

1 **R277. Education, Administration.**

2 **R277-480. Charter School Revolving Account.**

3 **R277-480-[2]1. Authority and Purpose.**

4 [A-](1) This rule is authorized [under] by:

5 (a) Utah Constitution Article X, Section 3, which vests general control and  
6 supervision over public education in the Board[;];

7 (b) Subsection 53E-3-401(4), which allows the Board to adopt rules to execute the  
8 Board's duties and responsibilities under the Utah Constitution and state law; and

9 (c) Subsection 53F-9-203(2)(b), which requires the Board to administer the Charter  
10 School Revolving Account[; and Subsection 53E-3-401(4), which allows the Board to adopt  
11 rules in accordance with its responsibilities].

12 [B-](2) The purpose of this rule is to:

13 (a) establish procedures for administering the Charter School Revolving Account;

14 (b) [to] determine membership of the Charter School Revolving Account  
15 Committee[;]; and [to]

16 (c) determine loan amounts and loan repayment conditions.

17 **R277-480-[4]2. Definitions.**

18 [A. "Board" means the Utah State Board of Education.

19 ~~—— B. "Charter schools" means schools acknowledged as charter schools by local~~  
20 ~~boards of education under Section 53G-5-305, by the Board under Section 53G-5-304, and~~  
21 ~~by boards of trustees of higher education institutions under Section 53G-5-306.]~~

22 (1) "Charter school" means a public school created in accordance with the provisions  
23 of Title 53G, Chapter 5, Charter Schools.

24 [C-](2) "Charter School Revolving Account" means a restricted account created  
25 within the Uniform School fund to provide assistance to charter schools to:

26 ([1]a) meet school building construction and renovation needs; and

27 ([2]b) pay for expenses related to the start up of a new charter school or the  
28 expansion of an existing charter school[s].

29 [D-](3) "Charter School Revolving Account Committee" means the committee

30 established by the Board under Subsection 53F-9-203(6).

31 ~~[E. "Superintendent" means the State Superintendent of Public Instruction as~~  
32 ~~designated under 53E-3-301.]~~

33 (4) "Executive Director" means the Executive Directors of the State Charter School  
34 Board or the Executive Director's designee.

35 ~~[F.](4)(a) "Urgent facility need[;]" [as provided for in Subsection 53F-9-203(5);]~~  
36 means an unexpected exigency at a charter school that is entitled to priority under  
37 Subsection 53F-9-203(5) [that] because it affects the health and safety of students [such  
38 as:].

39 (b) An "urgent facility need" may include:

40 ~~[(1)i] [to satisfy]~~ an unforeseen condition that precludes a school's qualification for  
41 an occupancy permit; or

42 ~~[(2)ii] [to address]~~ an unforeseen circumstance that keeps the school from satisfying  
43 provisions of public safety, public health, or public school laws or Board rules.

44 ~~[G. "USOE" means the Utah State Office of Education.]~~

45 **R277-480-3. Charter School Revolving Account Committee.**

46 ~~[A.](1)~~ The Board shall establish a Charter School Revolving Account Committee  
47 ~~[consistent]~~ in accordance with Subsection 53F-9-203(6).

48 ~~[B.](2)~~ The State Charter School Board shall submit a list of at least three nominees  
49 per vacancy who meet the requirements of Subsection 53F-9-203(6)(b) for appointment by  
50 the Board consistent with timelines established by the Board.

51 ~~[C.](3)~~ The Board shall annually accept nominations of individuals provided by the  
52 State Charter School Board who meet the qualifications of Subsection 53F-9-203(6)(b).

53 ~~[D.](4)~~ The Board may only select Charter School Revolving Account Committee  
54 members who satisfy conditions of Subsection 53F-9-203(6).

55 ~~[E.](5)~~ Charter School Revolving Account Committee members ~~[appointed by the~~  
56 ~~Board after May 1, 2010 shall be appointed for]~~ shall serve two year terms.

57 ~~[F.](6)~~ The ~~[USOE Charter School]~~ Executive Director ~~[or designee]~~ shall be a non-  
58 voting Charter School Revolving Account Committee member.

59 **R277-480-4. Charter School Revolving Account Application and Conditions.**

60 ~~[A.](1)~~ The Charter School Revolving Account Committee shall develop ~~[and the~~  
61 ~~USOE shall make available]~~ a loan application that ~~[includes criteria designated under]~~ is  
62 consistent with Section 53F-9-203, including criteria for urgent facility needs ~~[criteria].~~

63 ~~[B.](2)~~ The Charter School Revolving Account Committee ~~[shall include other criteria~~  
64 ~~or information from loan applicants that the committee or the Board determines to be~~  
65 ~~necessary and helpful, including considerations of Subsection 53F-9-203(5);]~~ may request  
66 any criteria or information from an applicant that the committee finds necessary and helpful  
67 in making final recommendations to the ~~[Superintendent, the]~~ State Charter School Board  
68 and the Board.

69 ~~[C.](3)(a)~~ The Charter School Revolving Account Committee shall accept  
70 applications for loans ~~[on an ongoing basis]~~ annually by April 30, subject to eligibility criteria  
71 and availability of funds.

