

Representative Jefferson Moss proposes the following substitute bill:

CHARTER SCHOOL OPERATIONS AMENDMENTS

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jefferson Moss

Senate Sponsor: Daniel McCay

LONG TITLE

General Description:

This bill amends certain provisions related to the approval, oversight, and closure of charter schools by an authorizer.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates an initial review period before a charter school receives ongoing approval from an authorizer;
- ▶ requires a charter school to use the same accounting methods as district schools; and
- ▶ permits authorizers to:
 - request financial documents from a charter school;
 - petition a district court to appoint a receiver for a charter school on certain grounds;
 - transfer operation and control of a charter school to a high performing charter school under certain circumstances; and
 - transfer students from a closing charter school to another charter school.

Money Appropriated in this Bill:

None



26 **Other Special Clauses:**

27 None

28 **Utah Code Sections Affected:**

29 AMENDS:

30 **53G-4-404**, as last amended by Laws of Utah 2019, Chapters 293 and 324

31 **53G-5-404**, as last amended by Laws of Utah 2019, Chapters 83 and 293

32 **53G-5-405**, as last amended by Laws of Utah 2019, Chapters 293 and 505

33 **53G-5-501**, as last amended by Laws of Utah 2019, Chapter 293

34 **53G-5-502**, as last amended by Laws of Utah 2019, Chapter 293

35 **53G-5-503**, as last amended by Laws of Utah 2019, Chapter 293

36 **53G-5-504**, as last amended by Laws of Utah 2019, Chapter 293

37 ENACTS:

38 **53G-5-307**, Utah Code Annotated 1953



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

41 Section 1. Section **53G-4-404** is amended to read:

42 **53G-4-404. Annual financial report -- Audit report.**

43 (1) (a) The annual financial report of each school district, containing items required by
44 law or by the state board and attested to by independent auditors, shall be prepared as required
45 by Section **51-2a-201**.

46 (b) A school district shall use fund and program accounting methods and standardized
47 account codes capable of producing financial reports that comply with:

48 (i) generally accepted accounting principles;

49 (ii) financial reporting requirements established by the state board under Section

50 **53E-3-501**; and

51 (iii) accounting report standards established by the state auditor as described in Section
52 **51-2a-301**.

53 (2) If auditors are employed under Section **51-2a-201**, the auditors shall complete their
54 field work in sufficient time to allow them to verify necessary audit adjustments included in the
55 annual financial report to the state superintendent.

56 (3) (a) (i) The district shall forward the annual financial report to the state

57 superintendent not later than October 1.

58 (ii) The report shall include information to enable the state superintendent to complete
59 the statement of funds required under Section [53E-1-203](#).

60 (b) The state board shall publish electronically a copy of the report on the Internet not
61 later than January 15.

62 (4) The completed audit report shall be delivered to the school district local school
63 board and the state superintendent not later than November 30 of each year.

64 Section 2. Section **53G-5-307** is enacted to read:

65 **53G-5-307. Charter school authorization -- Initial review period.**

66 (1) An authorizer shall grant a charter school approved under this title initial approval
67 for a three-year review period, beginning with the first year of the charter school's operation.

68 (2) Beginning in the first year of the initial review period, the authorizer shall comply
69 with the accountability and review procedures described in Section [53G-5-406](#).

70 (3) The authorizer may extend the initial review period for one year, up to two times
71 during the initial review period.

72 (4) At the end of the initial review period, the authorizer shall:

73 (a) grant the charter school ongoing approval; or

74 (b) terminate the charter agreement, subject to the requirements of Section [53G-5-503](#).

75 (5) The authorizer shall, under the minimum standards described in Section
76 [53G-5-205](#), base the decision to grant ongoing approval or terminate the charter agreement on:

77 (a) the charter school's compliance with the terms of the charter agreement;

78 (b) whether the charter school is meeting academic standards in the charter school's
79 charter agreement;

80 (c) the charter school's financial viability; and

81 (d) the charter school's capacity to meet governance standards.

