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Research Report

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Utah's Charter Schools

Comparisons and Funding Equity with District Schools

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The mission of Utah Foundation is to promote a thriving economy, a well-prepared workforce, and a high quality of life for Utahns by performing thorough, well-supported research that helps policymakers, business and community leaders, and citizens better understand complex issues and providing practical, well-reasoned recommendations for policy change.

Utah's Charter Schools

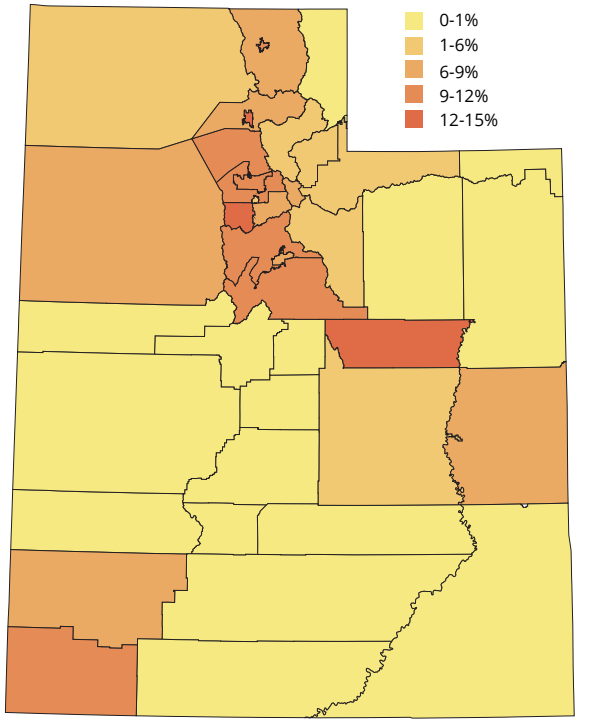
Comparisons and Funding Equity with District Schools

This report focuses on charter school finance, with an eye toward equity. To set a framework for that discussion, the report first explains what charter schools are, provides a short history, and looks at the rising ubiquity of charter schools across urban Utah. The report then shows that districts and charter schools are funded differently – due in large part to charter schools' lack of taxing authority. The report concludes by examining charter schools' different purposes and types of accountability, ultimately noting that equity in funding may be a great goal. However, given the vast differences between the systems, it would be difficult to ever definitively conclude that they are equitable.

KEY FINDINGS:

- **Utah has seen high growth in charter schools students, with half of 2015's student body growth in charter schools (see page 3).**
- **The per-pupil education funding gap has narrowed since 2004, from 13.9% to 9.9% today (see page 8).**
- **The funding gap is due in part to charter schools serving a narrower subset of the population and offering more targeted programming (see pages 3-7).**
- **Utah's innovative "moral obligation," start-up, and revolving loan programs are providing cost savings and necessary funding to new charter schools (see page 15).**
- **Districts spend four times the amount that charter schools spend on transportation, though this is due to a mandate put upon districts (see page 16).**
- **Senate Bill 38 is expected to result in an increase per charter school student of $193, decreasing the charter/district per-pupil difference by more than 25% (see pages 19-20).**

Charter School Enrollment as a Proportion of District Enrollment



Source: USOE, Utah Foundation calculations.

Per-Pupil K-12 Education Funding Comparison

	Per-Pupil Amounts		Charter Difference	
	Charters	Districts		
Total	$6,808	$7,604	-$796	-10%
Uncomparable Programs	585	697	-113	-16%
Total, Minus Uncomparable Programs	6,224	6,907	-683	-10%

Note and source: See Figure 6.

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INTRODUCTION

This is Utah Foundation's third research report focusing solely on charter schools. In 2003, the Foundation released a report titled "Can they Survive in Utah?" The question was raised based upon the newness of the type of school, the changes in funding over the previous five years, and funding equity with district schools. Thirteen years later, the answer to that report's question is a resounding "yes."

Utah Foundation's subsequent report, released in 2005, was titled "Challenges Facing Utah Charter Schools." It again brought up the question of equity. It offered several solutions to any continuing inequities, such as increasing funds related to local property taxes (including a state guarantee that supplements these local taxes), providing transportation funding, and creating a per-pupil facilities grant for charter schools.

Since that report, the per-pupil funding gap between charter and district schools has narrowed, but the question of charter school funding adequacy and equity has not been resolved. During the 2015 General Session, the Utah Legislature passed House Bill 444 to implement a charter school funding task force to "review and make recommendations" on issues related to charter school funding. Included was the relationship between enrollment and funding, the amount of local property taxes to be used for charter schools, the weight distribution of funding for charter schools, and the funding of administrative costs. The task force meetings resulted in a bill aimed to increase charter school per-pupil funding relative to district schools. The Legislature made steps toward equity during the 2016 General Session with Senate Bill 38.

This report builds on previous Utah Foundation research. The report also attempts to answer – from Utah Foundation's perspective – questions similar to those laid out in House Bill 444.

ORIGIN AND GROWTH OF CHARTER SCHOOLS NATIONALLY

What are charter schools? They are publicly funded schools that, quite simply, are governed by school-specific charters – or legally binding state contracts. Utah's charter schools are often created and operated by organizations other than local school districts. In many ways they are similar to very small districts. First, like school districts, charter schools are considered "LEAs" – or local education agencies. Also, Utah law forbids charter schools from charging tuition, and law forbids them from selecting students based upon merit and ability. They are unlike district schools in that they have caps on enrollment. Accordingly, if applications for a charter school exceed capacity, that school is directed to randomly select students for enrollment. However, a charter school is allowed to give preference to children whose parents were involved in starting the school and to siblings of children who currently attend the school, or as otherwise allowed by the school's charter.

Minnesota became the first state in the country to authorize charter schools in 1991, and its first charter school opened in 1992.[1] Other states rapidly followed suit, and now 43 states and the District of Columbia have authorized charter schools. This wave has slowed, as only two states have enacted charter school laws in the past ten years.[2]

Charter schools have accordingly seen high growth in recent years. Nationally, they have grown from 1.9% of public schools in 2000 to 6.2% in 2013, an increase of 4,600 schools.[3] Over this period, students attending charter schools increased from 300,000 to 2.3 million.[4] This increase of 1.9 million students outpaced the increase of 900,000 in district schools.[5] The most recent data show there are now more than 6,500 charter schools with nearly 2.9 million students.[6]

CHARTER SCHOOLS IN UTAH

Charter schools were authorized in Utah in 1998 with the passage of House Bill 145, titled Schools for the 21st Century. Authorization was limited to eight schools. Eight more were authorized in 2001 under Senate Bill 169. Senate Bill 138 in 2002 removed the pilot status of the program and authorized six New Century Schools, which are "magnet charter schools focused on math, science, and technology."[7] In 2003, Senate Bill 57 authorized up to 24 charter schools in 2004 (and the six New Century Schools), with an additional eight each subsequent year.

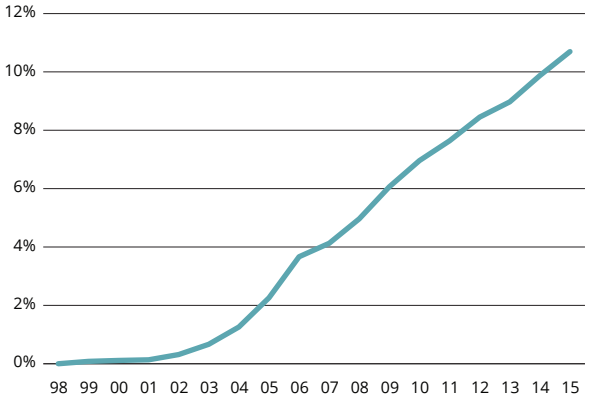
In 2004, House Bill 152 created the State Charter School Board to authorize the establishment of charter schools, evaluate their performance, monitor their compliance with laws, rules, and regulations, provide technical support, and act as liaison with the State Board of Education and the Utah Legislature. In 2005 the Legislature removed the cap on the number of charter schools that could open each year.

