

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 15-1026	Date: July 10, 2015
Prime Sponsor(s): Rep. Pettersen; Wilson Sen. Grantham; Donovan	Bill Status: Signed into Law
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BILL TOPIC: FLEXIBILITY & FUNDING FOR RURAL SCHOOL DISTRICTS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	<u>\$10.0 million</u>	
General Fund	10.0 million	
FTE Position Change		
Appropriation Required: \$10.0 million - Colorado Department of Education (FY 2015-16)		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The bill modifies statute in several ways to provide administrative flexibility for small rural school districts; the bill also provides additional one-time funding for small rural school districts and charter schools.

Reporting flexibility. The bill authorizes the Colorado Department of Education (CDE) to define rural school districts based on their size and distance from urban areas. A school district that is rural and enrolls fewer than 1,000 students (small rural district) is exempted from the requirements to:

- adopt a district policy for increasing and supporting parent engagement in public schools;
- identify an employee to act as a point of contact for parent engagement training and resources; and
- perform certain duties of the school district and school accountability committees that relate to increasing parent engagement.

Meeting notifications. The bill allows a local board of education of a school district that is rural and enrolls 6,500 or fewer students to notify school district board members of special meetings via electronic mail, in place of the written notice required under current law. Similar authority is given to Boards of Cooperative Educational Services (BOCES) that include in its membership at least one school district that is rural and enrolls 6,500 or fewer students.

Financial transparency. Under current law, each local education provider must post actual expenditures, including salary and benefit expenditures reported by job category, at both the district- and school-level. This bill exempts a rural district enrolling fewer than 1,000 students from the requirement to report school-level expenditures.

Performance evaluations. The bill permits a person who is employed in multiple roles in a school district or BOCES to simultaneously receive a single performance evaluation, taking into account the person's performance of his or her responsibilities in each role. The person's supervisor shall conduct the evaluation or, if the person is the school district superintendent, the local board of education shall conduct the evaluation. If the school district employs the same person as both superintendent and school principal, the person may serve on the school district's personnel performance evaluation council.

Additional one-time funding. The bill directs the General Assembly to appropriate \$10.0 million to the CDE to distribute on a per pupil basis to small rural districts enrolling fewer than 1,000 students, and to eligible rural charter schools. Small rural districts and eligible charter schools must use the money only for nonrecurring expenses related to specific purposes outlined in the bill. This additional funding for rural school districts and eligible charter schools is repealed July 1, 2016.

Mill levy overrides. Finally, this bill allows a small rural district to raise additional local property tax revenue. Under current law, the total amount of local revenue generated from a mill levy override may not exceed 20 percent of the district's total program, or \$200,000, whichever is greater. Under this bill, new revenue may not exceed 30 percent of the district's total program, or \$200,000, whichever is greater, plus an amount equal to the maximum dollar amount of property tax revenue that the small rural district could have generated for the 2001-02 budget year from a mill levy override.

State Expenditures

The bill increases state expenditures by \$10.0 million General Fund. The CDE will distribute this additional school funding to small rural districts on a per-pupil basis in FY 2015-16 only.

School District Impact

Small and rural school districts may experience some cost efficiencies from the flexibility permitted by the bill. Districts that choose to ask local voters to approve a mill levy override may now exceed the current law revenue limit of 20 percent of total program, or \$200,000, whichever is greater. Some districts have already obtained voter approval to increase the local mill levy for school districts; however, current law prevents these districts from collecting the full amount of revenue the mill levy change could generate. These districts will now be permitted to collect this additional revenue. Local mill levy override revenue is locally generated funding that is not part of the district's local share under the School Finance Act (SFA). Any increase in local override revenue will not reduce a school district's state aid allocations under the SFA.

Effective Date

The bill was signed into law by the Governor and it took effect on May 22, 2015.

State Appropriations

For FY 2015-16, this bill includes an appropriation of \$10.0 million General Fund to the Colorado Department of Education.

State and Local Government Contacts

Education