

John D. Johnson proposes the following substitute bill:

Charter School Authorizer Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John D. Johnson

House Sponsor:

LONG TITLE

General Description:

This bill modifies provisions related to charter school authorization and funding

Highlighted Provisions:

This bill:

- modifies provisions for the State Charter School Board;
- creates procedures for charter schools to transfer between authorizers;
- reallocates administrative funding;
- adds fee payment compliance to charter school requirements;
- modifies asset distribution priorities in school closures;
- includes authorizer fees in grounds for termination; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

- 53F-2-702**, as last amended by Laws of Utah 2019, Chapter 186
- 53G-5-202**, as last amended by Laws of Utah 2024, Chapter 63
- 53G-5-205**, as last amended by Laws of Utah 2024, Chapter 63
- 53G-5-304**, as last amended by Laws of Utah 2024, Chapter 63
- 53G-5-305**, as last amended by Laws of Utah 2024, Chapter 63
- 53G-5-306**, as last amended by Laws of Utah 2024, Chapter 63
- 53G-5-501**, as last amended by Laws of Utah 2024, Chapter 158
- 53G-5-502**, as last amended by Laws of Utah 2024, Chapter 63

29 **53G-5-503**, as last amended by Laws of Utah 2024, Chapter 63

30 **53G-5-504**, as last amended by Laws of Utah 2024, Chapter 63

31 ENACTS:

32 **53G-5-206**, Utah Code Annotated 1953



34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section **53F-2-702** is amended to read:

36 **53F-2-702 . Funding for charter schools.**

37 (1) Except as described in Section 53F-2-302, a charter school shall receive state funds, as
38 applicable, on the same basis as a school district receives funds.

39 (2)(a) As described in Section 53F-2-703, the state board shall distribute charter school
40 levy per pupil revenues to charter schools.

41 (b) As described in Section 53F-2-704, and subject to future budget constraints, the
42 Legislature shall provide an appropriation for charter schools for each charter school
43 student enrolled on October 1 to supplement the allocation of charter school levy per
44 pupil revenues described in Subsection (2)(a).

45 (3) Beginning in fiscal year 2027, the Legislature shall add to the appropriation described in
46 Subsection (2)(b) an amount equal to the administrative funding provided to any charter
47 authorizer for fiscal year 2026, to be distributed to charter schools through the per pupil
48 allocation.

49 [~~3~~] (4) Charter schools are eligible to receive federal funds if they meet all applicable
50 federal requirements and comply with relevant federal regulations.

51 [~~4~~] (5) The state board shall distribute funds for charter school students directly to the
52 charter school.

53 [~~5~~] (6)(a) Notwithstanding Subsection (1), a charter school is not eligible to receive
54 state transportation funding.

55 (b) The state board shall also adopt rules relating to the transportation of students to and
56 from charter schools, taking into account Sections 53F-2-403 and 53G-6-405.

57 (c) A charter school governing board may provide transportation through an agreement
58 or contract with the local school board, a private provider, or parents.

59 [~~6~~] (7)(a)(i) In accordance with Section 53F-2-705, the State Charter School Board
60 may allocate grants for start-up costs to charter schools from money appropriated
61 for charter school start-up costs.

62 (ii) The charter school governing board of a charter school that receives money from

63 a grant under Section 53F-2-705 shall use the grant for expenses for planning and
64 implementation of the charter school.

65 (b) The state board shall coordinate the distribution of federal money appropriated to
66 help fund costs for establishing and maintaining charter schools within the state.

67 ~~[(7)]~~ (8)(a) A charter school may receive, hold, manage and use any devise, bequest,
68 grant, endowment, gift, or donation of any property made to the school for any of the
69 purposes of Title 53G, Chapter 5, Charter Schools, or related provisions.

70 (b) It is unlawful for any person affiliated with a charter school to demand or request any
71 gift, donation, or contribution from a parent, teacher, employee, or other person
72 affiliated with the charter school as a condition for employment or enrollment at the
73 school or continued attendance at the school.

74 Section 2. Section **53G-5-202** is amended to read:

75 **53G-5-202 . Status and powers of State Charter School Board.**

76 (1) The State Charter School Board may:

77 (a) enter into contracts;

78 (b) sue and be sued; and

79 (c) ~~[(i)]~~ at the discretion of the charter school, provide administrative services to, or
80 perform other school functions for, charter schools authorized by the State Charter
81 School Board ~~[-and] .~~

82 ~~[(ii) charge fees for the provision of services or functions.]~~

83 (2) The State Charter School Board shall:

84 (a) beginning July 1, 2026, charge fees to a charter school for authorization and
85 oversight services; and

86 (b) before May 1, 2026, establish policies and procedures for the fee collection and use
87 required in Subsection (2)(a).

88 ~~[(2)]~~ (3) The state board shall:

89 (a) approve the State Charter School Board's annual budget; and

90 (b) otherwise grant autonomy to the State Charter School Board to manage the State
91 Charter School Board's budget.

92 Section 3. Section **53G-5-205** is amended to read:

93 **53G-5-205 . Charter school authorizers -- Power and duties -- Charter**
94 **application minimum standard.**

95 (1) The following entities are eligible to authorize charter schools:

96 (a) the State Charter School Board;

- 97 (b) a local school board; or
98 (c) an institution of higher education board of trustees, as that term is defined in Section
99 53G-5-102.