Growth

Changes to the numbers of charter schools authorized resulted in explosive growth. In October 2015, there were 117 Utah charter schools, six of which were the New Century high schools. Only five charter schools have been closed by their authorizers, and two Utah charter schools have had their charters revoked, both in 2015.[8]

In 2015, charter school enrollment was 67,509 compared to district school enrollment of 566,387. Charter schools enrollment surpassed 10% of the state's total student population in 2015 (see Figure 1). Since 2000, district school enrollment has grown 1% per year, eclipsed by charter growth (see Figure 2). In addition, charter schools accounted for over half of the state's total K-12 student body growth in 2015.

Figure 1: Charter Students as a Percentage of Utah's K-12 Student-Body



Source: Utah State Office of Education (USOE), Utah Foundation calculations.

Figure 2: Average Yearly Enrollment Growth and Percentage of Total

	District Growth		Charter Growth	
2000-2015	5,444	1.0%	4,189	25.3%
2011-2015	5,296	1.0%	5,458	9.8%

Source: USOE, Utah Foundation calculations.

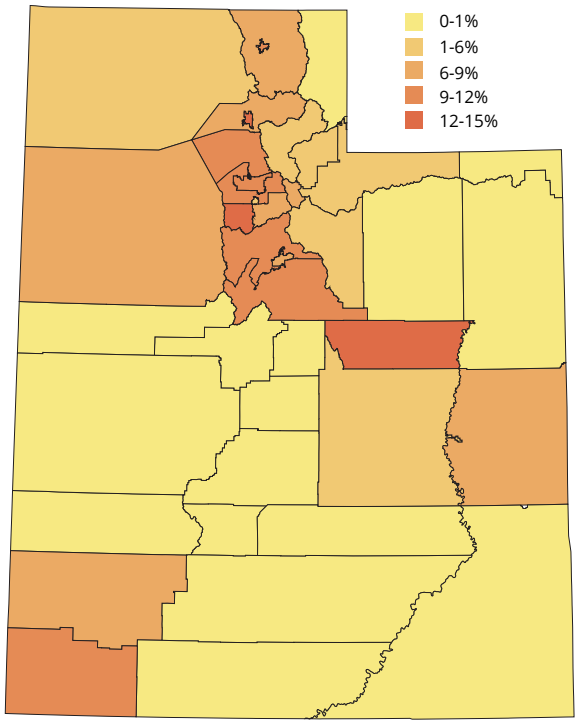
Student-Body

Nationwide, a greater proportion of the charter school population is African-American and/or low income compared to district school population.[9] This is due in part to the fact that over half of charter schools are located in cities (55.4%) while less than a quarter of district schools are located in cities (24.4%), with the remainder in suburbs, towns, and rural areas.[10] When compared to the districts that the charter schools are located in, charter school populations are generally less racially diverse, have higher average incomes, and tend to be of bi-modal distribution. This distribution results in higher racial and socioeconomic concentrations.[11]

In Utah, on average, charter schools have a smaller proportion of students with disabilities (12.0% compared to 12.5%), students with limited English proficiency (4.2% compared to 8.9%), students who are economically disadvantaged (31% compared to 39%), and students of color (19.8% compared to 23.2%)

than district schools.[12] Charter students are typically in urban Utah districts, predominately along the Wasatch Front. (See Figure 3).

Figure 3: Charter School Enrollment as a Proportion of District Enrollment



Source: USOE, Utah Foundation calculations.

FUNDING OF UTAH SCHOOLS

Utah Foundation's previous charter school reports pointed to an inequity in funding. As noted, this report follows that same line of questioning: is there inequity between district and charter schools? To find the answer one must first examine how district schools are funded.

Funding for Utah's public schools comes from a combination of state income taxes, local property taxes, and federal funds. Personal and corporate income taxes are entirely earmarked for K-12 and higher education, with K-12 schools receiving the lion's share. School districts impose a uniform property tax known as the minimum basic rate. Revenue under this rate is equalized across districts under a state guarantee program. These monies are provided to schools per the Weighted Pupil Unit formula. This formula is based primarily upon the number of students attending each school, though adjusted based upon several factors (see more in the Weighted Pupil Unit Differences section).

Districts can also implement property tax levies approved by district voters and local school boards. These levy levels are capped by the Legislature, though the revenue is unrestricted and thus can be spent on district-specific needs.

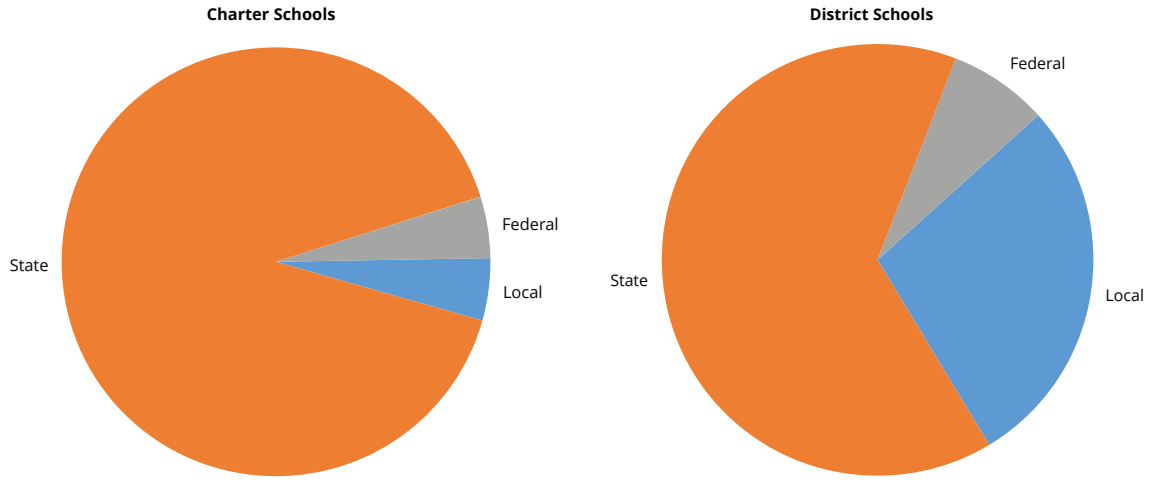
These levies and the basic rate are equalized so that districts with lower property values receive a minimum amount per each 0.0001 of tax increment of $33.27 per each Weighted Pupil Unit. This amount is further equalized under a measure that passed the Legislature in 2015 that brings the minimum amount to $38.54, thereby equalizing revenue in 26 of the 41 districts.[13]

Facilities funding is a bit different than operations funding. School buildings are funded by bonds and capital local levies (though the latter is typically only used for buildings in smaller districts). Most of the funding for buildings comes from bonds, which result in an increase in tax levies commensurate to the debt service needs. There is no state cap on levies for bonded debt service, although the bonds must be approved by district voters.

