

**DRAFT**  
**07/02/2015**

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  
6 general control and supervision over public education in the  
7 Board~~[7]~~ ;

8 (b) Section 53A-1a-522 ~~[(2)(b)]~~ , which requires the Board  
9 to administer the Charter School Revolving Account~~[7]~~ ; and

10 (c) Subsection 53A-1-401(3), which allows the Board to  
11 adopt rules in accordance with its responsibilities.

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

13 (a) establish procedures for administering the Charter  
14 School Revolving Account to:

15 (i) determine membership of the Charter School Revolving  
16 Account Committee~~[7]~~ ; and

17 (ii) ~~[to]~~ determine loan amounts and loan repayment  
18 conditions.

19 **R277-480-[1]2. Definitions.**

20 ~~[A. "Board" means the Utah State Board of Education.]~~

21 ~~[B. "Charter schools" means schools acknowledged as~~  
22 ~~charter schools by local boards of education under Section~~  
23 ~~53A-1a-515, by the Board under Section 53A-1a-505, and by~~  
24 ~~boards of trustees of higher education institutions under~~  
25 ~~Section 53A-1a-501.3.]~~

26 (1) "Charter school authorizer" means the same as that  
27 term is defined in Section 53A-1a-501.3.

28 (2) "Charter school governing board" means the board  
29 designated in the charter agreement to make decisions for the  
30 governance and operation of the charter school.

**DRAFT**  
**07/02/2015**

31           ~~[C.]~~ (3) "Charter School Revolving Account" means a  
32 restricted account created within the Uniform School fund by  
33 Section 53A-1a-522 ~~[to provide assistance to charter schools~~  
34 ~~to:~~

35           ~~— (1) meet school building construction and renovation~~  
36 ~~needs; and~~

37           ~~— (2) pay for expenses related to the start up of a new~~  
38 ~~charter school or the expansion of an existing charter~~  
39 ~~schools].~~

40           ~~[D.]~~ (4) "Charter School Revolving Account Committee"  
41 means the committee established by the Board under Section  
42 53A-1a-522 ~~[(6)]~~.

43           ~~[E. "Superintendent" means the State Superintendent of~~  
44 ~~Public Instruction as designated under 53A-1-301.]~~

45           ~~[F.]~~ (5) "Urgent facility need~~[7]~~" ~~[as provided for in~~  
46 ~~Section 53A-1a-522(5),]~~ means an unexpected exigency that  
47 affects the health and safety of students, such as:

48           ~~[[1]~~ a) to satisfy an unforeseen condition that precludes  
49 a school's qualification for an occupancy permit; or

50           ~~[[2]~~ b) to address an unforeseen circumstance that keeps  
51 the school from satisfying provisions of public safety, public  
52 health, ~~[or public school laws or Board]~~ statute, or rule ~~[s]~~.

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

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

55           ~~[A. The Board shall establish a Charter School Revolving~~  
56 ~~Account Committee consistent with Section 53A-1a-522(6).]~~

57           ~~[B.]~~ (1) The State Charter School Board shall submit a  
58 list of ~~[at least three]~~ nominees ~~[per vacancy]~~ who meet the  
59 requirements of Section 53A-1a-522 ~~[(6)(b)]~~ for appointment by  
60 the Board consistent with timelines established by the Board.

61           ~~[C. The Board shall annually accept nominations of~~

**DRAFT**  
**07/02/2015**

62 ~~individuals provided by the State Charter School Board who~~  
63 ~~meet the qualifications of 53A-1a-522(6)(b).]~~

64 ~~[D. The Board may only select Charter School Revolving~~  
65 ~~Account Committee members who satisfy conditions of Section~~  
66 ~~53A-1a-522(6).]~~

67 ~~[E.]~~ (2) The Board shall appoint a Charter School  
68 Revolving Account Committee member[s] for a two year term  
69 [appointed by the Board after May 1, 2010 shall be appointed  
70 for two year terms].

71 ~~[F.]~~ (3) The [USOE Charter School] Executive Director of  
72 the State Charter School Board or designee [shall be] is a non-  
73 voting Charter School Revolving Account Committee member.

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

76 ~~[A.]~~ (1) The Charter School Revolving Account Committee  
77 shall develop and the [USOE] State Charter School Board shall  
78 make available a loan application that includes criteria  
79 designated under Section 53A-1a-522, including urgent facility  
80 need criteria.

81 ~~[B.]~~ (2) The Charter School Revolving Account Committee  
82 [shall] may include other criteria or information from loan  
83 applicants that the committee or the Board determines to be  
84 necessary and helpful [including considerations of Section  
85 53A-1a-522(5),] in making [final] a recommendation[s] to the  
86 Superintendent, the State Charter School Board, and the Board.

87 ~~[C.]~~ (3) The Charter School Revolving Account Committee  
88 [shall] may accept a loan application[s for loans on an ongoing  
89 basis,] subject to eligibility criteria and availability of  
90 funds.

91 ~~[D.]~~ (4) (a) To apply for a loan, a charter school shall  
92 submit the information requested on the [Board's most current]

**DRAFT**  
**07/02/2015**

93 loan application form together with the requested supporting  
94 documentation.

