

December 18, 2025

To members of the State Charter School Board, Utah State Board of Education Finance Committee and Utah State Board of Education,

Recommendations for Fall FY26 Charter School Revolving Loan Applications

R277-480 states that applications for Charter School Revolving Loan Applications shall be received annually by April 30th, subject to eligibility and availability of funds, and that if all funds are not distributed in the initial round of loans the committee may set deadlines to review additional applications.

Azure Fields Charter School, which was newly approved in January of 2025, was unable to meet all requirements to apply in spring of 2025. Currently in their non-operational year, they requested a 2nd round of loan applications.

After officially filling a vacancy on the Revolving Loan Committee in late fall, USBE staff and the Committee opened a 2nd round of loan applications and met with applicants in a public meeting on December 16th. There were 3 applications submitted.

R277-480 states, "The loan amount to a charter school board awarded under Section 53F-9-203 may not exceed: (a) \$500,000 to a charter school board during any five consecutive years; and (b) \$2,000,000 total to all schools in any fiscal year." Because the full committee was unable to assemble before December of 2025, this round of loans is FY26.

SCSB has let the committee know there are 7 approved new charter school applications coming before their Board in January, and 8 possible expansions being discussed in their February Board Meeting. The state has not seen this level of charter school expansion for years, but during the early growth of charter schools in Utah it was common to spread available funds across many applicants.

Due to the limitation of \$2,000,000 in total per year, and the inability to use carryover funds from FY25 under the fiscal year requirements in code and rule, the committee has asked each LEA if they would be willing to:

- 1- Table their application until after SCSB meets in February, or until the spring round of loans, based on urgent need
- 2- Possibly accept less funding than initially requested

Each LEA has responded that they would be willing to do so.

Charter School Revolving Loan Committee recommendation notes are as follows:

Bear River Charter School – Moderate Risk

LEA has 15 years of history. In 2013 they decided to change their focus from K-8 to K-6, with 2 classes for every grade. The result is they will have a few empty classrooms but will need additional rooms as well as an expanded kitchen. Very low current debt ratio. Although they are a small school, they have good history of enrollment with a waiting list. Business Administrator Peter Ehlen said the LEA is working with an architect to obtain hard numbers for their estimated \$2.5 - \$3 million project budget. They should update their application with proof of necessary additional outside funding, and total budget detail before reconsideration.

Considered moderate risk due to small enrollment size, unknown future debt covenants, and incomplete budget detail in their application.

Recommendation: Table their loan application until the spring round of loans, contingent upon them submitting the required budget detail in the application. Their construction isn't anticipated until late summer of 2026. They could adjust their financials in the current application as needed in their current application for spring.

Virtual Horizons – High Risk

This is the 2nd nation-wide virtual school, and the first one in Utah. The other school, which is in Florida, partners with Virtual and has been very helpful. Their initial enrollment in FY26 was 160, and they feel feedback is very positive. They anticipate more than doubling their enrollment next year. Plans are to begin offering high school grades in FY27, allowing current students to stay as they age up, and opening more attendance in general. They are also talking with several educational institutions in the state about having some or all of their students attend Virtual Horizons. Although there are no facility costs, further VR development is required to ensure existing courses meet requirements of the Utah core, which is costly. The headsets and computers given to each student also require more tech ability than laptops at regular schools. Once courses are developed, they can be reused, and as enrollment increases the cost per student declines. But initial start-up is quite costly.

Considered high risk due to opening in August 2025, reliance on optimistic enrollment projections, adding high school grades next year and the request of funds for ongoing operational / development costs.

Recommendation: Table their application until after SCSB meets in February, as they have already received one round of revolving loan funds (August 2025 for \$300,000), and waiting allows for better alignment with available funds.

Azure Fields – High Risk

This is a Waldorf educational high school utilizing a farm to table experience and with a heavy focus on CTE and professional training opportunities. They will have intramural rather than competitive sports and robust offerings of artisan skills as well as music options. Originally intending to open in Northern Utah County, they have found favorable lease options in the Orem area. Their original plan always included busing students from the nearest Front Runner station to the school, allowing students to travel. Target enrollment is _____. There are multiple lower grade Waldorf Schools in the state which SCSB verified do well with enrollment. Intentions are that K-8 Waldorf schools will feed Azure as well as home school students, and other segments of the population by marketing at local Farmers Markets.

Azure Fields is considered high risk as a new niche high school, small target enrollment, and location challenges.

Recommendation: Approve \$200,000 (not the full \$300,000 requested), contingent on ensuring no double-counting with their startup grant budget. Per statute, as a brand-new school they receive some priority over expansion and equipment needs requests. They may request additional funds later in the spring when availability of funds is better understood.