CHARTER SCHOOL FUNDING DIFFERENCES

One of the main funding differences between districts and charters is that charter schools do not have the ability to assess property taxes. Accordingly, their local revenues are limited to sources such as donations and student activity fees, and are therefore much more dependent upon state funding than are districts (see Figure 4).

Figure 4: School Funding, by Source, 2015



Note: See Figure 6 for source dollar amounts.
Source: USOE, Utah Foundation calculations.

The major revenue difference results in numerous other differences in funding between district and charter schools, many of which are listed in Figure 5. This report provides details on the differences related to the Weighted Pupil Unit, local property taxes and the Local Replacement Formula, administrative funding, charter school start-up costs, transportation, and capital outlay. The latter of these includes expenditures for the construction of buildings, school and land improvements, and payments on capital leases.

Figure 5: Key Differences in Funding Charter and District Schools

	Charter	District
Funding differences detailed in this report		
Weighted Pupil Unit (weights by grade)	Different	
Weighted Pupil Unit (student count)	Different*	
Local property tax levies		X
Local Replacement Formula (LRF)	X	
Administrative costs (small district funding)		X
Administrative costs (charter school funding)	X	
Charter school start-up costs	X**	
Transportation funding (to and from school)		X
Capital outlay		X
Other funding differences (not extensively detailed in this report)		
Special education for pre-school students		X
Adult education		X
Necessarily Existent Small Schools (rural funding)		X

* The student counts are different as of the 2016 school year, but will be the same beginning the 2017 year.
** This funding is accessed by schools through a grant that ends June 30, 2017.

There are other small differences not shown in Figure 5. For instance, the $15 million that the Legislature has appropriated to the K-3 Reading Achievement program is provided to district and charter schools based upon the average daily membership – or average pupil count – of their low-income students. The program requires districts to provide a funding match to participate in the program. Charter schools receive the funding without the match requirement.

In addition, extended day kindergarten funding differs between district and charter schools. District schools receive a base amount, with the remaining funds based on students' free and reduced-priced lunch eligibility. Charter schools receive this funding on a competitive basis.

THE SUM OF THESE DIFFERENCES

The funding differences between district and charter schools have naturally resulted in a difference in revenue. The Education General Fund revenue for district schools is $6,445 per pupil compared to $6,808 for charter schools. Districts have more revenue per pupil when debt service (for payments toward school

Figure 6: K-12 Education Funding Comparison by Revenue Source

	Education Spending		Per-Pupil Amounts		Charter Difference	
	All Charters	All Districts	Charters	Districts		
EDUCATION GENERAL FUND						
Local	$19,110,446	$1,006,686,125	$320	$1,806	-$1,486	-82%
Property Taxes	0	922,387,646	0	1,655	-1,655	-100%
Earnings on Investments	547,829	7,593,602	9	14	-4	-33%
Contributions & Donations	3,514,755	2,966,150	59	5	54	1006%
Student Activities	6,066,603	4,538,206	102	8	93	1148%
Other (tuition, transportation fees, etc.)	8,981,259	69,200,520	150	124	26	21%
State	368,625,661	2,318,983,751	6,173	4,160	2,013	48%
Regular Basic Program	186,440,792	1,438,775,675	3,122	2,581	541	21%
Restricted Basic Program						
Special Education	27,487,180	229,319,280	460	411	49	12%
Class Size Reduction	12,714,808	103,865,491	213	186	27	14%
Career and Technology Education	1,395,002	79,648,099	23	143	-120	-84%
K-3 Reading Achievement program	1,667,366	12,704,590	28	23	5	23%
Special Populations						
At-Risk	1,705,692	40,959,232	29	73	-45	-61%
Accelerated, AP, Concurrent Enrollment	751,098	10,442,242	13	19	-6	-33%
Supplemental and other programs	20,484,152	165,192,667	343	296	47	16%
Transportation	0	68,806,703	0	123	-123	-100%
Social Security & Retirement	2,184,143	20,804,846	37	37	-1	-2%
School Land Trust	3,831,484	36,248,413	64	65	-1	-1%
Board and Voted Leeway Guarantees	0	82,941,545	0	149	-149	-100%
Other state sources - MSP (includes LRF)	101,637,462	7,831,004	1,702	14	1,688	12016%
Other	8,326,482	21,443,964	139	38	101	262%
Federal	18,816,185	267,022,306	315	479	-164	-34%
TOTAL EDUCATION GENERAL FUND	406,552,292	3,592,692,181	6,808	6,445	363	6%
DEBT SERVICE FUND						
Property Taxes	0	341,682,372	0	613	-613	-100%
Other Local and State Sources	0	3,378,720	0	6	-6	-100%
TOTAL DEBT SERVICE FUND	0	345,061,092	0	619	-619	-100%
CAPITAL PROJECTS FUND						
Property Taxes	0	244,080,625	0	438	-438	-100%
Other Local	0	26,027,002	0	47	-47	-100%
Capital Outlay Foundation (State)	0	11,946,754	0	21	-21	-100%
Other Sources	0	18,975,801	0	34	-34	-100%
TOTAL CAPITAL PROJECTS FUND	0	301,030,182	0	540	-540	-100%
TOTAL	$406,552,292	$4,238,783,455	$6,808	$7,604	-$796	-10%
Uncomparable Programs (Fig. 7)	34,902,788	388,660,409	585	697	-113	-16%
TOTAL, MINUS UNCOMPARABLES	$371,649,504	$3,850,123,046	$6,224	$6,907	-$683	-10%

Notes: "Uncomparable programs" are those that are easily extractable from education revenues. Per-pupil amounts are based upon average daily membership calculations of 59,713 charter students and 557,438 district students.
Source: USOE, Utah Foundation calculations.

bonds, at $619 per pupil) and capital projects (for buses and facilities upgrades that are not funded with bonds, at $540 per pupil) are included. For charter schools, these latter amounts are typically paid for from Education General Fund revenues. As a result, the total K-12 education revenue for districts is $7,604, compared to $6,808 for charter schools, a difference per pupil of $796 favoring districts. When easily extractable uncomparable funding is removed as shown in Figure 7, district per pupil revenue is $6,907 compared to charter school per pupil revenue of $6,224, a difference per pupil of $683 favoring districts.

Not only are the main revenue streams for charter and district schools different, but charter schools and districts have very different programming. For instance, student activities are very different, such as the ubiquity of football teams in district high schools. Also, laws require districts to operate schools even in the smallest, most remote, and rural areas, and as such districts require additional funding for those schools. Further, districts have responsibilities toward gang prevention and youth in custody that charters do not. Transportation funding allows district schools to pay the state's portion of the required to-and-from school busing program; charter schools are not required to bus their students. (See more discussion in the Transportation section, below.) In terms of charters' Local Replacement Formula revenue, Utah Foundation has excluded 10% of the amount of educationally-related revenue since this amount is statutorily required to be spent on facilities. Lastly, federal funds are excluded as they are primarily used to address the needs of students with lower socioeconomic status. District schools receive more federal revenue per pupil because they have a higher proportion of lower socioeconomic students.

However, while these missions are different, it is not possible to differentiate exactly what the revenue amounts are in each of the district and charter schools, and thus it is not possible to determine what the precise differences are in funding exactly comparable activities in each of district and charter schools. However, it is possible to remove some of the programming and revenue differences. The easily extractable, uncomparable programs and revenue are included in Figure 7.