100 (2) A charter school authorizer shall:

- 101 (a) authorize and promote the establishment of charter schools;
102 (b) before an application for charter school authorization is submitted to a charter school
103 authorizer, review and evaluate the proposal to support and strengthen the charter
104 school authorization proposal;
105 (c) review and evaluate the performance of charter schools authorized by the authorizer
106 and hold a charter school accountable for the performance measures established in
107 the charter school's charter agreement;
108 (d) assist charter schools in understanding and carrying out the charter school's charter
109 obligations; and
110 (e) provide technical support to charter schools and persons seeking to establish charter
111 schools by:
112 (i) identifying and promoting successful charter school models;
113 (ii) facilitating the application and approval process for charter school authorization;
114 or
115 (iii) directing charter schools and persons seeking to establish charter schools to
116 sources of funding and support.

117 (3) Beginning on July 1, 2026, an authorizer shall charge fees for authorization and
118 oversight services.

119 [~~3~~] (4) A charter school authorizer may:

- 120 (a) make recommendations to the Legislature on legislation pertaining to charter schools;
121 (b) make recommendations to the state board on charter school rules and charter school
122 funding; or
123 (c) provide technical support, as requested, to another charter school authorizer relating
124 to charter schools.

125 [~~4~~] (5) Within 60 days after the day on which an authorizer approves an application for a
126 new charter school, the state board may direct an authorizer to do the following if the
127 authorizer or charter school applicant failed to follow statutory or state board rule
128 requirements made in accordance with Title 63G, Chapter 3, Utah Administrative
129 Rulemaking Act:

- 130 (a) reconsider the authorizer's approval of an application for a new charter school; and

131 (b) correct deficiencies in the charter school application or authorizer's application
 132 process as described in statute or state board rule, made in accordance with Title
 133 63G, Chapter 3, Utah Administrative Rulemaking Act, before approving the new
 134 application.

135 [~~(5)~~] (6) The state board shall, in accordance with Title 63G, Chapter 3, Utah Administrative
 136 Rulemaking Act, make rules establishing minimum standards that a charter school
 137 authorizer is required to apply when evaluating a charter school application.

138 [~~(6)~~] (7) The minimum standards described in Subsection [~~(5)~~] (6) shall include:

139 (a) reasonable consequences for an authorizer that fails to comply with statute or state
 140 board rule;

141 (b) a process for an authorizer to review:

142 (i) the skill and expertise of a proposed charter school's governing board; and

143 (ii) the functioning operation of the charter school governing board of an authorized
 144 charter school;

145 (c) a process for an authorizer to review the financial viability of a proposed charter
 146 school and of an authorized charter school;

147 (d) a process to evaluate:

148 (i) how well an authorizer's authorized charter school complies with the charter
 149 school's charter agreement;

150 (ii) whether an authorizer's authorized charter school maintains reasonable academic
 151 and education standards; and

152 (iii) standards that an authorizer is required to meet to demonstrate the authorizer's
 153 capacity to oversee and evaluate the charter schools the authorizer authorizes.

154 Section 4. Section **53G-5-206** is enacted to read:

155 **53G-5-206 . Charter school authorizer transfers.**

156 (1) A charter school may transfer from one approved authorizer to another approved
 157 authorizer.

158 (2) A charter school seeking to transfer to another approved authorizer:

159 (a) shall submit a transfer request to the proposed new authorizer;

160 (b) may maintain confidentiality regarding transfer exploration; and

161 (c) shall notify the charter school's current authorizer after receiving preliminary
 162 approval from the proposed new authorizer.

163 (3) An authorizer may not:

164 (a) retaliate against a charter school for exploring or requesting transfer; or

- 165 (b) restrict a charter school's operations based on transfer-related activities.
 166 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 167 state board shall establish rules governing:
 168 (a) authorizer transfer request procedures;
 169 (b) timeline requirements;
 170 (c) transfer approval criteria; and
 171 (d) the authorizer transition processes for an approved transfer.

- 172 (5)(a) Upon transfer approval, the transferring charter school may maintain the charter
 173 school's current charter agreement terms unless both parties agree to modifications.
 174 (b) The originating authorizer shall ensure continuity of oversight for the transferring
 175 charter school during the charter school's transition.

176 Section 5. Section **53G-5-304** is amended to read:

177 **53G-5-304 . Charter schools authorized by the State Charter School Board --**
 178 **Application process -- Prohibited basis of application denial.**

- 179 (1)(a) An applicant seeking authorization of a charter school from the State Charter
 180 School Board shall provide a copy of the application to the local school board of the
 181 school district in which the proposed charter school will be located either before or at
 182 the same time as the applicant files the charter school application with the State
 183 Charter School Board.
 184 (b) The local school board may review the application and may offer suggestions or
 185 recommendations to the applicant or the State Charter School Board before taking
 186 action on the application.
 187 (c) The State Charter School Board shall give due consideration to suggestions or
 188 recommendations made by the local school board under Subsection (1)(b).
 189 (d) The State Charter School Board shall review and, by majority vote, either approve
 190 or deny the application.
 191 (e) A charter school application may not be denied on the basis that the establishment of
 192 the charter school will have any or all of the following impacts on a public school,
 193 including another charter school:
 194 (i) an enrollment decline;
 195 (ii) a decrease in funding; or
 196 (iii) a modification of programs or services.
 197 (2) The state board shall, in accordance with Title 63G, Chapter 3, Utah Administrative
 198 Rulemaking Act, make a rule providing a timeline for the opening of a charter school

199 following the approval of a charter school application by the State Charter School Board.