82 (6) A charter school that is granted initial approval under this section may not
83 participate in the Charter School Credit Enhancement Program until the authorizer grants
84 ongoing approval of the charter school's charter.

85 Section 3. Section **53G-5-404** is amended to read:

86 **53G-5-404. Requirements for charter schools.**

87 (1) A charter school shall be nonsectarian in its programs, admission policies,

88 employment practices, and operations.

89 (2) A charter school may not charge tuition or fees, except those fees normally charged
90 by other public schools.

91 (3) A charter school shall meet all applicable federal, state, and local health, safety, and
92 civil rights requirements.

93 (4) (a) A charter school shall:

94 (i) make the same annual reports required of other public schools under this public
95 education code, including an annual financial audit report described in Section 53G-4-404;
96 ~~[and]~~

97 (ii) ensure that the charter school meets the data and reporting standards described in
98 Section 53E-3-501[-]; and

99 (iii) use fund, program, and sub-program accounting methods and standardized account
100 codes capable of producing financial reports that comply with:

101 (A) generally accepted accounting principles;

102 (B) the financial reporting requirements applicable to LEAs established by the state
103 board under Section 53E-3-501; and

104 (C) accounting report standards established by the state auditor as described in Section
105 51-2a-301.

106 (b) Before, and as a condition for opening a charter school:

107 (i) a charter school shall:

108 (A) certify to the authorizer that the charter school's accounting methods meet the
109 requirements described in Subsection (4)(a)(iii); or

110 (B) if the authorizer requires, conduct a performance demonstration to verify that the
111 charter school's accounting methods meet the requirements described in Subsection (4)(a)(iii);
112 and

113 (ii) the authorizer shall certify to the state board that the charter school's accounting
114 methods meet the requirements described in Subsection (4)(a)(iii).

115 ~~[(b)]~~ (c) A charter school shall file the charter school's annual financial audit report
116 with the Office of the State Auditor within six months of the end of the fiscal year.

117 (d) For the limited purpose of compliance with federal and state law governing use of
118 public education funds, including restricted funds, and making annual financial audit reports

119 under this section, a charter school is a government entity governed by the public education
120 code.

121 (5) (a) A charter school shall be accountable to the charter school's authorizer for
122 performance as provided in the school's charter agreement.

123 (b) To measure the performance of a charter school, an authorizer may use data
124 contained in:

125 (i) the charter school's annual financial audit report;

126 (ii) a report submitted by the charter school as required by statute; or

127 (iii) a report submitted by the charter school as required by its charter agreement.

128 (c) A charter school authorizer may not impose performance standards, except as
129 permitted by statute, that limit, infringe, or prohibit a charter school's ability to successfully
130 accomplish the purposes of charter schools as provided in Section [53G-5-104](#) or as otherwise
131 provided in law.

132 (6) A charter school may not advocate unlawful behavior.

133 (7) Except as provided in Section [53G-5-305](#), a charter school shall be organized and
134 managed under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, after its
135 authorization.

136 (8) A charter school shall provide adequate liability and other appropriate insurance~~[-]~~,
137 including:

138 (a) general liability, errors and omissions, and directors and officers liability coverage
139 through completion of the closure of a charter school under Section [53G-5-504](#); and

140 (b) tail coverage or closeout insurance covering at least one year after closure of the
141 charter school.

142 (9) Beginning on July 1, 2014, a charter school, including a charter school that has not
143 yet opened, shall submit any lease, lease-purchase agreement, or other contract or agreement
144 relating to the charter school's facilities or financing of the charter school's facilities to the
145 school's authorizer and an attorney for review and advice ~~[prior to]~~ before the charter school
146 ~~[entering into]~~ enters the lease, agreement, or contract.

