

CHARTER SCHOOL FUNDING AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: V. Lowry Snow

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to the charter school levy and charter school levy state guarantee.

Highlighted Provisions:

This bill:

- ▶ amends definitions so that estimates are based on a current fiscal year;
- ▶ requires the Legislature to adjust an appropriation for the charter school levy state guarantee in certain circumstances; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2020:

- ▶ to State Board of Education -- Minimum School Program -- Related to Basic School Programs, as an ongoing appropriation:
 - from Education Fund, \$4,000,000.

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

53F-2-703, as renumbered and amended by Laws of Utah 2018, Chapter 2

53F-2-704, as enacted by Laws of Utah 2018, Chapter 2 and last amended by Laws of



28 Utah 2018, Chapters 211, 300, 383, and 456

29

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

31 Section 1. Section **53F-2-703** is amended to read:

32 **53F-2-703. Charter school levy.**

33 (1) As used in this section:

34 (a) "Board" means the State Board of Education.

35 (b) "Charter School Levy Account" means the Charter School Levy Account created in

36 Section **53F-9-301**.

37 (c) "Charter school levy per district revenues" means the product of:

38 (i) a school district's district per pupil local revenues; and

39 (ii) the estimated current fiscal year number of charter school students in the school

40 district who are resident students.

41 (d) "Charter school levy per pupil revenues" means an amount equal to the following:

42 (i) charter school levy total local revenues for a [~~given~~] budgeted fiscal year, adjusted if
43 necessary as described in Subsection (4); divided by

44 (ii) the number of students enrolled in a charter school on October 1 of the prior school
45 year.

46 (e) "Charter school levy revenues" means the charter school levy revenues generated by
47 a charter school levy rate described in Subsection (2)(b)(i).

48 (f) "Charter school levy total local revenues" means the sum of charter school levy per
49 district revenues for every school district in the state for the same given fiscal year.

50 (g) "District per pupil local revenues" means the same as that term is defined in Section
51 **53F-2-704**.

52 (h) "Resident student" means the same as that term is defined in Section **53F-2-704**.

53 (2) (a) Beginning with the taxable year beginning on January 1, 2017, the state shall
54 annually impose a charter school levy as described in this Subsection (2).

55 (b) (i) For each school district, before June 22, the State Tax Commission shall certify
56 a rate for the charter school levy described in Subsection (2)(a) to generate an amount of
57 revenue within a school district equal to 25% of the charter school levy per district revenues
58 excluding the amount of revenues:

59 (A) described in Subsection 53F-2-704(1)(c)(iv); and
60 (B) expended by the school district for recreational facilities and activities authorized
61 under Title 11, Chapter 2, Playgrounds.

62 (ii) To calculate a charter school levy rate for a school district, the State Tax
63 Commission shall use the calculation method described in Subsection 59-2-924(4).

64 (c) The charter school levy shall be separately stated on a tax notice.

65 (3) (a) A county treasurer shall collect the charter school levy revenues for all school
66 districts located within the county treasurer's county and remit the money monthly to the state
67 treasurer.

68 (b) The state treasurer shall deposit the charter school levy revenues received from a
69 county treasurer into the Charter School Levy Account.

70 (4) (a) For each charter school student, the board shall distribute the charter school per
71 pupil levy revenues from the Charter School Levy Account to the student's charter school in
72 accordance with this Subsection (4).

73 (b) For a given fiscal year, if the actual charter school levy total local revenues are
74 more than the estimated charter school levy total local revenues the board shall:

75 (i) deduct the amount of revenue that exceeds the estimated charter school levy total
76 local revenues from the actual charter school levy total local revenues; and

77 (ii) use the remaining amount to calculate the charter school per pupil levy revenues.

78 (c) For a given fiscal year, if the actual charter school total local revenues are less than
79 the estimated charter school levy total local revenues, the board shall:

80 (i) if sufficient funds are available in the Charter School Levy Account, add an amount
81 of funds from the Charter School Levy Account to the charter school levy total local revenues
82 to equal the estimated charter school levy total local revenues; and

83 (ii) if sufficient funds are not available in the Charter School Levy Account, calculate
84 the charter school per pupil levy revenues using the actual amount of the charter school levy
85 total local revenues.

86 Section 2. Section 53F-2-704 is amended to read:

87 **53F-2-704. Charter school levy state guarantee.**

88 (1) As used in this section:

89 (a) "Charter school levy per pupil revenues" means the same as that term is defined in

90 Section 53F-2-703.

91 (b) "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 (c) "District local property tax revenues" means the sum of a school district's estimated
100 current fiscal year revenue received from the following:

101 (i) a voted local levy imposed under Section 53F-8-301;

102 (ii) a board local levy imposed under Section 53F-8-302, excluding revenues estimated
103 to be expended for:

104 (A) pupil transportation, up to the amount of revenue generated by a .0003 per dollar of
105 taxable value of the school district's board local levy; and

106 (B) the Early Literacy Program described in Section 53F-2-503, up to the amount of
107 revenue generated by a .000121 per dollar of taxable value of the school district's board local
108 levy;

109 (iii) a capital local levy imposed under Section 53F-8-303; and

110 (iv) a guarantee described in Section 53F-2-601, 53F-3-202, or 53F-3-203.