200 (3) After approval of a charter school application and in accordance with Section 53G-5-303,
201 the applicant and the State Charter School Board shall set forth the terms and conditions
202 for the operation of the charter school in a written charter agreement.

203 (4) The State Charter School Board shall, in accordance with state board rules, establish
204 and make public the State Charter School Board's:

205 (a) application requirements, in accordance with Section 53G-5-302;

206 (b) application process, including timelines, in accordance with this section; [~~and~~]

207 (c) minimum academic, governance, operational, and financial standards[-] ; and

208 (d) procedures for collecting and using fees as described in Section 53G-5-205.

209 Section 6. Section **53G-5-305** is amended to read:

210 **53G-5-305 . Charters authorized by local school boards -- Application process --**

211 **Local school board responsibilities.**

212 (1)(a) An applicant identified in Section 53G-5-302 may submit an application to a local
213 school board to establish and operate a charter school within the geographical
214 boundaries of the school district administered by the local school board.

215 (b)(i) The principal, teachers, or parents of students at an existing public school may
216 submit an application to the local school board to convert the school or a portion
217 of the school to charter status.

218 (A) If the entire school is applying for charter status, at least two-thirds of the
219 licensed educators employed at the school and at least two-thirds of the parents
220 of students enrolled at the school shall sign a petition approving the application
221 before submission to the charter school authorizer.

222 (B) If only a portion of the school is applying for charter status, a simple majority
223 of the licensed educators employed at the school and a simple majority of the
224 parents of students enrolled at the school shall sign a petition approving the
225 application before submission to the charter school authorizer.

226 (ii) The local school board may not approve an application submitted under
227 Subsection (1)(b)(i) unless the local school board determines that:

228 (A) students opting not to attend the proposed converted school would have access
229 to a comparable public education alternative; and

230 (B) current teachers who choose not to teach at the converted charter school or
231 who are not retained by the school at the time of conversion would receive a
232 first preference for transfer to open teaching positions for which the teachers

- 233 qualify within the school district, and, if no positions are open, contract
234 provisions or local school board policy regarding reduction in staff would
235 apply.
- 236 (2)(a) An existing public school that converts to charter status under a charter granted by
237 a local school board may:
- 238 (i) continue to receive the same services from the school district that the school
239 received before the charter school's conversion; or
240 (ii) contract out for some or all of the services with other public or private providers.
- 241 (b) Any other charter school authorized by a local school board may contract with the
242 local school board to receive some or all of the services referred to in Subsection
243 (2)(a).
- 244 (c) Except as specified in a charter agreement, local school board assets do not transfer
245 to an existing public school that converts to charter status under a charter granted by
246 a local school board under this section.
- 247 (3)(a) A local school board that receives an application for a charter school under this
248 section shall, within 45 days, either accept or reject the application.
- 249 (b) If the local school board rejects the application, the local school board shall notify
250 the applicant in writing of the reason for the rejection.
- 251 (c) The applicant may submit a revised application for reconsideration by the local
252 school board.
- 253 (d) If the local school board refuses to authorize the applicant, the applicant may seek a
254 charter from another authorizer.
- 255 (4) The state board shall make a rule providing for a timeline for the opening of a charter
256 school following the approval of a charter school application by a local school board.
- 257 (5) After approval of a charter school application and in accordance with Section 53G-5-303,
258 the applicant and the local school board shall set forth the terms and conditions for the
259 operation of the charter school in a written charter agreement.
- 260 (6) A local school board may terminate a charter school the local school board authorizes in
261 accordance with Sections 53G-5-501 and 53G-5-503.
- 262 (7) In addition to the exemptions described in Sections 53G-5-405, 53G-7-202, and
263 53G-5-407, a charter school authorized by a local school board is:
- 264 (a) not required to separately submit a report or information required under this public
265 education code to the state board if the information is included in a report or
266 information that is submitted by the local school board or school district; and

267 (b) exempt from the requirement under Section 53G-5-404 that a charter school shall be
 268 organized and managed under Title 16, Chapter 6a, Utah Revised Nonprofit
 269 Corporation Act.

270 (8) Before a local school board accepts a charter school application, the local school board
 271 shall, in accordance with state board rules, establish and make public the local school
 272 board's:

273 (a) application requirements, in accordance with Section 53G-5-302;

274 (b) application process, including timelines, in accordance with this section; [~~and~~]

275 (c) minimum academic, governance, operational, and financial standards[-] ; and

276 (d) procedures for collecting and using fees as described in Section 53G-5-205.

