

1 **R277. Education, Administration.**

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

3 **R277-480-1. Authority and Purpose.**

4 (1) This rule is authorized 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.

11 (2) The purpose of this rule is to:

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

13 (b) determine membership of the Charter School Revolving Account Committee; and

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

15 (3) This Rule R277-480 is categorized as Category 2 as described in Rule [R277-111](#).

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18 **R277-480-2. Definitions.**

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

21 (2) "Charter School Revolving Account" means a restricted account created within
22 the Uniform School fund to provide assistance to charter schools to:

23 (a) meet school building construction and renovation needs; and

24 (b) pay for expenses related to the start up of a new charter school or the expansion
25 of an existing charter school.

26 (3) "Charter School Revolving Account Committee" means the committee
27 established by the Board under Subsection [53F-9-203](#)(6).

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

30 (4)(a) "Urgent facility need" means an unexpected exigency at a charter school that
31 is entitled to priority under Subsection [53F-9-203](#)(5) because it affects the health and safety

32 of students.

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

34 (i) an unforeseen condition that precludes a school's qualification for an occupancy
35 permit; or

36 (ii) an unforeseen circumstance that keeps the school from satisfying provisions of
37 public safety, public health, or public school laws or Board rules.

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

40 (1) The Board shall establish a Charter School Revolving Account Committee in
41 accordance with ~~[Subsection]~~ Section 53F-9-203~~[(6)]~~.

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

45 (3) The Board shall ~~annually~~ accept nominations of individuals provided by the
46 State Charter School Board who meet the qualifications of ~~[Subsection]~~ Section 53F-9-
47 203~~[(6)(b)]~~.

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

50 (5) Charter School Revolving Account Committee members shall serve two-year
51 terms.

52 (6) The Executive Director shall be a non-voting Charter School Revolving Account
53 Committee member.

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

56 (1) The Charter School Revolving Account Committee shall develop a loan
57 application that is consistent with Section 53F-9-203, including criteria for urgent facility
58 needs.

59 (2) The Charter School Revolving Account Committee may request any criteria or
60 information from an applicant that the committee finds necessary and helpful in making final
61 recommendations to the State Charter School Board and the Board.

62 (3)(a) The Charter School Revolving Account Committee shall accept applications

63 for loans annually by April 30, subject to eligibility criteria and availability of funds.

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

67 (4) To apply for a loan, a charter school shall submit the information requested on
68 the Board's most current loan application form together with the requested supporting
69 documentation.

70 (5) A charter school's application shall include a resolution from the governing board
71 of the charter school that the governing board, at a minimum:

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

73 (b) agrees to the interest established by the Charter School Revolving Account
74 Committee and repayment schedule of the loan designated by the Charter School Revolving
75 Account Committee and the Board;

76 (c) agrees that loan funds shall only be used consistent with the purposes of Section
77 [53F-9-203](#) and the approved charter;

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

80 (e) agrees to all terms required for the loan by the State Division of Finance,
81 including:

82 (i) servicing by the State Division of Finance;

83 (ii) payment of an annual servicing fee; and

84 (iii) agreement to execute an electronic funds transfer agreement for monthly
85 payments by the school[; ~~and~~

86 ~~—(iv) in the case of default, agreement to terms established by the State Division of~~
87 ~~Finance for collection].~~

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

90 (7) The terms established under Subsection (6) shall include a tiered schedule of
91 loan fund distribution as follows:

92 (a) 50 ~~[percent]~~ % (up to \$150,000) disbursed no more than 12 months prior to
93 August 15 in the school's first year of operations;

94 (b) 25 ~~percent~~ % (up to \$75,000) disbursed no more than six months prior to August
95 15 in the school's first year of operation;

96 (c) the balance of loan funds disbursed no more than three months prior to August
97 15 in the school's first year of operations.

98 (8) The loan amount to a charter school board awarded under Section [53F-9-203](#)
99 may not exceed:

100 (a) \$1,000 per pupil based on the most recent October 1 enrollment count for
101 operational schools; or

102 (b) \$1,000 per pupil based on approved enrollment capacity of the first year of
103 operation for pre-operational schools; or

104 (c) \$300,000 of the total of all current loan awards by the Board to a charter school
105 board.

106 (9) If a loan recipient defaults on a loan made under this rule, the debt may be
107 secured by funds contributed by charter schools to the Charter School Closure Reserve
108 Account under Section [53F-9-307](#) after the defaulting school has made reasonable effort to
109 resolve its debts and liquidate its assets as required by law.

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111 **R277-480-5. Charter School Revolving Account Committee Recommendations and**
112 **Board Approval.**

113 (1) The Charter School Revolving Account Committee shall make recommendations
114 to the State Charter School Board and the Board only upon receipt of complete and
115 satisfactory information from the applicant and upon a majority recommendation from the
116 Charter School Revolving Account Committee.

117 (2) The submission of intentionally false, incomplete or inaccurate information from
118 a loan applicant may result in:

119 (a) immediate cancellation of any previous loan;

120 (b) the requirement for immediate repayment of any funds received;

121 (c) denial of subsequent applications for a 12-month period from the date of the initial
122 application; and

123 (d) a recommendation to a school's authorizer to consider revocation of the school's
124 charter.

125 (3) The Superintendent and Executive Director shall review recommendations from
126 the Charter School Revolving Account Committee.

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

129 (5) The State Charter School Board shall submit final recommendations to the Board
130 no more than 90 days after submission of all information and materials from the loan
131 applicant to the Charter School Revolving Account Committee.

132 (6) Either the State Charter School Board or the Board may request additional
133 information from loan applicants or [~~a reconsideration of a recommendation by~~] the Charter
134 School Revolving Account Committee.

135 (7) The Board's approval or denial of a loan application constitutes the final
136 administrative action in the charter school building revolving loan process.

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

139 **Date of Enactment or Last Substantive Amendment: July 2, 2019**

140 **Notice of Continuation: May 13, 2019**

141 **Authorizing, and Implemented or Interpreted Law: [Art X, Sec 3](#); [53F-9-203\(2\)\(b\)](#); [53E-](#)
142 [3-401\(4\)](#)**