Other major differences in district and charter school revenues are shown in Figure 8. The revenue that favors districts includes property taxes, the voted and board leeway guarantees, and career and technology education. Corresponding with districts' property tax revenues, charters receive Local Replacement Formula revenue (which is included in "Other state sources - MSP" in Figure 6). Charter schools receive more local funds from contributions and donations. Lastly, charters also receive greater per pupil revenue from the regular basic program.

Figure 7: Uncomparable Programs and Revenue for District and Charter Schools

	Charter	District
Student Activities	$6,066,603	$4,538,206
Regular Basic Program		
Necessarily Existent Small Schools (rural funding)	0	28,067,950
Special Populations		
Gang Prevention	0	1,022,953
At-Risk – Youth-in-custody	20,000	19,202,291
Transportation funding (to and from schools) (and levy guarantee)	0	68,806,703
LRF (10% for school facilities only – approximate minimum amount)	10,000,000	0
Federal	18,816,185	267,022,306
Total	34,902,788	388,660,409
Total Per Pupil	$585	$697

Note: The items in this figure do not included all of the items in Figure 5 since some of those programs are from the primarily uncomparable funds, a complete list of which is shown in Figure 9 (i.e. "special education for pre-school students" and "adult education" are in the "Non K-12 Programs Fund"). Per-pupil amounts are based upon average daily membership calculations of 59,713 charter students and 557,438 district students.
Source: USOE, Utah Foundation calculations.

Figure 8: Other Major Components of Funding Differences

	Per-Pupil Funds
District Schools	
Property taxes	$2,706
Voted and board leeway guarantees	149
Career and technology education	120
Subtotal	2,975
Charter schools	
Other state sources - MSP (includes Local Replacement)	$1,688
Contributions and donations	54
Regular basic program (minus rural funding)	491

Note: Figure includes items with greater than 5% of the grand total difference per pupil, or $34. Does not include funding differences included in Figure 7.
Source: USOE, Utah Foundation calculations.

Total public school revenue is $5.7 billion. So why is there a difference between that number and the total in Figure 6, which is roughly $4.6 billion?

Half of this billion dollars is due to school buildings in the form of bonds. Figure 6 includes nearly all of education's "General Fund" except for "other financing sources (uses)." While charter schools have far more revenue from that line item ($86M compared to $8M), it is only because of the difference in accounting for buildings. District schools have most of their "other financing sources (uses)" in the "Debt Service Fund" and "Capital Projects Fund." Charter schools have most of their "other financing sources (uses)" in the "General Fund." Regardless, neither is included in the total or grand total in Figure 6.

In addition to buildings, the student activities fund is not included as this is primarily for district schools. The student activities amounts in the education "General Fund" are excluded in Figure 7. Non K-12 program funds are not included, which accounts for $55 million. This is only for district schools, used for activities such as pre-school and adult high school. Also, district schools receive funds from the "Building Reserve Fund" and from the "Other Governmental and Enterprise Fund" which are excluded since they are unrelated to charter schools.

Figure 9: Total Education Revenue, by Fund

	Charters	Districts
Education funding ("Total" in Figure 6)	$406,552,292	$4,238,783,455
Education General Fund (amounts not in Figure 6)		
Other financing sources (uses)	86,200,857	8,373,042
Student Activity Fund		
Total revenue and other sources (uses)	101,404	136,290,119
Non K-12 Programs Fund		
Total revenue and other financing	0	55,149,413
Increment (Tax) Financing Fund		
Total revenue and other financing	0	82,360,774
Debt Service Fund (amounts not in Figure 6)		
Other financing sources (uses)	0	28,756,189
Capital Projects Fund (amounts not in Figure 6)		
Other financing sources (uses)	0	377,796,084
Building Reserve Fund		
Total revenue and other financing	0	3,292,299
Food Service Fund		
Total revenue and other financing	12,338,267	222,261,733
Other Governmental and Enterprise Funds		
Total revenue and other financing	0	80,966,504
Subtotal of non-maintenance and operations	98,640,528	995,246,157
Total education revenues	$505,192,820	$5,234,029,612
Per-pupil amounts		
Education funding ("Total" in Figure 6)	$6,808.44	$7,604.04
Subtotal of other revenue	1,652	1,785
Total education revenues	$8,460.35	$9,389.44

Source: USOE, Utah Foundation calculations.

Lastly, the food service fund is not included, which totals $12 million for charter schools and $222 million for district schools. The primary difference in these amounts is the difference in sales to students, which very heavily favors district schools. This indicates that district students are more likely to eat school-prepared lunch. Further, over half of the district schools' revenue, and nearly half of the charter schools' revenue, is from the federal government for free-and-reduced price lunch programs for children in families with lower socioeconomic status.

The per-pupil funding difference between district and charter schools has narrowed since Utah Foundation's analysis of 2004 revenues. When adjusted for inflation, charter schools have pulled further ahead of district schools for education general fund revenue in 2015, and have bridged over one-quarter of the grand total disparity during that time period.

Figure 10: District and Charter School Funding Parity, 2004 and 2014, Adjusted for Inflation

	Per Pupil		Charter Difference	
	Charters	Districts		
2004				
Total less charter startup grants	$6,217	$7,222	-$1,005	-13.9%
2015				
Total	6,808	7,604	-796	-10.5%
Total minus uncomparable programs	$6,224	$6,907	-$683	-9.9%

Note: Adjusted for inflation with the CPI-U.
Source: USOE, Utah Foundation calculations.

WEIGHTED PUPIL UNIT DIFFERENCES

The Weighted Pupil Unit (WPU) is meant to provide funding for students in an equitable way. When educating a student typically costs less than the Legislature-set WPU value, less funding is

provided to educate that student. Kindergarten, for instance, is funded at 0.55 of WPU – due in large part because kindergarten is only required to be provided for half of the day. When educating a student typically costs more, greater funding is provided. Students in special education classes receive more funding pursuant to State Code.[14]

Like district schools, charter schools receive state funds under the WPU. However, a key difference is that charter schools have different WPU weights for elementary schools and secondary schools than districts. Further, the WPU formula had been – through 2016 – based off of a different student count.

WPU Weighting Differences

Charter schools used to be treated as one district. If all charter schools were still treated as one district, charter schools would be the fourth largest district after Alpine, Davis, and Granite. Based upon historical growth, charter schools will surpass all three districts by 2018.

Figure 11: District and Charter Weighting Factor and WPU Funding by Grade, 2016

	School Districts		Charter Schools	
Grade	Weight	WPU Amount	Weight	WPU Amount
Kindergarten	0.55	$1,701	0.55	$1,701
Grades 1-6	1.00	3,092	0.90	2,783
Grades 7 & 8	1.00	3,092	0.99	3,061
Grades 9-12	1.00	$3,092	1.20	$3,710

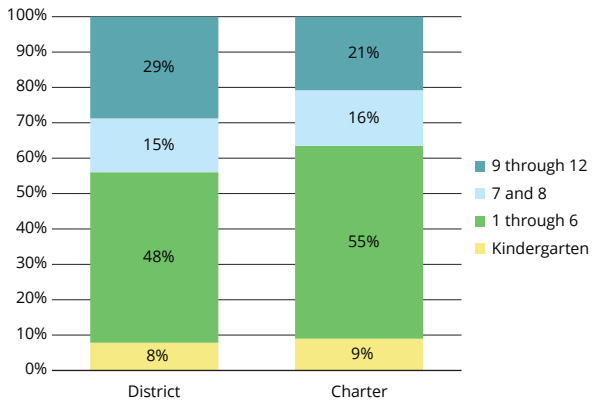
Source: Utah Code.