147 (10) A charter school may not employ an educator whose license ~~[has been]~~ is
148 suspended or revoked by the state board under Section [53E-6-604](#).

149 (11) (a) Each charter school shall register and maintain the charter school's registration

150 as a limited purpose entity, in accordance with Section [67-1a-15](#).

151 (b) A charter school that fails to comply with Subsection (11)(a) or Section [67-1a-15](#) is
152 subject to enforcement by the state auditor, in accordance with Section [67-3-1](#).

153 (12) (a) As used in this Subsection (12), "contracting entity" means a person with
154 which a charter school contracts.

155 (b) A charter school shall provide to the charter school's authorizer any information or
156 documents requested by the authorizer, including documents held by a subsidiary of the charter
157 school or a contracting entity:

158 (i) to confirm the charter school's compliance with state or federal law governing the
159 charter school's finances or governance; or

160 (ii) to carry out the authorizer's statutory obligations, including liquidation and
161 assignment of assets, and payment of debt in accordance with state board rule, as described in
162 Section [53G-5-504](#).

163 (c) A charter school shall comply with a request described in Subsection (12)(b),
164 including after an authorizer recommends closure of the charter school or terminates the charter
165 school's contract.

166 (d) Documents held by a contracting entity or subsidiary of a charter school that are
167 necessary to demonstrate the charter school's compliance with state or federal law are the
168 property of the charter school.

169 (e) A charter school shall include in an agreement with a subsidiary of the charter
170 school or a contracting entity a provision that stipulates that documents held by the subsidiary
171 or a contracting entity, that are necessary to demonstrate the charter school's financial
172 compliance with federal or state law, are the property of the charter school.

173 Section 4. Section **53G-5-405** is amended to read:

174 **53G-5-405. Application of statutes and rules to charter schools.**

175 (1) A charter school shall operate in accordance with its charter agreement and is
176 subject to this public education code and other state laws applicable to public schools, except
177 as otherwise provided in this chapter and other related provisions.

178 (2) (a) Except as provided in Subsection (2)(b), state board rules governing the
179 following do not apply to a charter school:

180 (i) school libraries;

- 181 (ii) required school administrative and supervisory services; and
 182 (iii) required expenditures for instructional supplies.
- 183 (b) A charter school shall comply with rules implementing statutes that prescribe how
 184 state appropriations may be spent.
- 185 (3) The following provisions of this public education code, and rules adopted under
 186 those provisions, do not apply to a charter school:
- 187 [~~(a) Section 53G-7-1202, requiring the establishment of a school community council;~~]
 188 [~~(b) Section 53G-4-409, requiring the use of activity disclosure statements;~~]
 189 [~~(c) Section 53G-7-606, requiring notification of intent to dispose of textbooks;~~]
 190 [~~(d) Section 53G-10-404, requiring annual presentations on adoption;~~]
 191 [~~(e) Sections 53G-7-304 and 53G-7-306 pertaining to fiscal procedures of school~~
 192 ~~districts and local school boards; and]~~
- 193 [~~(f) Section 53E-4-408, requiring an independent evaluation of instructional materials.]~~
- 194 (a) Section 53E-4-408, requiring an independent evaluation of instructional materials;
 195 (b) Section 53G-4-409, requiring the use of activity disclosure statements;
 196 (c) Sections 53G-7-304 and 53G-7-306, pertaining to fiscal procedures of school
 197 districts and local school boards;
- 198 (d) Section 53G-7-606, requiring notification of intent to dispose of textbooks;
 199 (e) Section 53G-7-1202, requiring the establishment of a school community council;
 200 and
- 201 (f) Section 53G-10-404, requiring annual presentations on adoption.
- 202 (4) For the purposes of Title 63G, Chapter 6a, Utah Procurement Code, a charter
 203 school is considered an educational procurement unit as defined in Section 63G-6a-103.
- 204 (5) Each charter school shall be subject to:
- 205 (a) Title 52, Chapter 4, Open and Public Meetings Act; and
 206 (b) Title 63G, Chapter 2, Government Records Access and Management Act.
- 207 (6) A charter school is exempt from Section 51-2a-201.5, requiring accounting reports
 208 of certain nonprofit corporations. A charter school is subject to the requirements of Section
 209 53G-5-404.
- 210 (7) (a) The State Charter School Board shall, in concert with the charter schools, study
 211 existing state law and administrative rules for the purpose of determining from which laws and

212 rules charter schools should be exempt.

