



**Colorado
Legislative
Council
Staff**

SB16-188

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1152	Date: April 18, 2016
Prime Sponsor(s): Sen. Hill	Bill Status: Senate Education
Rep. Williams; Sias	Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: ACCESS TO RESOURCES FOR CHARTER SCHOOLS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	<u>\$12.2 million</u>	<u>\$12.2 million</u>
General Fund	\$12.2 million	\$12.2 million
Appropriation Required: \$12,168,289 - Colorado Department of Education (FY 2016-17)		
Future Year Impacts: Ongoing state expenditures.		

Summary of Legislation

The bill makes several changes to current law governing charter schools.

Mill levy override revenue. Beginning with FY 2017-18, the bill requires that school districts share revenue from mill levy overrides with charter schools. Districts are required to calculate a per pupil mill levy share based on override revenue and the district's funded pupil count, and distribute 100 percent of the per pupil share for each enrolled charter school student in schools authorized by the district. Districts may also choose to distribute the per pupil share for students in charter schools authorized by the Charter School Institute (CSI).

The bill exempts override revenue from mills that a growing district may levy for capital construction, and mills any district may levy for bonded debt. Districts are not required to share override revenue, and the Colorado Department of Education (CDE) will not distribute equalization payments to CSI schools, if the authorized revenue is for specific purposes (e.g., full day kindergarten), and the charter school does not provide that specific program.

Mill levy equalization. The Colorado Department of Education (CDE) is required to calculate a mill levy equalization payment for CSI schools based on the pupil count and the amount of additional revenue from overrides in an institute charter school's accounting district. If the General Assembly appropriates money for the mill levy equalization, the CSI will distribute the funding on a per pupil basis to each institute charter school.

Building Excellent Schools Today (BEST) funding. The bill repeals certain requirements imposed on charter schools as conditions of qualifying for capital construction funding, and allows charter schools to apply directly to the BEST board for capital construction funding instead of

having applications pass through school districts. Authorizing districts may submit a letter to the board stating their position on the application. The bill also permits BEST funding for building maintenance in addition to funding for new construction.

Underused school district buildings. Beginning no later than November 2016, and annually thereafter, school districts must notify charter schools of available vacant or underused buildings or land. The district must notify currently authorized schools and schools applying for new charters, and post the notification on its website. Schools may apply to the district for use of the property and the local board of education must review applications and approve or disapprove applications in a public meeting. A building is considered underused if it has unused capacity to accommodate 250 students or more.

State Expenditures

For both FY 2016-17 and FY 2017-18, the bill increases state expenditures by about \$12.2 million General Fund for the CSI to distribute mill levy equalization payments to CSI charter schools.

School District Impact

Workload increase. School districts will have increased workload to make an annual inventory of available vacant land and underused buildings, and to notify their currently authorized and pending authorized charter schools of the potential availability of these capital resources.

Mill levy override revenue. School districts will be required to allocate mill levy revenue to charter schools based on each district's per pupil override calculation. The total amount of local revenue distributed to charter schools is estimated at up to \$80.3 million for FY 2016-17, although some portion of this amount may already be distributed to charter schools. Further, some of this revenue is restricted revenue, and will only be distributed to those charter schools that provide the applicable service for which the override was authorized.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2016-17, this bill requires an appropriation of \$12,168,289 to the Colorado Department of Education.

State and Local Government Contacts

Education