Currently, charter schools are each funded separately. Like district schools, kindergarten students in charter schools are funded at 0.55 WPU. However, instead of grade 1 through 12 being funded at one WPU each, charter school students in grades 1 through 6 are 0.90, grades 7 and 8 are 0.99, and grades 9 through 12 are counted as 1.20. This weighting difference results in a difference of funding (see Figure 11).[15]

One problem with comparing revenues – and expenditures – of district and charter schools is that, when viewed as one large district, charters are heavily weighted toward the lower grades, particularly kindergarten through sixth grade (see Figure 12). Students in grades 1 through 6 only make up 48% of district schools but they account for 55% of charter school students. Conversely, students in grades 9 through 12 make up 29% of district schools, but only 21% of charter school students.

Since grades are weighted differently between district and charter schools, this difference in the WPU calculation affects how much it costs to educate a student over time. The different WPU weights would result in a higher cost per charter school pupil. For instance, if a student went to a charter school from kindergarten through grade 12 – holding the WPU equal over that period – that student would be 1.43% more expensive to educate than a district school student.[16]

Figure 12: Student Enrollment, by Grade



Note: Figure represents average daily membership, but does not include students with disabilities.
Source: USOE, Utah Foundation calculations.

However, since fewer charter students are enrolled in higher grades, it costs 2.04% less in total WPUs to educate charter students (using 2015 enrollment levels).[17] So, all else held equal, charter schools should receive less funding than districts. That said, as shown in the Figure 10 comparison, the grand total for charter schools is 9.9% lower than district schools.

Tangentially, one question is whether the lower secondary charter school enrollment is a supply or demand issue. The answer might be both. On the supply side, anecdotally, charter high schools are targeted toward specific populations with interests in programming related to performing arts, science, and early college. These programs potentially have narrow market appeal than the wider range of options at a typical district high school (from myriad clubs, sports, arts, and other programming). Also related to supply, parents may be less involved in their students' high school careers since older students are more independent, and thus parents are less likely to work toward developing charter schools. This independence is also related to school demand since fewer students are directed to charter high schools by their parents.

In addition, Utah charter schools that are targeted toward older populations are less likely to be at capacity than K-12 or primary grade schools. For each of the latter, enrollment is at 89%. For charter schools targeted at secondary students, enrollment is only 68% of capacity.[18]

The WPU Count

Through 2016, charter schools are provided WPU funding based upon the higher of their prior year's average daily membership – or the average pupil count often referred to as ADM – plus student enrollment growth or their enrollment at October 1st of the current year. Typically it is the latter calculation because the one day count is most often higher; the aggregate difference in WPU for the 2014 school year is shown in Figure 13.

Figure 13: Difference Between Enrollment and Average Daily Membership

	October 1, 2014, Count	Average Daily Membership, 2015	Difference
Charters	61,435	59,713	2.9%
Districts	560,718	557,438	0.6%

Source: USOE, Utah Foundation calculations.

The difference between ADM plus growth and the October 1 count was a big issue during the Charter School Funding Task Force proceedings. ADM is not the number of days that a student attends, but a more complex calculation that takes into account prolonged absences and partial attendance over the full 180-day school year. The October 1 measure is simply a headcount, regardless of how many courses are taken, where one headcount equals one WPU.

However, differences between October 1 and ADM calculations is a moot point. Beginning with the 2017 school year, charter schools will not receive funds on the October 1 calculation. Instead, they will receive funds like district schools, based upon ADM. This will result in an overall decrease in funding for charter schools, though this decrease will be mitigated by Senate Bill 38 which passed the 2016 Legislative Session. The bill will increase funding for charter schools through a change in the local replacement formula, in addition to funding the formula with a state charter property tax. This is not a tax increase but a shift in tax rates. The school districts' board local levies will be decreased by the amount of the 25% district contribution to the local replacement formula, and the state will impose the new charter levy for the same amount which will contribute to charter school funding.

LOCAL REPLACEMENT FORMULA

The charter school local replacement formula (LRF) is used to help fund charter schools since, unlike district schools, they cannot levy property taxes. Under the LRF, 25% of each districts' local revenues on a per-student basis is directed to charter schools for each charter student residing within the district. According to state law, "a school district shall allocate a portion of school district revenues for each resident student of the school district who is enrolled in a charter school on October 1 equal to 25% of the district per-pupil

local revenues."[19] This 25% of districts' local property tax funding has been disbursed directly from USOE to charter schools – though this changes with Senate Bill 38 mentioned previously.

The local replacement formula has often changed over the past 15 years. Since 2009, the LRF amount was based upon the lesser of the district per-student local revenues and the charter school students' average local revenues. Beginning in 2014 it is just 25% of the district per-student local revenues for each resident student of the school district who is enrolled in a charter school on October 1 of the previous year.[20]

The per-pupil revenue received by charter schools of $1,746 in 2016 was a result of 25% of the district per-student local revenues plus a state contribution to equal $1,156 per student, plus the state's contribution of $590 for districts' per-student local debt service levy.[21]

The LRF calculation is based upon the districts' voted local levies, their capital local levies, and much of the districts' board local levies. Current board local levy exclusions are amounts for recreation facilities, playgrounds, transportation, and the K-3 reading program.

The per-student calculation is just used for this equation in funding charter schools. The property tax that pays this is not on a per-student basis. Local boards and voters approve the tax percentage based upon needed revenue for programming.

Senate Bill 38

The Charter School Task Force supported a 2016 bill (Senate Bill 38) to change the calculation of the LRF in an effort to mitigate the decrease in total funding that charter schools will experience as a result of moving the WPU calculation back to ADM from the October 1 student count. The bill – which was modified during the General Session to include a state charter property tax – has two main effects.

First, Senate Bill 38 includes the recreational facilities portion of the board local levy as part of the LRF. The bill does not affect districts' transportation or reading program funds. (A further discussion of the transportation levy can be found in the Transportation section and, as noted, the reading program levy is used as matching funds for state dollars, for which the state pays 100% for charter schools.)

Second, Senate Bill 38 includes funds from the state guarantee in the LRF calculation. The state guarantee is in place to make up for shortfalls in property tax funding in districts with low tax bases.[22] Without this guarantee, charter schools are effectively receiving less funding from the LRF than those districts with the lowest property taxes in the state.

LRF and Districts

The LRF formula results in a range of per-student school districts amounts from $150 per student to $1,382 per student. The result has had a negligible effect in Daggett, Tintic, and Piute districts. It has been much more significant in others, topping out with a transfer of $2,799,201 in Jordan and $2,649,117 in Granite districts. The LRF resulted in a total transfer amount of $17,753,514 from district schools to charter schools in 2016.

Some districts have had to increase taxes to cover the change to the LRF formula in 2015.[23] Accordingly, the local replacement formula might be at the heart of some of the contention between school districts and charter schools. Property tax used for LRF is not per-pupil based, but instead is used only for the calculation of locally sourced funding for charter schools. During the Charter School Funding Taskforce, Representative

Brad Last suggested that the Legislature might eliminate the LRF and simply pay for charter schools with a state property tax levy. This is also the position of the Utah School Boards Association.[24]

However, as a proportion of the education funding ($4.2 billion in 2015 – see Figure 6), the LRF from district schools to charter schools is only about one half of one percent. It has a larger effect on certain district schools. As an example, Mark Caldwell, President of the Uintah School District Board of Education, told the Charter School Funding Task Force that his district is going to lose $500,000 to the LRF due to a new charter school opening in the district. [25] This would be one percent of that district's education funding.[26]

ADMINISTRATIVE FUNDING

District administration funding is a part of the WPU. Larger districts can support their administrative costs due to their economies of scale, but smaller districts receive extra WPUs at the cost schedule in Figure 14.[27] In 2015, these additional funds for districts were $4,294,360.

