrolled on October 1 to  
184 supplement the allocation of charter school levy per pupil revenues described in Subsection  
185 (5)(a).

186 (ii) Except as provided in Subsection (5)(b)(iii), the amount of money provided by the  
187 state for a charter school student shall be the sum of:

188 (A) charter school students' average local revenues minus the charter school levy per  
189 pupil revenues; and

190 (B) statewide average debt service revenues.

191 (iii) If the total of charter school levy per pupil revenues and the amount provided by  
192 the state under Subsection (5)(b)(ii) is less than \$1,427, the state shall provide an additional  
193 supplement so that a charter school receives at least \$1,427 per student under this Subsection  
194 (5).

195 [~~(iv) (A) If the appropriation provided under this Subsection (5)(b) is less than the~~  
196 ~~amount prescribed by Subsection (5)(b)(ii) or (5)(b)(iii), the appropriation shall be allocated~~  
197 ~~among charter schools in proportion to each charter school's enrollment as a percentage of the~~  
198 ~~total enrollment in charter schools.]~~

199 [~~(B) If the State Board of Education makes adjustments to Minimum School Program~~  
200 ~~allocations as provided under Section 53A-17a-105, the allocation provided in Subsection~~  
201 ~~(5)(b)(iv)(A) shall be determined after adjustments are made under Section 53A-17a-105.]~~

202 (c) (i) If the legislative appropriation described in Subsection (5)(b) is insufficient to  
203 provide an amount described in Subsection (5)(b)(ii) for each charter school student, the State  
204 Board of Education shall make an adjustment to Minimum School Program allocations as  
205 described in Section 53A-17a-105.

206 (ii) Following an adjustment described in Subsection (5)(c)(i), if legislative  
207 appropriations remain insufficient to provide an amount described in Subsection (5)(b)(ii) for  
208 each student enrolled in a charter school, the State Board of Education shall:

209 (A) distribute to a charter school an amount described in Subsection (5)(b)(ii) for each  
210 student enrolled in the charter school under or equal to the maximum number of students the  
211 charter school serves, as described in the charter school's charter school agreement described in  
212 Section 53A-1a-508; and

213 (B) distribute money remaining after the distributions described in Subsection

214 (5)(c)(ii)(A) to a charter school based on the charter school's share of all students enrolled in  
215 charter schools who exceed the number of maximum students served by charter schools, as  
216 described in charter school agreements entered into under Section [53A-1a-508](#).

217 ~~(c)~~ (d) (i) Of the money provided to a charter school under this Subsection (5), 10%  
218 shall be expended for funding school facilities only.

219 (ii) Subsection (5)~~(c)~~(d)(i) does not apply to an online charter school.

220 (d) This Subsection (5) is effective July 1, 2017.

221 (6) Charter schools are eligible to receive federal funds if they meet all applicable  
222 federal requirements and comply with relevant federal regulations.

223 (7) The State Board of Education shall distribute funds for charter school students  
224 directly to the charter school.

225 (8) (a) Notwithstanding Subsection (3), a charter school is not eligible to receive state  
226 transportation funding.

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

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

231 (9) (a) (i) In accordance with Section [53A-1a-513.5](#), the State Charter School Board  
232 may allocate grants for start-up costs to charter schools from money appropriated for charter  
233 school start-up costs.

234 (ii) The governing board of a charter school that receives money from a grant under  
235 Section [53A-1a-513.5](#) shall use the grant for expenses for planning and implementation of the  
236 charter school.

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

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

243 (b) It is unlawful for any person affiliated with a charter school to demand or request  
244 any gift, donation, or contribution from a parent, teacher, employee, or other person affiliated



245 with the charter school as a condition for employment or enrollment at the school or continued  
246 attendance at the school.

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**Legislative Review Note**  
**Office of Legislative Research and General Counsel**