111 (d) "District per pupil local revenues" means ~~[using data from the most recently~~
112 ~~published school district annual financial reports and state superintendent's annual report, an~~
113 ~~amount equal to]~~ estimated current fiscal year amounts for district local property tax revenues
114 divided by the sum of:

115 (i) a school district's estimated current fiscal year average daily membership; and

116 (ii) the estimated current fiscal year average daily membership of a school district's
117 resident students who attend charter schools.

118 (e) "Resident student" means a student who is considered a resident of the school
119 district under Title 53G, Chapter 6, Part 3, School District Residency.

120 (f) "Statewide average debt service revenues" means the amount determined as

121 follows[, using data from the most recently published state superintendent's annual report]:

122 (i) sum the estimated current fiscal year revenues of each school district from the debt
123 service levy imposed under Section [11-14-310](#); and

124 (ii) divide the sum calculated under Subsection (1)(f)(i) by estimated current fiscal year
125 statewide school district average daily membership.

126 (2) (a) Subject to future budget constraints, the Legislature shall provide an
127 appropriation for charter schools for each charter school student enrolled on October 1 to
128 supplement the allocation of charter school levy per pupil revenues described in Subsection
129 [53F-2-702](#)(2)(a).

130 (b) [~~Except as provided in Subsection (2)(c), the~~] The amount of money provided by
131 the state for a charter school student shall be the sum of:

132 (i) charter school students' average local revenues minus the charter school levy per
133 pupil revenues; and

134 (ii) statewide average debt service revenues.

135 [~~(c) If the total of charter school levy per pupil revenues distributed by the State Board
136 of Education and the amount provided by the state under Subsection (2)(b) is less than \$1,427,
137 the state shall provide an additional supplement so that a charter school receives at least \$1,427
138 per student under Subsection [53F-2-702](#)(2).]~~]

139 [(~~(c)~~)] (c) (i) If the legislative appropriation described in Subsection (2)(a) is insufficient
140 to provide an amount described in Subsection (2)(b) for each charter school student, the State
141 Board of Education shall make an adjustment to Minimum School Program allocations as
142 described in Section [53F-2-205](#).

143 (ii) Following an adjustment described in Subsection (2)[(~~(c)~~)](c)(i), if legislative
144 appropriations remain insufficient to provide an amount described in Subsection (2)(b) for each
145 student enrolled in a charter school, the State Board of Education shall:

146 (A) distribute to a charter school an amount described in Subsection (2)(b) for each
147 student enrolled in the charter school under or equal to the maximum number of students the
148 charter school serves, as described in the charter school's charter school agreement described in
149 Section [53G-5-303](#); and

150 (B) distribute money remaining after the distributions described in Subsection
151 (2)[(~~(c)~~)](c)(ii)(A) to a charter school based on the charter school's share of all students enrolled

152 in charter schools who exceed the number of maximum students served by charter schools, as
153 described in charter school agreements entered into under Section 53G-5-303.

154 (3) (a) Except as provided in Subsection (3)(b), of the money provided to a charter
155 school under Subsection 53F-2-702(2), 10% shall be expended for funding school facilities
156 only.

157 (b) Subsection (3)(a) does not apply to an online charter school.

158 (4) If, based on a comparison of the most recent data published in the school district
159 annual financial reports and state superintendent's annual report and the estimates initially used
160 to determine an amount appropriated under Subsection (2), there is a difference in the amount
161 appropriated and, based on the reported data, the correct amount, the Legislature, in the general
162 session immediately following the publication of the data and subject to future budget
163 constraints, shall adjust the appropriation described in Subsection (2) for the next fiscal year to
164 reflect the difference.

165 Section 3. **Appropriation.**

166 The following sums of money are appropriated for the fiscal year beginning July 1,
167 2019, and ending June 30, 2020. These are additions to amounts previously appropriated for
168 fiscal year 2020. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
169 Act, the Legislature appropriates the following sums of money from the funds or accounts
170 indicated for the use and support of the government of the state of Utah.

171 ITEM 1

172 To State Board of Education -- Minimum School Program -- Related to Basic School
173 Programs

174 From Education Fund \$4,000,000

175 Schedule of Programs:

176 Charter School Local Replacement \$4,000,000

177 The Legislature intends that the State Board of Education distribute the appropriation
178 provided under this item to charter schools based on the number of students enrolled in each
179 charter school.

180 Section 4. **Effective date.**

181 This bill takes effect July 1, 2020, except that Uncodified Section 3, Appropriation,
182 takes effect on July 1, 2019.