Charter schools are in some ways similar to small districts. Accordingly, they receive administration funding from the state. The funds are "distributed to charter schools in the amount of $100 for each charter school student in enrollment."[28]

Figure 14: Small Districts Administrative Costs Schedule

School District Enrollment as of October 1	Weighted Pupil Units
1 - 500 students	95
501 - 1,000 students	80
1,001 - 2,000 students	70
2,001 - 5,000 students	60

Source: Utah Code.

While the range of charter school sizes is not nearly as large as the range of district sizes, it is large nonetheless. Districts have ADMs from just over 250 students to just under 75,000. Charter schools range from just over 25 students to just under 3,500. The amount of $100 per student might be sufficient in larger schools, but not sufficient in smaller ones. Accordingly, the implementation of a flat rate incentivizes the creation of larger schools.

Similar to small schools, charter school funding could be provided through a tiered schedule. One such tiered schedule, using the ratio of weighted pupil units under the small districts' administrative costs schedule, is shown in Figure 15.

Figure 15: Charter School Administrative Funding Alternative

Charter Enrollment as of October 1	Students (example)	Current Formula Example		Tiered Alternate Formula	
		Per Student	Total Funding	Per Student	Total Funding
1 - 500 students	22,500	$100	$2,250,000	$118.50	$2,666,320
501 - 1,000 students	25,000	100	2,500,000	99.79	2,494,802
1,001 - 2,000 students	22,500	100	2,250,000	87.32	1,964,657
2,001 - 5,000 students	5,000	$100	500,000	$74.84	374,220
Total	75,000		$7,500,000		$7,500,000

Note: The tiered alternate formula is based off of small schools administrative costs formula ratio
Source: Utah Foundation calculations.

CHARTER START-UP COSTS

Unlike districts, charter schools often open without existing revenue streams in place to fund them. Accordingly, seventeen states provide start-up and planning grants and loans to new charter schools.[29] Several states provide grants based upon the numbers of students in the school. Alaska provides grants up to $500 per student. In Illinois, the state board provides one-time, start-up grants which must not exceed $250 per student for education materials like textbooks and desks.[30]

The federal Charter Schools Program Non-State Educational Agencies Planning, Program Design, and Initial Implementation Grant works to provide charter schools with funding as the grants name states, but also toward "evaluating… student academic achievement," "expanding the number of high-quality charter schools," and "encouraging the states to provide support to charter schools for facilities financing."[31]

Since 2009, only the Utah International Charter School, a grade 7 through 12 school located in South Salt Lake, has received funding under the program. In 2013 it receive a three-year grant totaling $420,000 as a start-up to ultimately improve academic outcomes, graduation rates, and college preparedness for English learners, most of whom are economically disadvantaged.

Utah provides start-up funding through its Charter School Start-up and Implementation Grants.[32] In their planning year, charter schools can receive state start-up grant funds. The start-up grant process requires proposals that are reviewed and approved by the State Charter School Board. Schools must have approved charters to be eligible. The amount allocated for distribution in each year between 2013 and 2016 was $2,100,000, with an equal amount available for 2017.[33] This has equated to approximately $375 per student.[34] The start-up grant can be used for design of educational programs, certain professional training activities for teachers and staff, informing the community about the school, acquiring equipment, materials, and curriculum, certain initial operating costs, and building costs for a reasonable period before the school opens. The maximum grant is $300,000 over the three-year start-up and implementation phase. The amount awarded depends on the number of applicants, with a fixed appropriation from the state.[35]

CAPITAL FUNDING

How do districts fund their school buildings? They can impose a capital local levy as part of the local property tax; this is typically only used in smaller districts. They can also bond, which they pay for with their voter-approved debt service levy.

Charter schools are a bit different. Since charter schools are not often part of school districts, they do not have taxing authority. They are, therefore, funded in other ways, including by state and federal grants and loans and bonding with some state backing.

Nationally, capital funding mechanisms include per-pupil facility allowance, facility grant and revolving loan programs, charter school bonding authority, access to state tax-exempt bonding authorities, and the right of first refusal to purchase a closed facility at or below fair market value.[36] Twenty-nine states and the District of Columbia provide facilities funding or other facilities assistance to charter schools.[37]

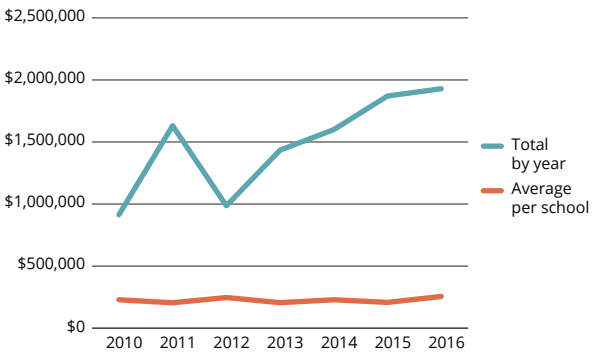
Unlike district schools, some charter schools lease their buildings. One difference to note in Figure 6 is that of the LRF funding that charter schools receive, "10% shall be expended for funding school facilities only."[38] This funding can also be used to apply toward school bonds.

Charter School Revolving Account

Utah started supporting charter school facilities costs as a result of a bill passed in 2003. Senate Bill 57 created a Charter School Building Subaccount in the School Building Revolving Account, with an initial balance of $1,500,000, to make loans to charter schools from the Charter School Building Subaccount to pay for the costs of constructing or renovating charter school buildings.[39]

In 2011 the subaccount was separated from the School Building Revolving Account into its own Charter School Revolving Account.[40] The account is funded by the Legislature 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."[41] The fund is administered by the State Board of Education, which can provide loans totaling $2,000,000 per year. It has provided 76 loans since inception to 71 schools.[42] These loans are to be repaid within five years.

Figure 16: Charter School Revolving Account



Source: USOE, Utah Foundation calculations.

Bonding for Districts

In 1997, the Legislature started a program in which the State of Utah would provide a guaranty for school district bonds. The Districts' School Bond Guaranty program allows Utah school districts to issue bonds "borrowing" Utah's premium credit rating. School districts may issue bonds outside of this program based on their own credit rating, but school districts that elect to issue bonds under this program must comply with a statutory default avoidance program ensuring that bondholders will be paid. If a school district were unable to make a payment, the school board would notify the State Treasurer's office, which would then make the bond payment. The State Treasurer would withhold school funds sufficient to pay debt service. If the school board remained unable to pay for its bonds, the state would enforce a higher property tax (authorized by the residents when they voted in a referendum on the bond) until the bond is paid off or the school district regains its ability to pay. Measures are also included to insure that the state is able to cover any funds lacking by the school district, including the ability to issue general obligation bonds.

Bonding for Charters

Since 2007, the Utah Charter School Funding Authority has been the preferred conduit issuer of charter school bonds. With representation from the offices of the governor, state treasurer, and state superintendent, the Authority has facilitated nearly every charter school bond issuance in the state. Some programs go beyond simple market access, providing credit enhancement for certain charter schools.