72 (b) If the Charter School Revolving Account Committee does not distribute all  
73 available funds during its initial application process, the committee may set deadlines to  
74 review additional applications.

75 ~~[(1)4]~~ To apply for a loan, a charter school shall submit the information requested  
76 on the Board's most current loan application form together with the requested supporting  
77 documentation.

78 ~~[(2)5] [The]~~ A charter school's application shall include a resolution from the  
79 governing board of the charter school that the governing board, at a minimum:

80 (a) agrees to enter into the loan as provided in the application materials;

81 (b) agrees to the interest established by the Charter School Revolving Account  
82 Committee and repayment schedule of the loan designated by the Charter School  
83 Revolving Account Committee and the Board;

84 (c) agrees that loan funds shall only be used consistent with the purposes of Section  
85 53F-9-203 and ~~[the purpose of]~~ the approved charter;

86 (d) agrees to any and all inspections, audits or financial reviews ordered by the  
87 Charter School Revolving Account Committee or the Board; and

88 (e) ~~[understands that repayment, including interest, shall be deducted automatically~~

89 ~~from the charter school's monthly fund transfers, as appropriate.]~~ agrees to all terms  
90 required for the loan by the State Division of Finance, including:

- 91 (i) servicing by the State Division of Finance;
- 92 (ii) payment of an annual servicing fee;
- 93 (iii) agreement to execute an electronic funds transfer agreement for monthly  
94 payments by the school; and
- 95 (iv) in the case of default, agreement to terms established by the State Division of  
96 Finance for collection.

97 ~~[(6)]~~ The Charter School Revolving Account Committee shall establish terms and  
98 conditions for loan repayment, consistent with Section 53F-9-203. Terms shall include:

99 ~~[(7)]~~ The terms established under Subsection (6) shall include [A] a tiered schedule  
100 of loan fund distribution as follows:

- 101 (a) 50 percent (up to \$150,000) disbursed no more than 12 months prior to August  
102 15 in the school's first year of operations;
- 103 (b) 25 percent (up to \$75,000) disbursed no more than six months prior to August  
104 15 in the school's first year of operation;
- 105 (c) the balance of loan funds disbursed no more than three months prior to August  
106 15 in the school's first year of operations.

107 ~~[(8)]~~ The loan amount to a charter school board awarded under Section 53F-9-203  
108 ~~[shall]~~ may not exceed:

- 109 (a) \$1,000 per pupil based on the most recent October 1 enrollment count for  
110 operational schools; or
- 111 (b) \$1,000 per pupil based on approved enrollment capacity of the first year of  
112 operation for pre-operational schools; or
- 113 (c) \$300,000 of the total of all current loan awards by the Board to a charter school  
114 board.

115 **R277-480-5. Charter School Revolving Account Committee Recommendations and**  
116 **Board Approval.**

117 ~~[A:]~~ (1) The Charter School Revolving Account Committee shall make

118 recommendations to the State Charter School Board and the Board only upon receipt of  
119 complete and satisfactory information from the applicant and upon a majority  
120 recommendation from the Charter School Revolving Account Committee.

121 ~~[B-](2)~~ The submission of intentionally false, incomplete or inaccurate information  
122 from a loan applicant may result in:

123 (a) immediate cancellation of any previous loan[~~(s)~~];

124 (b) the requirement for immediate repayment of any funds received[~~;~~];

125 (c) denial of subsequent applications for a 12 month period from the date of the  
126 initial application[~~;~~]; and [~~possible Board~~]

127 (d) a recommendation to a school's authorizer to consider revocation of [a] the  
128 school's charter.

129 ~~[C-](3)~~ The ~~[Board staff]~~ Superintendent and ~~[State Charter Board staff]~~ Executive  
130 Director shall review recommendations from the Charter School Revolving Account  
131 Committee.

132 (4) The Charter School Revolving Account Committee shall submit  
133 recommendations for loan funding to the State Charter School Board for review.

134 ~~[D-](5) [~~Final recommendations from the~~] The [~~Charter School Revolving Account~~~~  
135 ~~Committee]~~ State Charter School Board shall ~~[be submitted]~~ submit final recommendations  
136 to the Board no more than [60]90 days after submission of all information and materials  
137 from the loan applicant to the Charter School Revolving Account Committee.

138 ~~[E-](6) [~~The~~] Either the State Charter School Board or the Board may request~~  
139 additional information from loan applicants or a reconsideration of a recommendation by  
140 the Charter School Revolving Account Committee.

141 ~~[F-](7)~~ The Board's approval or denial of a loan application[~~s~~] constitutes the final  
142 administrative action in the charter school building revolving loan process.

143 **KEY: charter schools, revolving account**

144 **Date of Enactment or Last Substantive Amendment: August 7, 2014**

145 **Notice of Continuation: June 10, 2014**

146 **Authorizing, and Implemented, or Interpreted Law: Art X, Sec 3; 53F-9-203(2)(b);**

147 **53E-3-401(4)**