

**STATE and LOCAL
REVISED CONDITIONAL FISCAL IMPACT**

(replaces fiscal note dated March 18, 2013)

Drafting Number: LLS 13-0336	Date: March 27, 2013
Prime Sponsor(s): Sen. Johnston; Heath Rep. Hamner	Bill Status: Senate Second Reading
	Fiscal Analyst: Todd Herreid (303-866-2633)

TITLE: CONCERNING THE FINANCING OF PUBLIC SCHOOLS, AND, IN CONNECTION THEREWITH, CREATING THE "PUBLIC SCHOOL FINANCE ACT".

Fiscal Impact Summary	FY 2013-14	FY 2014-15	FY 2015-16
State Revenue	(The bill is contingent on passage of an unspecified statewide ballot measure increasing state revenue for K-12 education)		
Cash Funds - Child Care Licensing Cash Fund		\$32,725	\$65,450
State Expenditures			
General Fund		\$4,371,798	\$4,917,795
School Finance Act			\$1,184 million*
FTE Position Change		12.6 FTE	23.7 FTE
Effective Date: Upon voter approval of a statewide ballot measure to increase state tax revenue for K-12 education.			
Appropriation Summary for FY 2013-2014: See State Appropriations Section			
Local School District Impact: See School District Impact section.			

* This amount represents \$1,107 million in estimated state funding payments for school finance in FY 2013-14, if the bill was fully implemented (see Table 1 in the State Expenditures Section), which was increased by inflation plus pupil growth to estimate the impact in FY 2015-16.

Summary of Legislation

This bill, *as amended by the Senate Education Committee*, creates a new school finance act, contingent on voter approval of a statewide ballot measure to increase state tax revenue for public education. The new act will commence in the second budget year following approval of the ballot measure. The earliest the new funding formula could start is therefore FY 2015-16.

Under current law, funding for school districts is set by a statewide base per pupil amount, which is modified to provide additional funding for each district according to various factors, such as a district's cost of living, enrollment, or percentage of at-risk students. The number of pupils eligible for funding is generally set by a single student count date, on October 1 of each year, although districts with declining enrollments are allowed to use the greater of the October 1 count or an average enrollment count over a period of up to five years.

This bill provides a new funding formula for school districts and Charter School Institute (CSI) schools and it changes how pupils are counted for funding purposes. Appendix A provides a detailed side-by-side comparison of SB13-213 with current law for specific school finance elements, which are described briefly below.

Funded pupil count. Under the bill, the number of pupils funded is based on average daily membership (ADM) throughout the school year, rather than a single count date. In addition, full-day kindergarten is funded along with half-day preschool for all three-, four-, and five-year-olds who are eligible for the Colorado Preschool Program (CPP) and enroll.

Funding formula. A school district's funding formula begins with the statewide base per pupil amount adjusted by the district's size factor, which is unchanged for districts with fewer than 4,023 students. The size factor is eliminated for districts with more than 4,300 students. Districts will receive additional funding for each at-risk student and English language learner (ELL), equal to at least 20 percent of the statewide base per pupil amount. For districts exceeding the statewide average of at-risk students or ELL students, they can receive up to 40 percent of the base per pupil amount. In addition, the definition of at-risk student is expanded compared with current law to include those who qualify for reduced-price lunch, and a student who qualifies as both at-risk and ELL can be counted twice in the formula. Online and ASCENT students are funded at the statewide base per pupil amount.

Teaching and leadership investment (TLI). The bill provides new per pupil funding for districts and CSI schools, called the teaching and leadership investment (TLI). In FY 2015-16, this amount is equal to \$600 per pupil. In subsequent years, this amount changes to 50 percent of the per pupil amount of new tax revenue received from a voter approved ballot measure providing new money for K-12 education.

State and local shares. The state share of school finance is determined by the difference between total program and the contribution from local property taxes and specific ownership taxes. The *calculated* local share upon which the state share is derived, is based on two elements: a district's assessed value per pupil, adjusted for median income differences, and a district's percentage of at-risk students. A district's calculated mill levy will either remain at its current level or increase to a maximum of 25 mills, although a mill levy increase requires voter approval. Districts with a total program mill levy above 25 stay at current levels. Generally, districts with a higher assessed value per pupil and a lower percentage of at-risk students will have a higher calculated local share.

State share hold-harmless and floor funding. In the event the recalculation of state and local shares reduces a district's state funding, including the TLI, to less than what they would have received from the state under the current formula, the district will receive new state-share hold-harmless funding equal to the difference in the district's state funding before and after this recalculation, plus 2.0 percent of the district's total program plus TLI funding. The amount of hold-harmless funding, however, cannot exceed the district's total program in either the applicable or prior budget year. In addition, the amended bill includes minimum floor funding for districts, equal to the difference between the statewide average per pupil revenue and the district's per pupil revenue plus any hold-harmless funding.

Local mill levy overrides. The bill changes the school district limit for mill levy overrides and allows districts to impose several new overrides. Mill levy overrides may increase no more than the greater of:

- 25 percent of total program plus the amount of TLI money; or
- 25 percent of a district's total program prior to the negative factor, plus TLI money, categorical buyout money, and any state support provided for a district's categorical programs.