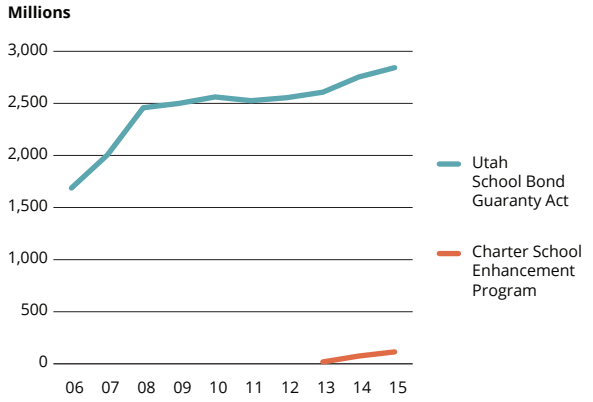
The U.S. Credit Enhancement for Charter School Facilities Program "provides grants to eligible entities to permit them to enhance the credit of charter schools so that the charter schools can access private-sector and other non-federal capital in order to acquire, construct, and renovate facilities at a reasonable cost."[43] Utah has a similar program since July 1, 2012.

Utah's Charter School Credit Enhancement Program helps to reduce borrowing costs of qualifying charter schools by providing credit enhancements on their bonds.[44] These bonds are enhanced with a "moral obligation pledge" of the state. Each charter school bond issue carries its own debt service reserve fund,

created from bond proceeds. This reserve – which generally holds a year's worth of bond payments – is held in escrow and pledged to pay debt service if a school requires help meeting its debt obligations. If a school were to draw upon this reserve, the governor would request an appropriation from the legislature sufficient to replenish the reserve. The legislature only appropriates such funds at its discretion. This is the essence of the moral obligation pledge – it is not a legal obligation or a general pledge of taxing authority as with the districts' School Bond Guarantee program, but a pledge to replenish debt service reserves. A Program Reserve Fund was established (and initially funded by the legislature with a $3 million appropriation) to provide the legislature with a funding source should it become necessary to fund a replenishment. The Fund is steadily increasing – charter schools that receive credit enhancement are required to pay into the fund.

Utah, Texas, and Colorado are the only states with active charter school credit enhancement programs, and there is an inactive program in Indiana.[45] As of June 30, 2015, $114 million had been borrowed under Utah's Credit Enhancement Program. Because of Utah's 'AAA' general obligation bond rating, eligible charter school bonds are rated 'AA.' Program standards require that applicant charter schools receive a minimum credit rating of 'BBB-' to participate. On average, credit-enhanced Utah charter schools save approximately one-and-three-quarters percent on their transactions. The resulting saving are substantial. Ogden Preparatory Academy is saving $182,000 per year because of this program, or $5.5 million over the life of its financing.[46]

Figure 17: School Bonding Amounts Outstanding, by State Program



Source: The Utah Treasurer's Office and the Utah Comprehensive Annual Financial Reports.

One thing to note about the Charter School Credit Enhancement Program is that not all charter schools qualify to participate. For instance, credit enhancement is not available until a charter school has a stable or improving financial situation for at least three years, and is maintaining strong academic performance and governance. Accordingly, the amount of principal outstanding noted above only includes those schools that have met all of the Credit Enhancement Program's standards.

TRANSPORTATION OPTIONS FOR CHARTER SCHOOLS

Of the 43 states which have authorized charter schools, nine make no mention of transportation, nineteen do not specify who will provide charter school students with transportation, and fifteen specify how the transportation will be provided. Of the nineteen which do not specify, many deem that the charter schools must determine if and how they will provide transportation. Of the fifteen that do specify, districts often are required to provide transportation to district-supported charter schools. In four of the states, depending upon certain circumstances, funding for transportation is provided if it is decided that the charters will provide transportation. Of the four states that require the charters to provide transportation, Florida requires charters to provide transportation to students residing within a reasonable distance of the school and can contract with private entities, the districts, or parents to provide that transportation. Another, Texas, requires charters to provide transportation to school in the same way as districts.[47]

As shown in Figure 6, Utah charter schools do not receive funding for transportation. Utah Administrative Code states that "charter schools are not eligible for to-and-from school transportation funds."[48] In addition, the Local Replacement Funding formula does not include the pupil transportation funds from property taxes.[49]

Utah Code dictates that students are eligible if the student is enrolled in kindergarten through grade six and lives at least one and one half miles from school, or the student is enrolled in grades seven through 12 and lives at least two miles from school.[50] District schools received $123 per pupil in 2015 (see Figure 6). This revenue is directed toward the usage, maintenance, and operation of Utah's 2,400 yellow school buses. However, state revenue does not cover the whole cost of transportation.

If a district levies between 0.0002 and 0.0003 per dollar for transportation, then "the state may contribute an amount not to exceed 85% of the state average cost per mile, contingent upon the Legislature appropriating funds for a state contribution."[51] In 2015, the state covered just over half of the districts' expenses, leaving districts to cover $108 per pupil.[52]

Figure 18: Student Transportation Expenditures per Pupil, 2015

District	$231
Charter	$54

Note: Shows general fund amounts, not including capital project fund amounts (which increases this amount for districts).
Source: USOE, Utah Foundation calculation.

Like districts, charter schools also have transportation expenditures. The lion's share of their expenditures come from purchased services like commercial payments (for services such as city busing) and payments to family in lieu of busing.

Because charter students come from a wider geographical area than neighborhood schools, the Legislature has decided that it is impractical to provide transportation funding to charter schools. In addition, some argue that states should not provide funding for transportation to charter schools because – unlike public schools in general – attendance is not mandatory. However, some charter schools provide public transit passes to their students, and some arrange for charter buses to bring students from various staging points in the community. If transportation funding were available to charter schools, it would help pay for some of these costs or increase the number of schools offering transportation services.

Utah Foundation's 2005 report suggested that one way to increase funding for charter schools is to "provide transportation funds to those charter schools that can provide transportation to their students, either through their own buses, public transit passes, or charter buses." This could help with student equity issues, particularly with students who are more than one and one half miles from school and whose parents do not provide transportation. However, if the state helped pay for charter school transportation, would it also require charter schools to provide transportation to all students? The problem is that there are no boundaries for charter schools. Because of the low density of charter students compared to district students, requiring transportation under the same rules would result in expenditures more similar to rural districts.

The Charter School Funding Task Force discussed the possibility of including a provision for limited transportation to and from charter schools in certain circumstances. For instance, this could be used for students of lower socioeconomic status within a certain doughnut catchment area around the school, as determined by the State Board of Education.

CHARTER SCHOOL PURPOSE AND EQUITY

Purpose

Answering the question of why charter schools exist is important to examining the question of equity of funding. At a Charter School Funding Taskforce meeting, Senator Ann Millner said the Legislature needs to determine the purpose of charter schools – "what are we trying to accomplish."[53] If charter schools were funded the same way as district schools, would they also be required to operate the same way?