213 (b) (i) The State Charter School Board shall present recommendations for exemption to
214 the state board for consideration.

215 (ii) The state board shall consider the recommendations of the State Charter School
216 Board and respond within 60 days.

217 Section 5. Section **53G-5-501** is amended to read:

218 **53G-5-501. Noncompliance -- Rulemaking.**

219 (1) If a charter school is found to be out of compliance with the requirements of
220 Section **53G-5-404** or the school's charter agreement, the charter school authorizer shall notify
221 the following in writing that the charter school has a reasonable time to remedy the deficiency,
222 except as otherwise provided in Subsection **53G-5-503(4)**:

223 (a) the charter school governing board; and

224 (b) if the charter school is a qualifying charter school with outstanding bonds issued in
225 accordance with Part 6, Charter School Credit Enhancement Program, the Utah Charter School
226 Finance Authority.

227 (2) (a) If the charter school does not remedy the deficiency within the established
228 timeline, the authorizer may:

229 ~~[(a)]~~ (i) subject to the requirements of Subsection (4), take one or more of the
230 following actions:

231 ~~[(i)]~~ (A) remove a charter school director or finance officer;

232 ~~[(ii)]~~ (B) remove a charter school governing board member; ~~[or]~~

233 ~~[(iii)]~~ (C) appoint an interim director ~~[or]~~, mentor, or finance officer to work with the
234 charter school; or

235 (D) appoint a governing board member;

236 ~~[(b)]~~ (ii) subject to the requirements of Section **53G-5-503**, terminate the school's
237 charter agreement~~[-]; or~~

238 (iii) transfer operation and control of the charter school to a high performing charter
239 school, as defined in Subsection **53G-5-502(1)**, including reconstituting the governing board to
240 effectuate the transfer.

241 (b) The authorizer may prohibit the charter school governing board from removing an
242 appointment made under Subsection (2)(a)(i), for a period of up to one year after the date of the

243 appointment.

244 (3) The costs of an interim director [~~or~~], mentor, or finance officer appointed [~~pursuant~~
245 ~~to~~] under Subsection (2)(a) shall be paid from the funds of the charter school for which the
246 interim director [~~or~~], mentor, or finance officer is working.

247 (4) The authorizer shall notify the Utah Charter School Finance Authority before the
248 authorizer takes an action described in [~~Subsections~~] Subsection (2)(a)(i) [~~through (iii)~~] if the
249 charter school is a qualifying charter school with outstanding bonds issued in accordance with
250 Part 6, Charter School Credit Enhancement Program.

251 (5) The state board shall make rules:

252 (a) specifying the timeline for remedying deficiencies under Subsection (1); and

253 (b) ensuring the compliance of a charter school with its approved charter agreement.

254 (6) (a) An authorizer may petition the district court where a charter school is located or
255 incorporated to appoint a receiver, and the district court may appoint a receiver if the authorizer
256 establishes that the charter school:

257 (i) is subject to closure under Section [53G-5-503](#); and

258 (ii) (A) has disposed, or there is a demonstrated risk that the charter school will
259 dispose, of the charter school's assets in violation of Subsection [53G-5-403\(4\)](#); or

260 (B) cannot, or there is a demonstrated risk that the charter school will not, make
261 repayment of amounts owed to the federal government or the state.

262 (b) The court shall describe the powers and duties of the receiver in the court's
263 appointing order, and may amend the order from time to time.