277 Section 7. Section **53G-5-306** is amended to read:

278 **53G-5-306 . Charter schools authorized by a board of trustees of a higher**
 279 **education institution -- Application process -- Board of trustees responsibilities.**

280 (1) Except as provided in Subsection (6), an applicant identified in Section 53G-5-302 may
 281 enter into an agreement with an institution of higher education board of trustees
 282 authorizing the applicant to establish and operate a charter school.

283 (2)(a) An applicant applying for authorization from a board of trustees to establish and
 284 operate a charter school shall provide a copy of the application to the local school
 285 board of the school district in which the proposed charter school will be located
 286 either before or at the same time the applicant files the application with the board of
 287 trustees.

288 (b) The local school board may review the application and offer suggestions or
 289 recommendations to the applicant or the board of trustees before acting on the
 290 application.

291 (c) The board of trustees shall give due consideration to suggestions or
 292 recommendations made by the local school board under Subsection (2)(b).

293 (3) The state board shall make a rule providing a timeline for the opening of a charter
 294 school following the approval of a charter school application by a board of trustees.

295 (4) After approval of a charter school application, the applicant and the board of trustees
 296 shall set forth the terms and conditions for the operation of the charter school in a
 297 written charter agreement.

298 [~~(5)(a) The school's charter agreement may include a provision that the charter school~~
 299 ~~pay an annual fee for the board of trustees' costs in providing oversight of, and~~
 300 ~~technical support to, the charter school in accordance with Section 53G-5-205.]~~

- 301 ~~[(b) In the first two years that a charter school is in operation, an annual fee described in~~
302 ~~Subsection (5)(a) may not exceed the product of 3% of the revenue the charter school~~
303 ~~receives from the state in the current fiscal year.]~~
- 304 ~~[(e) Beginning with the third year that a charter school is in operation, an annual fee~~
305 ~~described in Subsection (5)(a) may not exceed the product of 1% of the revenue a~~
306 ~~charter school receives from the state in the current fiscal year.]~~
- 307 ~~[(d) An annual fee described in Subsection (5)(a) shall be:]~~
- 308 ~~[(i) paid to the board of trustees; and]~~
- 309 ~~[(ii) expended as directed by the board of trustees.]~~
- 310 (5) A board of trustees shall establish procedures for collecting and using fees as described
311 in Section 53G-5-205.
- 312 (6)(a) In addition to complying with the requirements of this section, a technical college
313 board of trustees, as defined in Section 53B-2a-108, shall obtain the approval of the
314 Utah Board of Higher Education before entering into an agreement to establish and
315 operate a charter school.
- 316 (b) If a technical college board of trustees approves an application to establish and
317 operate a charter school, the technical college board of trustees shall submit the
318 application to the Utah Board of Higher Education.
- 319 (c) The Utah Board of Higher Education shall, by majority vote, within 60 days of
320 receipt of an application described in Subsection (6)(b), approve or deny the
321 application.
- 322 (d) The Utah Board of Higher Education may deny an application approved by a
323 technical college board of trustees if the proposed charter school does not accomplish
324 a purpose of charter schools as provided in Section 53G-5-104.
- 325 (e) A charter school application may not be denied on the basis that the establishment of
326 the charter school will have any or all of the following impacts on a public school,
327 including another charter school:
- 328 (i) an enrollment decline;
- 329 (ii) a decrease in funding; or
- 330 (iii) a modification of programs or services.
- 331 (7)(a) Subject to the requirements of this chapter and other related provisions, a
332 technical college board of trustees may establish:
- 333 (i) procedures for submitting applications to establish and operate a charter school; or
- 334 (ii) criteria for approval of an application to establish and operate a charter school.

- 335 (b) The Utah Board of Higher Education may not establish policy governing the
 336 procedures or criteria described in Subsection (7)(a).
- 337 (8) Before a technical college board of trustees accepts a charter school application, the
 338 technical college board of trustees shall, in accordance with state board rules, establish
 339 and make public:
- 340 (a) application requirements, in accordance with Section 53G-5-302;
 341 (b) the application process, including timelines, in accordance with this section; and
 342 (c) minimum academic, governance, operational, and financial standards.

343 Section 8. Section **53G-5-501** is amended to read:

344 **53G-5-501 . Noncompliance -- Rulemaking.**

- 345 (1)(a) If a charter school is found to be materially out of compliance with the
 346 requirements of Section 53G-5-404[~~04~~] , the school's charter agreement, or fee
 347 payment obligations, the charter school authorizer shall provide written notice of the
 348 reason for the charter school's noncompliance and a reasonable time to remedy the
 349 deficiency, except as otherwise provided in Subsection 53G-5-503(4), to:
- 350 (i) the charter school governing board; and
 351 (ii) if the charter school is a qualifying charter school with outstanding bonds issued
 352 in accordance with Part 6, Charter School Credit Enhancement Program, the Utah
 353 Charter School Finance Authority.
- 354 (b) The notice described in Subsection (1)(a) shall state that the charter school governing
 355 board may request an informal review before the charter school's authorizer to
 356 present evidence related to the deficiency.
- 357 (c) The charter school authorizer shall:
- 358 (i) review the evidence within a reasonable time to determine if the charter school has
 359 remedied the noncompliance or if the circumstances necessitate additional time
 360 for the charter school authorizer to remedy the deficiency; and
 361 (ii) if the charter school authorizer determines that circumstances necessitate
 362 additional time to remedy the noncompliance, establish a deadline to remedy the
 363 noncompliance.
- 364 (2)(a) If the charter school does not remedy the material deficiency within the
 365 established timeline, the authorizer may:
- 366 (i) subject to the requirements of Subsection (4), take one or more of the following
 367 actions:
 368 (A) remove a charter school director or finance officer;