95       (~~[z]~~b) The application shall include a resolution from  
96 the charter school governing board~~[of the charter school]~~  
97 that the governing board~~[, at a minimum]~~:

98       (~~[a]~~i) agrees to enter into the loan as provided in the  
99 application~~[materials]~~;

100       (~~[b]~~ii) agrees to the interest rate ~~[established by the~~  
101 ~~Charter School Revolving Account Committee]~~ and repayment  
102 schedule of the loan designated by the Charter School  
103 Revolving Account Committee and the Board;

104       (~~[c]~~iii) agrees that loan funds ~~[shall]~~may only be used  
105 consistent with the purposes of Section 53A-1a-522 and the  
106 purpose of the approved ~~[charter]~~loan application;

107       (~~[d]~~iv) agrees to any and all inspections, audits, or  
108 financial reviews ordered by the Charter School Revolving  
109 Account Committee or the Board; and

110       (~~[e]~~v) understands that repayment, including interest,  
111 ~~[shall be]~~is deducted automatically by ACH direct debit from  
112 the charter school's ~~[monthly fund transfers]~~designated bank  
113 account, as appropriate.

114       ~~[D.]~~ (5) (a) The Charter School Revolving Account Committee  
115 shall establish terms and conditions for loan repayment,  
116 consistent with Section 53A-1a-522.

117       (b) Loan [F] terms and conditions ~~[shall]~~may include~~[-~~

118 ~~—(1) A]~~a tiered schedule of loan fund distribution of:

119       (~~[a]~~i) 50~~[percent (up to \$150,000)]~~% disbursed ~~[no more~~  
120 ~~than 12 months prior to August 15 in the school's first year~~  
121 ~~of operations]~~upon loan approval;

122       (~~[b]~~ii) 25~~[percent (up to \$75,000)]~~% disbursed no more  
123 than six months prior to~~[August 15 in]~~ the school's first  
124 year of operation; and

**DRAFT**  
**07/02/2015**

125           (~~(c)~~iii) the balance of loan funds disbursed no more than  
126 three months prior to~~[August 15 in]~~ the school's first year  
127 of operation~~[s]~~.

128           (~~(2)~~c) The loan amount to a charter school governing  
129 board awarded under Section 53A-1a-522 ~~[shall]~~may not exceed:

130           (~~(a)~~i) \$1,000 per pupil based on the most recent October  
131 1 enrollment count for operational schools;~~[or]~~

132           (~~(b)~~ii) \$1,000 per pupil based on~~[approved]~~projected  
133 enrollment ~~[capacity]~~ of the first year of operation for pre-  
134 operational schools; or

135           (~~(c)~~iii) \$300,000 of the total of all current loan awards  
136 by the Board to a charter school governing board.

137 **R277-480-5. Charter School Revolving Account Committee**  
138 **Recommendations and Board Approval.**

139           ~~[A.]~~(1) The Charter School Revolving Account Committee  
140 shall make a recommendation~~[s]~~ to the State Charter School  
141 Board and the Board only upon:

142           (a) receipt of complete and satisfactory information from  
143 the applicant; and

144           (b) ~~[upon]~~ a majority recommendation from the Charter  
145 School Revolving Account Committee.

146           ~~[B.]~~(2) The submission of intentionally false,  
147 incomplete, or inaccurate information from a loan applicant  
148 may result in:

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

150           (b) the requirement for immediate repayment of any funds  
151 received~~;~~;

152           (c) denial of a subsequent application~~[s]~~ for a 12 month  
153 period from the date of the initial application~~;~~; and

154           (d) possible~~[Board revocation of a]~~ charter school  
155 authorizer action under Section 53A-1a-509 or 53A-1a-510.

**DRAFT**  
**07/02/2015**

156            [~~C.~~](3) The Board[~~-staff~~] and State Charter School Board  
157 [staff] shall review a recommendation[~~s~~] from the Charter  
158 School Revolving Account Committee.

159            [~~D.~~](4) [~~Final~~]The State Charter School Board and the  
160 Board shall receive a recommendation[~~s~~] from the Charter  
161 School Revolving Account Committee [~~shall be submitted to the~~  
162 ~~Board no more than 60 days~~]in a timely manner after submission  
163 of all information and materials from the loan applicant[~~to~~  
164 ~~the Charter School Revolving Account Committee~~].

165            [~~E.~~](5) The Board may request additional information from  
166 a loan applicant[~~s~~] or a reconsideration of a recommendation  
167 by the Charter School Revolving Account Committee.

168            [~~F.~~](6) The Board's approval or denial of loan  
169 applications constitutes the final administrative action in  
170 the charter school[~~-building~~] revolving loan process.

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

172 **Date of Enactment or Last Substantive Amendment: [~~August 7,~~**  
173 **~~2014~~]2015**

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

175 **Authorizing, and Implemented or Interpreted Law: Art X, Sec**  
176 **3; 53A-1a-522(2)(b); 53A-1-401(3)**