The original vision for charter schools was based on three main ideas. First, charter schools "should be allowed to experiment with desperately needed new approaches to reach students, approaches from which the traditional public schools could learn."[54] Next, they should empower teachers with more options and autonomy. Lastly, they should break down geographical boundaries to integrate "students of different races, incomes, and religions."[55]

The very nature of charter schools has resulted in 44 different laws in 43 states and the District of Columbia. In Utah, the purpose of charter schools as included in the original legislation was to "aggressively pursue the goal of continuous improvement and customize their education programs to address individual needs of students."[56] Additionally, that "financial incentives" could "help stimulate and provide opportunities for public schools to discover and implement creative solutions to each school's unique challenges in helping to prepare individual students to compete and succeed in what has become a global society."[57] More recently the code has been adopted where the purposes of the state's charter schools are to:

1. continue to improve student learning;
2. encourage the use of different and innovative teaching methods;
3. create new professional opportunities for educators that will allow them to actively participate in designing and implementing the learning program at the school;
4. increase choice of learning opportunities for students;
5. establish new models of public schools and a new form of accountability for schools that emphasizes the measurement of learning outcomes and the creation of innovative measurement tools;
6. provide opportunities for greater parental involvement in management decisions at the school level; and
7. expand public school choice in areas where schools have been identified for school improvement, corrective action, or restructuring under the No Child Left Behind Act.[58]

The "continuous improvement" and "creative solutions" in the original legislation are there in items 1 and 2 of the current code, but the intent is expanded to move toward much more specific outcomes, like opportunities for educators, "choice" (in items 4 and 7), new accountability models, and parental involvement. Another possible rationale for some is cost, but "ultimately [it is] about teaching kids – ensuring that we see good results."[59] How does or should the purpose of charter schools, and equity between district and charter schools, play a role in funding?

Equity

Some stakeholders speak of equality of school funding when they should be speaking of equity. School finance is not set up for equality. If that were the case, Utah's rural districts – which are funded at a much higher level than urban districts due to a lack of economies of scale and due to transportation complications – would need to make severe revenue cuts in order to balance with their urban peers. Necessarily Existent Small Schools funding and Administration funding for small schools flies in the face of equality. Accordingly, the discussion is one of equity. There are two main types of equity:

- Horizontal equity – each student is treated the same
- Vertical equity – students with differing needs are funded differently

Utah uses horizontal equity for the differences between rural and urban students. For instance, more NESS funding is provided to rural schools to ensure that rural students are treated the same in terms of course offerings. Utah uses vertical equity for some student differences, like kindergarten and special education.

Other states have grappled with this issue of funding equity, including Texas and most recently Arizona. In the case of *Craven V. Huppenthal*, certain "parents of students in Arizona public charter schools sued the state government, claiming that it was not funding charter schools as well as traditional public schools and that this violated the state constitution." The appellate court judge ruled with the state, citing the New Jersey Supreme Court in that "enrollment in their charter schools is completely voluntary. They can withdraw at any time and enroll in the traditional public schools… which are receiving the full funding which they seek for their charter schools."[60]

Should innovation result in lower costs? It could, but the discussion of equity makes this a moot point. Any cost savings from retirement benefits and transportation could be taken up by needing to administer the LEA, thereby losing some economies of scale that larger LEAs enjoy.

Co-chair of the Charter School Funding Task Force, Senator Howard Stephenson, noted that their final bill, with the changes to the LRF, would certainly take steps toward full equity. He noted that "with passage of this bill I think it will be fair to say that Utah charter school students are funded more equitably, relative to their district counterparts, than any state in the nation."[61]

ACCOUNTABILITY DIFFERENCES

There are differences in how charter and district schools are funded, their purpose, and their governance. This report focuses primarily on funding. But governance needs to receive some attention, particularly in how it is related to funding.

Charter and district schools have, by their very nature, different systems of accountability. In terms of governance, district schools are fully "public," being accountable to and governed by state and district-level entities. Charter schools are considered public schools by the federal government and by almost all of the states in which they operate.[62]

One key difference is that the school-level governance for charter schools is from non-elected, non-public, individual charter governing boards. This governance difference led the Washington Supreme Court to rule them as unconstitutional in September 2015. The ruling stated that charter schools should not be funded with public money "because charter schools… are run by an appointed board or nonprofit organization and thus are not subject to local voter control." The dissenting opinion agreed in part but showed why Washington could "constitutionally support charter schools through the general fund," instead of the restricted funds used for fully public schools (which the Washington state legislature has actively worked to address).[63]

In Utah, Charter schools are approved by the Utah State Board of Education. They are governed by non-public boards, which are held accountable to their authorizer. The State Charter School Board agrees on the charter agreement with the charter school, and then has final say about whether the charter school is adequately complying with the agreement.

The State Charter School Board is appointed by the governor. In November 2015, the Board of Education voted to recommend to the Legislature that the Board be granted the authority to appoint and remove members from the State Charter School Board.[64] The argument in favor of the vote was that then the State Charter School Board would have more accountability in its operations, beyond the financial ties to the Board of Education. The Board of Education backed away from this recommendation, instead seeking other ties between the boards and greater fiscal oversight.

Both districts and charter schools are held accountable by the public in terms of school funding. The WPU is based on the number of students at the school. Thus, if a student leaves from a district school to a charter school or vice versa, the school loses funding. The effect of losing a student would typically be greater on charter schools. More of their funding is tied to each student that attends. In district schools, part of their funding is from local property taxes and not tied to the numbers of students, except for the portion that is transferred under the Local Replacement Formula.

EXPENDITURES

Lastly, like school revenues, the accounting methods for expenditures of district schools and charter schools are different. Accordingly, it is prohibitively difficult to compare "apples to apples."

The per-pupil amount spent on charter school students is less than that spent on district students – $8,255 compared to $9,012 (see Figure 19). This fluctuates year to year. In 2014 when charter school per-pupil spending was higher, this was mainly due to a higher levels of debt service and capital projects, which may be due in part to the expansion of charter schools at a growth rate higher than public schools.

For general fund expenses, which do not include student activities, non K-12 programs, debt service, capital projects, building reserves, food services, and other government operations, the difference favors charter schools, at $6,824 to $6,395 per pupil. This difference is primarily due to charter school buildings ($1,017 per pupil in 2015), which amounts are expended by districts from the Capital Projects Fund. When removing the easily extractable, uncomparable line items ("construction services" and transportation), charter schools expend $5,753 per pupil compared to $6,163 in districts, a difference of 7% (see Figure 19).

Figure 19: Total District and Charter School General Fund Expenditures, 2015

	Charters	Districts	Charter Difference
Instruction	$3,652	$4,285	-15%
Student Support Services			
Students	316	251	26%
Instructional staff	140	272	-49%
District administration	91	66	38%
School administration	610	426	43%
"Central" (purchased professional services, etc.)	283	195	45%
Operations and maintenance of facilities	627	645	-3%
Student transportation	54	231	-77%
Community services	34	23	48%
Construction services	1,017	0	n/a
Total	6,824	6,394	7%
Student Support Services			
Student transportation	54	231	
Construction services	1,017	0	
Uncomparable Expenditures	1,071	231	
Total, Minus Uncomparable Expenditures	$5,753	$6,163	-7%

Source: USOE, Utah Foundation calculations.

CONCLUSION

This report examines charter school funding. It shows that Utah's charter schools continue to thrive, with a growth in students that is higher than that of school districts. This difference is one of many which are described in the report, including the difference in funding methods, which differences result in different levels of revenue per pupil.

Equity in many things is a lofty goal, including funding equity in Utah publically funded schools. However, it is unlikely to occur in a way that will satisfy all parties. Senate Bill 38, which was signed into law in 2016, is expected to result in an increase of $193 per charter school student in 2017.[65] The bill might go a long way toward equity in the eyes of charter schools, but it is unlikely that this will be the last discussion on the subject. As noted by Representative Last during the 2016 General Session, "I'll have to find a new religion if eternity is anything like the charter school funding debate."[66]

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Note: The bonding discussion in this report was updated on May 23, 2016 from its original publication release based on feedback from the Utah State Treasurer.

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