264 (c) Among other duties ordered by the court, the receiver shall:

265 (i) ensure the protection of the charter school's assets;

266 (ii) preserve money owed to creditors; and

267 (iii) if requested by the authorizer, carry out charter school closure procedures
268 described in Section [53G-5-504](#), and state board rules, as directed by the authorizer.

269 (d) If the authorizer does not request, or the court does not appoint, a receiver:

270 (i) the authorizer may reconstitute the governing board of a charter school; or

271 (ii) if a new governing board cannot be reconstituted, the authorizer shall complete the
272 closure procedures described in Section [53G-5-504](#), including liquidation and assignment of
273 assets, and payment of debt in accordance with state board rule, as described in Section

274 [53G-5-504.](#)

275 (e) For a qualifying charter school with outstanding bonds issued in accordance with
276 Part 6, Charter School Credit Enhancement Program, an authorizer shall obtain the consent of
277 the Utah Charter School Finance Authority before the authorizer takes the following actions:

- 278 (i) petitions a district court to appoint a receiver, as described in Subsection (6)(a);
279 (ii) reconstitutes the governing board, as described in Subsection (6)(d)(i); or
280 (iii) carries out closure procedures, as described in Subsection (6)(d)(ii).

281 Section 6. Section **53G-5-502** is amended to read:

282 **53G-5-502. Voluntary school improvement process.**

283 (1) As used in this section[;]:

284 (a) "[~~high~~] High performing charter school" means a charter school that:

285 [~~(a)~~] (i) satisfies all requirements of state law and state board rules;

286 [~~(b)~~] (ii) has operated for at least three years meeting the terms of the school's charter
287 agreement; and

288 [~~(c)~~] (iii) is in good standing with the charter school's authorizer.

289 (b) "Low performing charter school" means a charter school that is designated a low
290 performing school, as that term is defined in Section [53E-5-301](#).

291 (c) "School turnaround plan" means the same as that term is defined in Section
292 [53E-5-301](#).

293 (2) (a) Subject to Subsection (2)(b), a charter school governing board may voluntarily
294 request the charter school's authorizer to place the charter school, including a low performing
295 charter school that has a school turnaround plan, in a school improvement process.

296 (b) A charter school governing board shall provide notice and a hearing on the charter
297 school governing board's intent to make a request under Subsection (2)(a) to parents of students
298 enrolled in the charter school.

299 (3) An authorizer may grant a charter school governing board's request to be placed in
300 a school improvement process if the charter school governing board has provided notice and a
301 hearing under Subsection (2)(b).

302 (4) An authorizer that has entered into a school improvement process with a charter
303 school governing board shall:

304 (a) enter into a contract with the charter school governing board on the terms of the

305 school improvement process;

306 (b) notify the state board that the authorizer has entered into a school improvement
307 process with the charter school governing board;

308 (c) make a report to a committee of the state board regarding the school improvement
309 process; and

310 (d) notify the Utah Charter School Finance Authority that the authorizer has entered
311 into a school improvement process with the charter school governing board if the charter
312 school is a qualifying charter school with outstanding bonds issued in accordance with Part 6,
313 Charter School Credit Enhancement Program.

314 (5) Upon notification under Subsection (4)(b), and after the report described in
315 Subsection (4)(c), the state board shall notify charter schools and the school district in which
316 the charter school is located that the charter school governing board has entered into a school
317 improvement process with the charter school's authorizer.

318 (6) A high performing charter school or the school district in which the charter school
319 is located may apply to the charter school governing board to assume operation and control of
320 the charter school that has been placed in a school improvement process.

321 (7) A charter school governing board that has entered into a school improvement
322 process shall review applications submitted under Subsection (6) and submit a proposal to the
323 charter school's authorizer to:

324 (a) terminate the school's charter, notwithstanding the requirements of Section
325 53G-5-503; and

326 (b) transfer operation and control of the charter school to:

327 (i) the school district in which the charter school is located; or

328 (ii) a high performing charter school.