- 369 (B) remove a charter school governing board member;
- 370 (C) appoint an interim director, mentor, or finance officer to work with the charter
371 school; or
- 372 (D) appoint a governing board member;
- 373 (ii) subject to the requirements of Section 53G-5-503, terminate the school's charter
374 agreement; or
- 375 (iii) transfer operation and control of the charter school to a high performing charter
376 school, as defined in Section 53G-5-502, including reconstituting the governing
377 board to effectuate the transfer.
- 378 (b) The authorizer may prohibit the charter school governing board from removing an
379 appointment made under Subsection (2)(a)(i), for a period of up to one year after the
380 date of the appointment.
- 381 (3) The costs of an interim director, mentor, or finance officer appointed under Subsection
382 (2)(a) shall be paid from the funds of the charter school for which the interim director,
383 mentor, or finance officer is working, unless the authorizer chooses to pay all or some of
384 the costs.
- 385 (4) The authorizer shall notify the Utah Charter School Finance Authority before the
386 authorizer takes an action described in Subsection (2)(a)(i) if the charter school is a
387 qualifying charter school with outstanding bonds issued in accordance with Part 6,
388 Charter School Credit Enhancement Program.
- 389 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
390 state board shall make rules:
- 391 (a) specifying the timeline for remedying deficiencies under Subsection (1); and
392 (b) ensuring compliance with the charter school's approved charter agreement.
- 393 (6)(a)(i) An authorizer may petition a court with jurisdiction under Title 78A,
394 Judiciary and Judicial Administration, to appoint a receiver.
- 395 (ii) Notwithstanding Title 78B, Chapter 3a, Venue for Civil Actions, the authorizer
396 shall bring a petition described in Subsection (6)(a)(i) in the county in which a
397 charter school is located or incorporated if the action is brought in the district
398 court.
- 399 (b) The court may appoint a receiver if the authorizer establishes that the charter school:
400 (i) is subject to closure under Section 53G-5-503; and
401 (ii)(A) has disposed, or there is a demonstrated risk that the charter school will
402 dispose, of the charter school's assets in violation of Section 53G-5-403; or

- 403 (B) cannot, or there is a demonstrated risk that the charter school will not, make
 404 repayment of amounts owed to the federal government or the state.
- 405 (c) The court shall describe the powers and duties of the receiver in the court's
 406 appointing order, and may amend the order from time to time.
- 407 (d) Among other duties ordered by the court, the receiver shall:
- 408 (i) ensure the protection of the charter school's assets;
- 409 (ii) preserve money owed to creditors; and
- 410 (iii) if requested by the authorizer, carry out charter school closure procedures
 411 described in Section 53G-5-504, and state board rules, as directed by the
 412 authorizer.
- 413 (e) If the authorizer does not request, or the court does not appoint, a receiver:
- 414 (i) the authorizer may reconstitute the governing board of a charter school; or
- 415 (ii) if a new governing board cannot be reconstituted, the authorizer shall complete
 416 the closure procedures described in Section 53G-5-504, including liquidation and
 417 assignment of assets, and payment of liabilities and obligations in accordance with
 418 Section 53G-5-504 and state board rule.
- 419 (f) For a qualifying charter school with outstanding bonds issued in accordance with Part
 420 6, Charter School Credit Enhancement Program, an authorizer shall obtain the
 421 consent of the Utah Charter School Finance Authority before the authorizer takes the
 422 following actions:
- 423 (i) petitions a court to appoint a receiver, as described in Subsection (6)(a);
- 424 (ii) reconstitutes the governing board, as described in Subsection (6)(e)(i); or
- 425 (iii) carries out closure procedures, as described in Subsection (6)(e)(ii).

426 Section 9. Section **53G-5-502** is amended to read:

427 **53G-5-502 . Voluntary school improvement and transfer processes.**

- 428 (1) As used in this section:
- 429 (a) "High performing charter school" means a charter school that:
- 430 (i) satisfies all requirements of state law and state board rules;
- 431 (ii) has operated for at least three years meeting the terms of the school's charter
 432 agreement; and
- 433 (iii) is in good standing with the charter school's authorizer.
- 434 (b) "Low performing charter school" means a charter school that is designated a low
 435 performing school, as that term is defined in Section 53E-5-301.
- 436 (c) "School turnaround plan" means the same as that term is defined in Section

437 53E-5-301.

