



**Colorado  
Legislative  
Council  
Staff**

**SB16-188**

**REVISED  
FISCAL NOTE**

(replaces fiscal note dated April 18, 2016)

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

<b>Drafting Number:</b> LLS 16-1152	<b>Date:</b> April 27, 2016
<b>Prime Sponsor(s):</b> Sen. Hill Rep. Williams; Sias	<b>Bill Status:</b> Senate Second Reading <b>Fiscal Analyst:</b> 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	Expenditure increase. See State Expenditures Section.	
<b>Appropriation Required:</b> See State Appropriations section.		
<b>Future Year Impacts:</b> Ongoing state expenditures.		

**Summary of Legislation**

The bill, *as amended by the Senate Education Committee*, 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 bill creates the Mill Levy Equalization Fund (the fund) in the state treasury to consist of any amount that the General Assembly may appropriate or transfer to the fund. Subject to annual appropriation, the Charter School Institute in the CDE must annually distribute all of the money appropriated or transferred to the fund to institute charter schools on an equal per-pupil basis.

**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 prepare a list of their vacant or underused buildings and land and provide the list, upon request, to charter schools authorized by the school district, to charter school applicants, and to other interested persons. The school district shall also post on its website a notice that the list is available to interested persons upon request. The school district must provide the list within two school days after receiving a request. No later than forty-five days after the school district posts the availability of the list or after receiving the list, 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**

Beginning with FY 2016-17, this bill increases state expenditures to provide mill levy equalization payments to institute charter schools on a per-pupil basis. The precise amount of funding for the payments is at the discretion of the General Assembly, and must be determined annually. It is estimated that for the 2016-17 school year, institute charter schools will enroll approximately 15,175 students. As an example, if the General Assembly appropriates or transfers \$1.0 million to the fund, equalization payments to CSI schools would equate to about \$65.90 per student.

In the current fiscal year, local school districts raised local revenue from overrides that on a statewide average basis equates to about \$1,000 per student. If the General Assembly chooses to appropriate funds to equalize CSI schools at this per-pupil amount, state expenditures increase by \$15,175,000. Table 1 displays the per-pupil amount of equalization payments assuming variable levels of funding.

<b>Appropriation</b>	<b>CSI Students</b>	<b>Per-Pupil Funding</b>
\$1.0 million	15,175	\$65.90
\$5.0 million	15,175	\$329.49
\$10.0 million	15,175	\$658.98
\$15.0 million	15,175	\$988.47

### **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, an appropriation is required to the Colorado Department of Education for the Charter School Institute to make equalization payments to institute charter schools from the Mill Levy Equalization Fund. The precise amount of the appropriation must be determined by the General Assembly.

**State and Local Government Contacts**

Education