329 (8) Except as provided in Subsection (9) and subject to Subsection (10), an authorizer
330 may:

331 (a) approve a charter school governing board's proposal under Subsection (7); or

332 (b) (i) deny a charter school governing board's proposal under Subsection (7); and

333 (ii) (A) terminate the school's charter agreement in accordance with Section
334 53G-5-503;

335 (B) allow the charter school governing board to submit a revised proposal; or

336 (C) take no action.

337 (9) An authorizer may not take an action under Subsection (8) for a qualifying charter
338 school with outstanding bonds issued in accordance with Part 6, Charter School Credit
339 Enhancement Program, without mutual agreement of the Utah Charter School Finance
340 Authority and the authorizer.

341 (10) (a) An authorizer that intends to transfer operation and control of a charter school
342 as described in Subsection (7)(b) shall request approval from the state board.

343 (b) (i) The state board shall consider an authorizer's request under Subsection (10)(a)
344 within 30 days of receiving the request.

345 (ii) If the state board denies an authorizer's request under Subsection (10)(a), the
346 authorizer may not transfer operation and control of the charter school as described in
347 Subsection (7)(b).

348 (iii) If the state board does not take action on an authorizer's request under Subsection
349 (10)(a) within 30 days of receiving the request, an authorizer may proceed to transfer operation
350 and control of the charter school as described in Subsection (7)(b).

351 (11) If operation and control of a low performing charter school that has a school
352 turnaround plan is transferred to a high performing charter school as described in Subsection
353 (7)(b), the low performing charter school shall complete the requirements of the school
354 turnaround plan and any other requirements imposed by the authorizer for school improvement.

355 Section 7. Section **53G-5-503** is amended to read:

356 **53G-5-503. Termination of a charter agreement.**

357 (1) Subject to the requirements of Subsection (3), a charter school authorizer may
358 terminate a school's charter agreement for any of the following reasons:

359 (a) failure of the charter school to meet the requirements stated in the charter
360 agreement;

361 (b) failure to meet generally accepted standards of fiscal management;

362 (c) (i) designation as a low performing school under Title 53E, Chapter 5, Part 3,
363 School Turnaround and Leadership Development; and

364 (ii) failure to improve the school's grade under the conditions described in Title 53E,
365 Chapter 5, Part 3, School Turnaround and Leadership Development;

366 (d) violation of requirements under this chapter or another law; or

367 (e) other good cause shown.

368 (2) (a) The authorizer shall notify the following of the proposed termination in writing,
369 state the grounds for the termination, and stipulate that the charter school governing board may
370 request an informal hearing before the authorizer:

371 (i) the charter school governing board; and

372 (ii) if the charter school is a qualifying charter school with outstanding bonds issued in
373 accordance with Part 6, Charter School Credit Enhancement Program, the Utah Charter School
374 Finance Authority.

375 (b) Except as provided in Subsection (2)(e), the authorizer shall conduct the hearing in
376 accordance with Title 63G, Chapter 4, Administrative Procedures Act, within 30 days after
377 receiving a written request under Subsection (2)(a).

378 (c) If the authorizer, by majority vote, approves a motion to terminate a charter school,
379 the charter school governing board may appeal the decision to the state board.

380 (d) (i) The state board shall hear an appeal of a termination made pursuant to
381 Subsection (2)(c).

382 (ii) The state board's action is final action subject to judicial review.

383 (e) (i) If the authorizer proposes to terminate the charter agreement of a qualifying
384 charter school with outstanding bonds issued in accordance with Part 6, Charter School Credit
385 Enhancement Program, the authorizer shall conduct a hearing described in Subsection (2)(b)
386 120 days or more after notifying the following of the proposed termination:

387 (A) the charter school governing board of the qualifying charter school; and

388 (B) the Utah Charter School Finance Authority.

