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FISCAL IMPACT

Sen. Steadman Fiscal Analyst: Josh Abram (303-866-3561)

TITLE: CONCERNING DESIGNATION AS A MODEL CHARTER SCHOOL AUTHORIZER.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014	
State Revenue Cash Funds Model Authorizer Cash Fund		\$42,000	
State Expenditures Cash Funds Model Authorizer Cash Fund	\$15,096	\$19,448	
FTE Position Change	0.2 FTE	0.3 FTE	

Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.

Appropriation Summary for FY 2012-2013: See State Appropriations section.

School District Impact: None.

Summary of Legislation

This bill creates a program in the Colorado Department of Education (CDE) to designate charter school authorizers as best practices or "model" authorizers. School districts and the state Charter School Institute can seek designation as a model authorizer by submitting an application to the CDE, along with evidence of best practices and a fee.

No later than July 15, 2013, the State Board of Education (SBE) will adopt rules for a model designation program, including the application and review process, and a scoring rubric to evaluate an authorizer's practice and performance. The bill specifies the minimum practices a model authorizer must demonstrate. Designation by the SBE is subject to annual review and may be renewed indefinitely

Once designated, model authorizers may establish their own requirements, procedures, and timelines for the application, review, and renewal of charter contracts. A model authorizer's final decision concerning a charter or charter contract is more difficult to appeal, as the decision is presumed to be valid, and the SBE must uphold the decision unless the entity bringing the appeal provides sufficient evidence to the contrary.

^{*} Fee revenue exceeds state expenditures in order to pay for costs noted in the Expenditures Not Included section of this fiscal note.

The bill creates the Model Authorizer Cash Fund. Moneys in the fund are subject to annual appropriations and are used for the direct and indirect costs of the CDE to administer the program.

Background

Charter schools in Colorado are authorized by school districts or the state Charter School Institute (CSI). Referred to as charter school authorizers, districts and the CSI have the ability to accept, review, evaluate, and approve charter applications. The SBE may also rule on decisions made by an authorizer with respect to a charter school application or charter renewal. A model charter school authorizer engages in best practices in authorizing procedures and adopts stringent criteria for the review and evaluation of charter contracts.

State Revenue

In FY 2013-14, this bill increases state revenue from fees by \$42,000. The bill allows the CDE to create and implement the program during FY 2012-13, in time to accept applications for model authorizer status beginning in FY 2013-14.

Fee impact on model authorizers. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Based on conversations with the Colorado League of Charter Schools, it is estimated that four charter authorizers will apply in FY 2013-14. Fees are calculated to cover both the direct costs identified in the State Expenditures section, and indirect costs identified in the Expenditures Not Included section of this fiscal note. Table 1 identifies the fee impact of the bill.

Table 1. Fee Impact On Charter School Authorizers FY 2013-14				
Type of Fee	Proposed Fee	Number Affected	Total Fee Impact	
Model Authorizer Designation	\$10,500	4	\$42,000	

State Expenditures

In FY 2012-13, this bill increases costs by \$15,096 and 0.2 FTE in the CDE. New costs in FY 2013-14 are \$19,448 and 0.3 FTE. The CDE must develop evaluative criteria and a scoring rubric, then review applications and make recommendations to the SBE. The SBE must consider recommendations and decide on applications at a regularly scheduled meeting allowing public testimony. The CDE requires a 0.3 FTE consultant to implement and coordinate the new program, assist the board in adopting rules, develop a scoring rubric, and provide technical assistance to charter authorizers seeking model authorizer designation. Total costs are displayed in Table 2.

Table 2. Expenditures Under HB 12-1225					
Cost Components	FY 2012-13*	FY 2013-14			
Personal Services	\$13,056	\$17,408			
FTE	0.2	0.3			
Travel, Outreach, and Printing	2,040	2,040			
TOTAL	\$15,096	\$19,448			

^{*}Due to the bill's effective date of May 8, 2012, FTE in FY 2012-13 is calculated at 75% of annual FTE

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 3.

Table 3. Expenditures Not Included Under HB12-1225*					
Cost Components	FY 2012-13	FY 2013-14			
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$1,382	\$1,843			
Supplemental Employee Retirement Payments	696	1,069			
Leased Space	1,200	1,200			
TOTAL	\$3,278	\$4,112			

^{*}More information is available at: http://colorado.gov/fiscalnotes

State Appropriations

In FY 2012-13, the Colorado Department of Education requires a cash fund appropriation of \$15,096 and 0.2 FTE from the Model Authorizer Cash Fund.

Technical Issues

The bill creates a cash-funded program in the CDE. The department has fixed costs in FY 2012-13 to implement the program in time to begin designating model authorizers by July 15, 2013 (i.e., in FY 2013-14); however, there are no cash funds available during FY 2012-13 to pay for these expenses. The CDE requires a cash fund appropriation in FY 2012-13 from a fund that does not currently contain a cash balance. In FY 2013-14, it is anticipated that the department will collect sufficient fees to pay for expenses in both fiscal years.

Departments Contacted

Education Law