

R. Neil Walter proposes the following substitute bill:

Charter School Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Stephanie Gricius

LONG TITLE

General Description:

This bill allows the State Board of Education (state board) to adjust funding for charter schools with significant enrollment underestimates.

Highlighted Provisions:

This bill:

- provides the state board discretionary authority to allocate funds to adjust charter school enrollment estimates;
- specifies funding sources in priority order;
- requires reporting to the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget; and
- exempts adjustments from certain budgetary requirements.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

63J-1-206, as last amended by Laws of Utah 2024, Chapter 268

ENACTS:

53F-2-707, Utah Code Annotated 1953

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

Section 1. Section **53F-2-707** is enacted to read:

53F-2-707 . Allocations for adjustment of initial enrollment estimates for charter schools.

- (1) As used in this section:
- (a) "Enrollment deficiency" means the difference between:
- (i) the initial enrollment of a new or expanding charter school; and
- (ii) in accordance with Section 53F-2-208, the estimated enrollment of a new or expanding charter school the state board used in developing the state appropriation for the applicable budget year for the new or expanding charter school.
- (b) "Estimated enrollment" means the total student headcount for a charter school as reported in the October 1 enrollment count from the previous school year, which the state board uses to develop state appropriations for the applicable budget year.
- (c) "Initial enrollment" means the actual student enrollment count within a charter school's student information system following the completion of the regular registration process for the upcoming school year, but prior to the October 1 enrollment count of that school year.
- (2) The state board may provide an allocation to adjust funding for estimated enrollment to a new or expanding charter school if:
- (a) the charter school requests an adjustment from the state board;
- (b) the enrollment deficiency is more than 10%; and
- (c) in accordance with Section 53F-2-208, the initial budgetary estimates the state board used to develop the state appropriation for the new or expanding charter school did not include or underestimated the enrollment for the applicable budget year.
- (3) If the state board approves an allocation under Subsection (2), the state board may provide additional funding to cover costs until the completion of the fall enrollment counts and the mid-year or end of year updates to the estimated state funding distribution.
- (4) The state board may use unencumbered balances from the following programs, in priority order, to provide an allocation to a charter school under this section:
- (a) without the consent or approval of the State Charter School Board, balances remaining in the grants for charter school start-up costs under Section 53F-2-705;
- (b) from prior year ending balances, balances remaining in the charter school levy state guarantee under Section 53F-2-704; and
- (c) unrestricted balances in the basic school program.
- (5) The state board shall report actions the state board takes under this section to the Office of the Legislative Fiscal Analyst and the Governor's Office of Planning and Budget.

Section 2. Section **63J-1-206** is amended to read:

63J-1-206 . Appropriations governed by chapter -- Restrictions on expenditures
-- Transfer of funds -- Exclusion.

(1)(a) Except as provided in Subsections (1)(b) and (2)(e), or where expressly exempted in the appropriating act:

(i) all money appropriated by the Legislature is appropriated upon the terms and conditions set forth in this chapter; and

(ii) any department, agency, or institution that accepts money appropriated by the Legislature does so subject to the requirements of this chapter.

(b) This section does not apply to:

(i) the Legislature and its committees; and

(ii) the Investigation Account of the Water Resources Construction Fund, which is governed by Section 73-10-8.

(2)(a) Each item of appropriation is to be expended subject to any schedule of programs and any restriction attached to the item of appropriation, as designated by the Legislature.

(b) Each schedule of programs or restriction attached to an appropriation item:

(i) is a restriction or limitation upon the expenditure of the respective appropriation made;

(ii) does not itself appropriate any money; and

(iii) is not itself an item of appropriation.

(c)(i) An appropriation or any surplus of any appropriation may not be diverted from any department, agency, institution, division, or line item to any other department, agency, institution, division, or line item.

(ii) If the money appropriated to an agency to pay lease payments under the program established in Section 63A-5b-703 exceeds the amount required for the agency's lease payments to the Division of Facilities Construction and Management, the agency may:

(A) transfer money from the lease payments line item to other line items within the agency; and

(B) retain and use the excess money for other purposes.

(d) The money appropriated subject to a schedule of programs or restriction may be used only for the purposes authorized.

(e) In order for a department, agency, or institution to transfer money appropriated to it

from one program to another program, the department, agency, or institution shall revise its budget execution plan as provided in Section 63J-1-209.

(f)(i) The procedures for transferring money between programs within a line item as provided by Subsection (2)(e) do not apply to money appropriated to the State Board of Education for the Minimum School Program or capital outlay programs created in Title 53F, Chapter 3, State Funding -- Capital Outlay Programs.

(ii) The state superintendent may transfer money appropriated for the programs specified in Subsection (2)(f)(i) only as provided by Section 53F-2-205.

(3) Notwithstanding Subsection (2)(c)(i):

(a) the state superintendent:

(i) may transfer money appropriated for:

(A) the Minimum School Program between line items in accordance with Section 53F-2-205; and

(B) initial enrollment estimates for charter schools between line items in accordance with Section 53F-2-707; and

(ii) shall provide the state board with information on the transfers described in Subsection (3)(a)(i) within 60 days of a transfer; and

(b) the Department of Government Operations may transfer money appropriated to another department, agency, institution, or division for the purpose of paying the costs of pay for performance under Section 63A-17-112.

Section 3. **Effective date.**

This bill takes effect on July 1, 2025.