389 (ii) Prior to the hearing described in Subsection (2)(e)(i), the Utah Charter School
390 Finance Authority shall meet with the authorizer to determine whether the deficiency may be
391 remedied in lieu of termination of the qualifying charter school's charter agreement.

392 (3) An authorizer may not terminate the charter agreement of a qualifying charter
393 school with outstanding bonds issued in accordance with Part 6, Charter School Credit
394 Enhancement Program, without mutual agreement of the Utah Charter School Finance
395 Authority and the authorizer.

396 (4) (a) The state board shall make rules that require a charter school to report any
397 threats to the health, safety, or welfare of its students to the State Charter School Board in a

398 timely manner.

399 (b) The rules under Subsection (4)(a) shall also require the charter school report to
400 include what steps the charter school has taken to remedy the threat.

401 (5) Subject to the requirements of Subsection (3), the authorizer may terminate a
402 charter agreement immediately if good cause has been shown or if the health, safety, or welfare
403 of the students at the school is threatened.

404 (6) If a charter agreement is terminated [~~during a school year~~], the following entities
405 may apply to the charter school's authorizer to assume operation of the school:

406 (a) the school district where the charter school is located;

407 (b) the charter school governing board of another charter school; [~~or~~]

408 (c) a private management company[-]; or

409 (d) the governing board of a nonprofit corporation.

410 (7) (a) If a charter agreement is terminated, a student who attended the school may
411 apply to and shall be enrolled in another public school under the enrollment provisions of
412 Chapter 6, Part 3, School District Residency, subject to space availability.

413 (b) Normal application deadlines shall be disregarded under Subsection (7)(a).

414 Section 8. Section **53G-5-504** is amended to read:

415 **53G-5-504. Charter school closure.**

416 (1) As used in this section, "receiving charter school" means a charter school that an
417 authorizer permits under Subsection (12)(a), to accept enrollment applications from students of
418 a closing charter school.

419 [(+)] (2) If a charter school is closed for any reason, including the termination of a
420 charter agreement in accordance with Section **53G-5-503** or the conversion of a charter school
421 to a private school, the provisions of this section apply.

422 [(2)] (3) A decision to close a charter school is made:

423 (a) when a charter school authorizer approves a motion to terminate described in
424 Subsection **53G-5-503**(2)(c);

425 (b) when the state board takes final action described in Subsection **53G-5-503**(2)(d)(ii);

426 or

427 (c) when a charter school provides notice to the charter school's authorizer that the
428 charter school is relinquishing the charter school's charter.

429 [~~3~~] (4) (a) No later than 10 days after the day on which a decision to close a charter
430 school is made, the charter school shall:

431 (i) provide notice to the following, in writing, of the decision:

432 (A) if the charter school made the decision to close, the charter school's authorizer;

433 (B) the State Charter School Board;

434 (C) if the state board did not make the decision to close, the state board;

435 (D) parents of students enrolled at the charter school;

436 (E) the charter school's creditors;

437 (F) the charter school's lease holders;

438 (G) the charter school's bond issuers;

439 (H) other entities that may have a claim to the charter school's assets;

440 (I) the school district in which the charter school is located and other charter schools
441 located in that school district; and

442 (J) any other person that the charter school determines to be appropriate; and

443 (ii) post notice of the decision on the Utah Public Notice Website, created in Section
444 [63F-1-701](#).

445 (b) The notice described in Subsection [~~3~~] (4)(a) shall include:

446 (i) the proposed date of the charter school closure;

447 (ii) the charter school's plans to help students identify and transition into a new school;

448 and

449 (iii) contact information for the charter school during the transition.

