

R277. Education, Administration.

R277-480. Charter School Revolving Account.

R277-480-1. Authority, Purpose, and Oversight Category.

(1) This rule is authorized by:

(a) Utah Constitution Article X, Section 3, which vests general control and supervision over public education in the Board;

(b) Subsection 53E-3-401(4), which allows the Board to adopt rules to execute the Board's duties and responsibilities under the Utah Constitution and state law; and

(c) Subsection 53F-9-203(2)(b), which requires the Board to administer the Charter School Revolving Account.

(2) The purpose of this rule is to:

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

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

(c) determine loan amounts and loan repayment conditions.

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

R277-480-2. Definitions.

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

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

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

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

(3) "Charter School Revolving Account Committee" means a committee established by the Board to make recommendations concerning the Charter School Revolving Account.

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

(5)(a) "Urgent facility need" means an unexpected exigency at a charter school that is entitled to priority under Subsection 53F-9-203(5) because it affects the health and safety of students.

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

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

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

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

(1) The Board hereby establishes a Charter School Revolving Account Committee comprised of three individuals.

(2) The State Charter School Board shall submit a list of at least three nominees per vacancy for appointment by the Board consistent with timelines established by the Board.

(3) Charter School Revolving Account Committee members shall serve two-year terms.

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

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

(1) The Superintendent shall develop a loan application that is consistent with Section 53F-9-203, including criteria for urgent facility needs.

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

(3)(a) The Charter School Revolving Account Committee shall accept applications for loans annually by April 30, subject to eligibility criteria and availability of funds.

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

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

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

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

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

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

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

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

(i) servicing by the State Division of Finance;

(ii) payment of an annual servicing fee; and

(iii) agreement to execute an electronic funds transfer agreement for monthly payments by the school.

(6) The Charter School Revolving Account Committee shall establish terms and conditions for loan repayment, consistent with Section 53F-9-203.

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

(a) 50% (up to \$250,000) disbursed no more than 12 months prior to August 15 in the school's first year of operations;

(b) 25% (up to \$125,000) disbursed no more than six months prior to August 15 in the school's first year of operation;

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

(8) 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.

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

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

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

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

(a) immediate cancellation of any previous loan;

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

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

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

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

(4) The Charter School Revolving Account Committee shall submit recommendations for loan funding to the State Charter School Board for review, including reasons for the recommendation and categorization of low, medium, or high risk.

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

(6) Either the State Charter School Board or the Board may request additional information from loan applicants or the Charter School Revolving Account Committee.

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

KEY: charter schools, revolving account

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Authorizing, and Implemented or Interpreted Law: Art X, Sec 3; 53F-9-203(2)(b); 53E-3-401(4)