- 438 (2)(a) Subject to Subsection (2)(b), a charter school governing board may voluntarily
439 request the charter school's authorizer to place the charter school, including a low
440 performing charter school that has a school turnaround plan, in a school improvement
441 process.
- 442 (b) A charter school governing board shall provide notice and a hearing on the charter
443 school governing board's intent to make a request under Subsection (2)(a) to parents
444 of students enrolled in the charter school.
- 445 (3) An authorizer may grant a charter school governing board's request to be placed in a
446 school improvement process if the charter school governing board has provided notice
447 and a hearing under Subsection (2)(b).
- 448 (4) An authorizer that has entered into a school improvement process with a charter school
449 governing board shall:
- 450 (a) enter into a contract with the charter school governing board on the terms of the
451 school improvement process;
- 452 (b) notify the state board that the authorizer has entered into a school improvement
453 process with the charter school governing board;
- 454 (c) make a report to a committee of the state board regarding the school improvement
455 process; and
- 456 (d) notify the Utah Charter School Finance Authority that the authorizer has entered into
457 a school improvement process with the charter school governing board if the charter
458 school is a qualifying charter school with outstanding bonds issued in accordance
459 with Part 6, Charter School Credit Enhancement Program.
- 460 (5) Upon notification under Subsection (4)(b), and after the report described in Subsection
461 (4)(c), the state board shall notify charter schools and the school district in which the
462 charter school is located that the charter school governing board has entered into a
463 school improvement process with the charter school's authorizer.
- 464 (6) A high performing charter school or the school district in which the charter school is
465 located may apply to the charter school governing board to assume operation and control
466 of the charter school that has been placed in a school improvement process.
- 467 (7) A charter school governing board that has entered into a school improvement process
468 shall review applications submitted under Subsection (6) and submit a proposal to the
469 charter school's authorizer to:
- 470 (a) terminate the school's charter, notwithstanding the requirements of Section

471 53G-5-503; and

472 (b) transfer operation and control of the charter school to:

473 (i) the school district in which the charter school is located;

474 (ii) the governing board of another charter school;

475 (iii) a private management company; or

476 (iv) the governing board of a nonprofit corporation.

477 (8) A transfer of a charter school under this section shall not affect the school's fee
 478 obligations under Section 53G-5-205.

479 ~~[(8)]~~ (9) A charter school governing board that has not entered into a school improvement
 480 process may voluntarily provide a proposal to the authorizer for consideration of
 481 transferring operation and control of the charter school to:

482 (a) the school district in which the charter school is located;

483 (b) the governing board of another charter school;

484 (c) a private management company; or

485 (d) the governing board of a nonprofit corporation.

486 ~~[(9)]~~ (10) Except as provided in Subsection ~~[(10)]~~ (11) and subject to Subsection ~~[(11)]~~ (12),
 487 an authorizer may:

488 (a) approve a charter school governing board's proposal under Subsection ~~[(7)]~~ (8); or

489 (b)(i) deny a charter school governing board's proposal under Subsection ~~[(7)]~~ (8); and

490 (ii)(A) terminate the school's charter agreement in accordance with Section

491 53G-5-503;

492 (B) allow the charter school governing board to submit a revised proposal; or

493 (C) take no action.

494 ~~[(10)]~~ (11) An authorizer may not take an action under Subsection ~~[(9)]~~ (10) for a qualifying
 495 charter school with outstanding bonds issued in accordance with Part 6, Charter School
 496 Credit Enhancement Program, without mutual agreement of the Utah Charter School
 497 Finance Authority and the authorizer.

498 ~~[(11)]~~ (12)(a) An authorizer that intends to transfer operation and control of a charter
 499 school as described in Subsection ~~[(7)(b)]~~ (8)(b) shall request approval from the state
 500 board.

501 (b)(i) The state board shall consider an authorizer's request under Subsection ~~[(11)(a)]~~
 502 (12)(a) within 30 days of receiving the request.

503 (ii) If the state board denies an authorizer's request under Subsection ~~[(11)(a)]~~ (12)(a),
 504 the authorizer may not transfer operation and control of the charter school as

505 described in Subsection [~~(7)(b)~~] (8)(b).
 506 (iii) If the state board does not take action on an authorizer's request under Subsection [~~(11)(a)~~] (12)(a) within 30 days of receiving the request, an authorizer may proceed
 507 to transfer operation and control of the charter school as described in Subsection [~~(7)(b)~~] (8)(b).
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 509

510 [~~(12)~~] (13) If operation and control of a low performing charter school that has a school
 511 turnaround plan is transferred to a high performing charter school as described in
 512 Subsection [~~(7)(b)~~] (8)(b), the low performing charter school shall complete the
 513 requirements of the school turnaround plan and any other requirements imposed by the
 514 authorizer for school improvement.

515 Section 10. Section **53G-5-503** is amended to read:

516 **53G-5-503 . Termination of a charter agreement.**

517 (1) Subject to the requirements of Subsection (3), a charter school authorizer may terminate
 518 a school's charter agreement for any of the following reasons:

519 (a) failure of the charter school to meet the requirements stated in the charter agreement;

520 (b) failure to meet generally accepted standards of fiscal management;

521 (c)(i) designation as a low performing school under Title 53E, Chapter 5, Part 3,
 522 School Improvement and Leadership Development; and

523 (ii) failure to improve the school's performance under the conditions described in
 524 Title 53E, Chapter 5, Part 3, School Improvement and Leadership Development;

525 (d) violation of requirements under this chapter or another law; [~~or~~]

526 (e) failure to pay required authorizer fees; or

527 [~~(e)~~] (f) other good cause shown.