450 [~~4~~] (5) No later than 10 days after the day on which a decision to close a charter
451 school is made, the closing charter school shall:

452 (a) designate a custodian for the protection of student files and school business records;

453 (b) designate a base of operation that will be maintained throughout the charter school
454 closing, including:

455 (i) an office;

456 (ii) hours of operation;

457 (iii) operational telephone service with voice messaging stating the hours of operation;

458 and

459 (iv) a designated individual to respond to questions or requests during the hours of

460 operation;

461 (c) assure that the charter school will maintain private insurance coverage [~~and~~] or risk
462 management coverage for covered claims that arise before closure, throughout the transition to
463 closure and for a period following closure of the charter school as specified by the charter
464 school's authorizer;

465 (d) assure that the charter school will complete by the set deadlines for all fiscal years
466 in which funds are received or expended by the charter school a financial audit and any other
467 procedure required by state board rule;

468 (e) inventory all assets of the charter school; and

469 (f) list all creditors of the charter school and specifically identify secured creditors and
470 assets that are security interests.

471 [~~(5)~~] (6) The closing charter school's authorizer shall oversee the closing charter
472 school's compliance with Subsection [~~(4)~~] (5).

473 [~~(6)~~] (7) (a) A closing charter school shall return any assets remaining, after all
474 liabilities and obligations of the closing charter school are paid or discharged, to the closing
475 charter school's authorizer.

476 (b) The closing charter school's authorizer shall liquidate assets at fair market value or
477 assign the assets to another public school.

478 [~~(7)~~] (8) The closing charter school's authorizer shall oversee liquidation of assets and
479 payment of debt in accordance with state board rule.

480 [~~(8)~~] (9) The closing charter school shall:

481 (a) comply with all state and federal reporting requirements; and

482 (b) submit all documentation and complete all state and federal reports required by the
483 closing charter school's authorizer or the state board, including documents to verify the closing
484 charter school's compliance with procedural requirements and satisfaction of all financial
485 issues.

486 [~~(9)~~] (10) When the closing charter school's financial affairs are closed out and
487 dissolution is complete, the authorizer shall ensure that a final audit of the charter school is
488 completed.

489 [~~(10)~~] (11) On or before January 1, 2017, the state board shall, after considering
490 suggestions from charter school authorizers, make rules that:

491 (a) provide additional closure procedures for charter schools; and

492 (b) establish a charter school closure process.

493 (12) (a) Upon termination of the charter school's charter agreement:

494 (i) notwithstanding provisions to the contrary in Title 16, Chapter 6a, Part 14,

495 Dissolution, the nonprofit corporation under which the charter school is organized and

496 managed may be unilaterally dissolved by the authorizer; and

497 (ii) the net assets of the charter school shall revert to the authorizer as described in

498 Subsection (7).

499 (b) The charter school and the authorizer shall mutually agree in writing on the

500 effective date and time of the dissolution described in Subsection (12)(a).

501 (c) The effective date and time of dissolution described in Subsection (12)(b) may not

502 exceed five years after the date of the termination of the charter agreement.

503 (13) Notwithstanding the provisions of Title 53G, Chapter 6, Part 5, Charter School

504 Enrollment:

505 (a) an authorizer may permit a specified number of students from a closing charter

506 school to be enrolled in another charter school, if the receiving charter school:

507 (i) (A) is authorized by the same authorizer as the closing charter school; or

508 (B) is authorized by a different authorizer and the authorizer of the receiving charter

509 school approves the increase in enrollment; and

510 (ii) agrees to accept enrollment applications from students of the closing charter

511 school;

512 (b) a receiving charter school shall give new enrollment preference to applications

513 from students of the closing charter school in the first school year in which the closing charter

514 school is not operational; and

515 (c) a receiving charter school's enrollment capacity is increased by the number of

516 students enrolled in the receiving charter school from the closing charter school under this

517 Subsection (12).

518 (14) A member of the governing board or staff of the receiving charter school that is

519 also a member of the governing board of the receiving charter school's authorizer, shall recuse

520 himself or herself from a decision regarding the enrollment of students from a closing charter

521 school as described in Subsection (12).

522