

Charter School Revolving Account

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Purpose (UCA 53A-1a-522)

The legislature created a restricted account known as the “Charter School Revolving Account” to provide assistance to charter schools to:

- meet school building construction and renovation needs; and
- pay for expenses related to the start up of a new charter school or the expansion of an existing charter school.

The State Board of Education (USBE), in consultation with the State Charter School Board (SCSB), administers the Charter School Revolving Account in accordance with rules adopted by the USBE.

Money in account (UCA 53A-1a-522)

The Charter School Revolving Account consists of:

- money appropriated to the account by the Legislature;
- money received from the repayment of loans made from the account; and
- interest earned on money in the account.

No more than \$2M can be loaned in any fiscal year

Loans and loan priority (UCA 53A-1a-522)

The state superintendent of public instruction makes loans to charter schools from the account to pay for the costs of:

- planning expenses;
- constructing or renovating charter school buildings;
- equipment and supplies; or
- other start-up or expansion expenses.

Loans to new charter schools or charter schools with urgent facility needs may be given priority.

Revolving Account Committee (R277-480-3)

The USBE established a committee to:

- review requests by charter schools for loans; and
- make recommendations regarding approval or disapproval of the loan applications to the SCSB and the USBE.

The committee includes individuals who have expertise or experience in finance, real estate, or charter school administration.

- one member is nominated by the governor; and
- the remaining members are selected from a list of nominees submitted by the SCSB.

Application and Conditions (R277-480-4)

The committee developed a loan application that included criteria designated under §53A-1a-522 and defined 'urgent facility need' criteria.

A charter school applies for a loan by submitting the information requested on the most current loan application, together with the requested supporting documentation, to the committee.

In the application, the applicant agrees to certain conditions:

- interest and repayment schedule established by the committee;
- Using loan funds consistent with the approved application;
- inspections, audits, or financial reviews ordered by the committee, SCSB, or USBE; and
- Repayment is deducted via ACH.

Committee recommendations (UCA 53A-1a-522 and R277-480-4)

If the committee recommends approval of a loan application, the committee's recommendation includes:

- the recommended amount of the loan;
- the payback schedule; and
- the interest rate to be charged.

The committee established the following terms:

- a tiered schedule of loan fund distribution for new charter schools to mitigate risk;
- twelve months of no payments, though interest accrues; and
- a maximum current loan of \$300,000.

Approval and timeline (R277-480-5)

The Charter School Revolving Account Committee makes a recommendations to the SCSB.

The SCSB reviews the recommendation and forwards it to the USBE.

The USBE reviews the recommendation and may:

- Request additional information from the applicant;
- Request a reconsideration of a recommendation from the committee;
- Approve the loan; or
- Deny the loan.

Loan details

Total revolving loans approved: 92

Total amount loaned: \$9,872,665

Total interest collected: \$448,718

Total loans outstanding: \$5,308,279

Loan defaults: 0

Interest rate: Half of state AAA bond rate or 1.75%, whichever is higher