528 (2)(a) The authorizer shall notify the following of the proposed termination in writing,
 529 state the grounds for the termination, and stipulate that the charter school governing
 530 board may request an informal hearing before the authorizer:

531 (i) the charter school governing board; and

532 (ii) if the charter school is a qualifying charter school with outstanding bonds issued
 533 in accordance with Part 6, Charter School Credit Enhancement Program, the Utah
 534 Charter School Finance Authority.

535 (b) Except as provided in Subsection (2)(e), the authorizer shall conduct the hearing in
 536 accordance with Title 63G, Chapter 4, Administrative Procedures Act, within 30 days
 537 after the day a written request under Subsection (2)(a) is received.

538 (c) If the authorizer, by majority vote, approves a motion to terminate a charter school,

- 539 the charter school governing board may appeal the decision to the state board.
- 540 (d)(i) The state board shall hear an appeal of a termination made in accordance with
541 Subsection (2)(c).
- 542 (ii) The state board's action is final action subject to judicial review.
- 543 (e)(i) If the authorizer proposes to terminate the charter agreement of a qualifying
544 charter school with outstanding bonds issued in accordance with Part 6, Charter
545 School Credit Enhancement Program, the authorizer shall conduct a hearing
546 described in Subsection (2)(b) 120 days or more after notifying the following of
547 the proposed termination:
- 548 (A) the charter school governing board of the qualifying charter school; and
549 (B) the Utah Charter School Finance Authority.
- 550 (ii) Before the hearing described in Subsection (2)(e)(i), the Utah Charter School
551 Finance Authority shall meet with the authorizer to determine whether the
552 deficiency may be remedied in lieu of termination of the qualifying charter
553 school's charter agreement.
- 554 (3) An authorizer may not terminate the charter agreement of a qualifying charter school
555 with outstanding bonds issued in accordance with Part 6, Charter School Credit
556 Enhancement Program, without mutual agreement of the Utah Charter School Finance
557 Authority and the authorizer.
- 558 (4)(a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
559 the state board shall make rules that require a charter school to report any threats to
560 the health, safety, or welfare of the charter school's students to the State Charter
561 School Board in a timely manner.
- 562 (b) The rules under Subsection (4)(a) shall also require the charter school report to
563 include what steps the charter school has taken to remedy the threat.
- 564 (5) Subject to the requirements of Subsection (3), the authorizer may terminate a charter
565 agreement immediately if good cause has been shown or if the health, safety, or welfare
566 of the students at the charter school is threatened.
- 567 (6) If a charter agreement is terminated, the following entities may apply to the charter
568 school's authorizer to assume operation of the school:
- 569 (a) the school district where the charter school is located;
570 (b) the charter school governing board of another charter school;
571 (c) a private management company; or
572 (d) the governing board of a nonprofit corporation.

- 573 (7)(a) If a charter agreement is terminated, a student who attended the school may apply
574 to and shall be enrolled in another public school under the enrollment provisions in
575 accordance with Chapter 6, Part 3, School District Residency, subject to space
576 availability.
- 577 (b) Normal application deadlines shall be disregarded under Subsection (7)(a).
- 578 Section 11. Section **53G-5-504** is amended to read:
- 579 **53G-5-504 . Charter school closure.**
- 580 (1) As used in this section, "receiving charter school" means a charter school that an
581 authorizer permits under Subsection (12)(a), to accept enrollment applications from
582 students of a closing charter school.
- 583 (2) If a charter school is closed for any reason, including the termination of a charter
584 agreement in accordance with Section 53G-5-503 or the conversion of a charter school
585 to a private school, the provisions of this section apply.
- 586 (3) A decision to close a charter school is made:
- 587 (a) when a charter school authorizer approves a motion to terminate described in Section
588 53G-5-503;
- 589 (b) when the state board takes final action described in Section 53G-5-503; or
- 590 (c) when a charter school provides notice to the charter school's authorizer that the
591 charter school is relinquishing the charter school's charter.
- 592 (4)(a) No later than 10 days after the day on which a decision to close a charter school is
593 made, the charter school shall:
- 594 (i) provide notice to the following, in writing, of the decision:
- 595 (A) if the charter school made the decision to close, the charter school's authorizer;
- 596 (B) if the state board did not make the decision to close, the state board;
- 597 (C) parents of students enrolled at the charter school;
- 598 (D) the charter school's creditors;
- 599 (E) the charter school's lease holders;
- 600 (F) the charter school's bond issuers;
- 601 (G) other entities that may have a claim to the charter school's assets;
- 602 (H) the school district in which the charter school is located and other charter
603 schools located in that school district; and
- 604 (I) any other person that the charter school determines to be appropriate; and
- 605 (ii) publish notice of the decision for the school district in which the charter school is
606 located, as a class A notice under Section 63G-30-102, for at least 30 days.

- 607 (b) The notice described in Subsection (4)(a) shall include:
- 608 (i) the proposed date of the charter school closure;
- 609 (ii) the charter school's plans to help students identify and transition into a new
- 610 school; and
- 611 (iii) contact information for the charter school during the transition.
- 612 (5) No later than 10 days after the day on which a decision to close a charter school is
- 613 made, the closing charter school shall:
- 614 (a) designate a custodian for the protection of student files and school business records;
- 615 (b) designate a base of operation that will be maintained throughout the charter school
- 616 closing, including:
- 617 (i) an office;
- 618 (ii) hours of operation;
- 619 (iii) operational telephone service with voice messaging stating the hours of
- 620 operation; and
- 621 (iv) a designated individual to respond to questions or requests during the hours of
- 622 operation;
- 623 (c) assure that the charter school will maintain private insurance coverage or risk
- 624 management coverage for covered claims that arise before closure, throughout the
- 625 transition to closure and for a period following closure of the charter school as
- 626 specified by the charter school's authorizer;
- 627 (d) assure that the charter school will complete by the set deadlines for all fiscal years in
- 628 which funds are received or expended by the charter school a financial audit and any
- 629 other procedure required by state board rule;
- 630 (e) inventory all assets of the charter school; and
- 631 (f) list all creditors of the charter school and specifically identify secured creditors and
- 632 assets that are security interests.
- 633 (6) The closing charter school's authorizer shall oversee the closing charter school's
- 634 compliance with Subsection (5).
- 635 (7)(a) Unless a different order is determined by a bankruptcy court under 11 U.S.C. Sec.
- 636 1001 et seq., a closing charter school shall distribute the assets of the closing charter
- 637 school in the following order:
- 638 (i) return assets donated by a private donor to the private donor if:
- 639 (A) the assets were donated for a specific purpose;
- 640 (B) the private donor restricted use of the assets to only that specific purpose; and

- 641 (C) the closing charter school has assets that have not been used for the specific
642 purpose;
- 643 (ii) distribute assets to satisfy outstanding payroll obligations for employees of the
644 closing charter school;
- 645 (iii) distribute assets to creditors of the closing charter school; [~~and~~]
646 (iv) distribute assets to satisfy any outstanding authorizer fees; and
647 [~~(iv)~~] (v) distribute assets to satisfy any outstanding liability or obligation to the state
648 board, state, or federal government.
- 649 (b) A closing charter school shall return any assets remaining, after all liabilities and
650 obligations of the closing charter school are paid or discharged consistent with
651 Subsection (7)(a), to the closing charter school's authorizer.
- 652 (c) Upon receipt of the assets under Subsection (7)(b), the closing charter school's
653 authorizer shall:
- 654 (i) liquidate assets at fair market value; or
655 (ii) assign the assets to another public school.
- 656 (d) The closing charter school's authorizer shall oversee liquidation of assets and
657 payment of liabilities and obligations in accordance with this section, Sections
658 53F-9-307 and 53G-5-501, and state board rule.
- 659 (8) The closing charter school shall:
- 660 (a) comply with all state and federal reporting requirements; and
661 (b) submit all documentation and complete all state and federal reports required by the
662 closing charter school's authorizer or the state board, including documents to verify
663 the closing charter school's compliance with procedural requirements and satisfaction
664 of all financial issues.
- 665 (9) When the closing charter school's financial affairs are closed out and dissolution is
666 complete, the authorizer shall ensure that a final audit of the charter school is completed.
- 667 (10) The state board shall, in accordance with Title 63G, Chapter 3, Utah Administrative
668 Rulemaking Act, and after considering suggestions from charter school authorizers,
669 make rules that:
- 670 (a) provide additional closure procedures for charter schools; and
671 (b) establish a charter school closure process.
- 672 (11)(a) Upon termination of the charter school's charter agreement:
- 673 (i) notwithstanding provisions of Title 16, Chapter 6a, Part 14, Dissolution, the
674 nonprofit corporation under which the charter school is organized and managed

- 675 may be unilaterally dissolved by the authorizer; and
- 676 (ii) the net assets of the charter school shall revert to the authorizer as described in
- 677 Subsection (7).
- 678 (b) The charter school and the authorizer shall mutually agree in writing on the effective
- 679 date and time of the dissolution described in Subsection (11)(a).
- 680 (c) The effective date and time of dissolution described in Subsection (11)(b) may not
- 681 exceed five years after the date of the termination of the charter agreement.
- 682 (12) Notwithstanding the provisions of Chapter 6, Part 5, Charter School Enrollment:
- 683 (a) an authorizer may permit a specified number of students from a closing charter
- 684 school to be enrolled in another charter school, if the receiving charter school:
- 685 (i)(A) is authorized by the same authorizer as the closing charter school; or
- 686 (B) is authorized by a different authorizer and the authorizer of the receiving
- 687 charter school approves the increase in enrollment; and
- 688 (ii) agrees to accept enrollment applications from students of the closing charter
- 689 school;
- 690 (b) a receiving charter school shall give new enrollment preference to applications from
- 691 students of the closing charter school in the first school year in which the closing
- 692 charter school is not operational; and
- 693 (c) a receiving charter school's enrollment capacity is increased by the number of
- 694 students enrolled in the receiving charter school from the closing charter school
- 695 under this Subsection (12).
- 696 (13) A member of the governing board or staff of the receiving charter school that is also a
- 697 member of the governing board of the receiving charter school's authorizer, shall recuse
- 698 oneself from a decision regarding the enrollment of students from a closing charter
- 699 school as described in Subsection (12).

700 Section 12. **Effective Date.**

701 This bill takes effect on July 1, 2025.