Districts are authorized to seek three new overrides for early childhood education, technology and building maintenance, and cost of living expenses, provided they already impose the calculated mill levy specified in the bill. The first two overrides do not have any limit, but the last is restricted to the amount of a district's total program attributable to the cost-of-living factor in FY 2014-15. Districts receiving voter approval for a property tax override must also share the revenue with district-authorized charter schools on a per pupil basis, unless the override is for a specific program that is not offered by a charter school.

Charter school funding. CSI schools are funded like school districts, in that the statewide base per pupil amount is adjusted by the accounting district's size factor. At-risk and ELL student funding is provided to each CSI school, depending on its specific proportion of at-risk and ELL students. CSI schools also receive mill levy override equalization money from the state, roughly equal to the statewide average override per pupil. District-authorized charter schools receive the district's per pupil funding for each of its students and a proportional share of the district's overall at-risk and ELL funding, based on the school's number of at-risk and ELL students.

Finally, the bill contains other provisions impacting CDE or schools districts:

- school districts with assessed values per pupil below the statewide average may be eligible to receive state equalization money if they ask and receive voter approval to impose a 2.5 mill property tax increase to be used towards either a total program mill levy increase or an override;
- districts are required to allocate their state share at-risk and ELL per pupil funding to schools within the district based on each school's at-risk and ELL ADM, and the principals of those schools have full autonomy to use the funds for those students; and
- an education innovation grant program is created within CDE, administered by a nine member board appointed by the Governor. Money for the program is specified in the legislative declaration to come from the ballot measure providing new K-12 education revenue.

State Revenues

The bill is contingent on an unspecified statewide ballot measure increasing state revenue for K-12 education. The amount of revenue generated from such a measure is unknown at this time, although such a measure would need to increase state tax revenue by about \$1.4 billion to pay for the school finance expenditures estimated in this fiscal note and the other appropriations identified in the legislative declarations in the bill.

If the bill becomes law, it is also expected to increase cash fund revenue by \$32,725 in FY 2014-15 and \$65,450 in following years. The revenue increase is because of a projected rise in the number of preschool students who will require preschool facilities and providers. The Colorado Department of Human Services is responsible for licensing and inspecting preschools throughout the state, and charges an annual licensing fee of \$77 per classroom or facility. The bill is expected to require 850 new classrooms at an average size of 15 students per classroom. If each classroom provides morning and afternoon sessions, the revenue increase would be \$65,450 annually. The licensing of these additional preschools is expected to start on January 1, 2015, resulting in the half-year impact in FY 2014-15.

State Expenditures

Colorado Department of Education (CDE). The bill will increase state expenditures for school finance by an estimated **\$1,184 million** in FY 2015-16, if a statewide ballot measure is approved by voters this fall to increase revenue for K-12 education. The department will also incur administrative costs of about **\$4.2 million** in FY 2014-15, and **\$4.6 million** in subsequent years, contingent on passage of this ballot measure.

School finance act expenditures. If a ballot measure is approved this fall, state expenditures for school finance will increase by an estimated \$1,184 million, starting in FY 2015-16. Table 1 illustrates the projected change in school finance funding, estimated at \$1,106 million, assuming the bill is fully implemented in FY 2013-14. This assumption incorporates the best available data (from FY 2013-14), although the new formula is not effective until FY 2015-16. Because of a \$1.1 million reduction in the local share, state funding increases by almost \$1,107 million. This amount is increased by projected inflation and pupil growth to derive the FY 2015-16 impact, shown on page 1 of this fiscal note.

Appendix B contains four tables estimating the impacts of the bill for each school district, assuming there is either full local support for the higher calculated mill levies or there is no additional local support. These are described more completely in the School District Impact section.

Table 1. Comparison of School Finance Act Funding, Current Law vs. SB13-213, Assuming Full Implementation in FY 2013-14 and No New Local Mill Levies for Total Program			
School Finance Elements	Current Law	SB13-213*	Change
Total Program (assuming no local support for new mill levies for SB13-213)	\$5,456,516,983	\$5,750,782,872	\$294,265,889
Teaching and Leadership Investment (TLI)	\$0	\$498,967,308	\$498,967,308
State Share Hold-Harmless Funding	\$0	\$33,158,866	\$33,158,866
Floor Funding at State Average of \$6,882.84	\$0	\$279,227,484	\$279,227,484
Total School Finance Funding*	\$5,456,516,983	\$6,562,136,530	\$1,105,619,547
Funded Pupil Count	826,428	846,888	20,460
Per Pupil Funding (with TLI, hold-harmless, and floor funding)	\$6,603	\$7,749	\$1,146
Local Share	\$1,975,697,952	\$1,974,532,822	(\$1,165,130)
State Share (with TLI, hold-harmless, floor)	\$3,480,819,031	\$4,587,603,708	\$1,106,784,677
State Share (with TLI, hold-harmless, and floor) increased by inflation and pupil growth (3.5% in FY 2014-15 and 3.4% in FY 2015-16)			\$1,184,469,893

* Table 3B, in Appendix B illustrates the change in school finance funding by school district, assuming there is no new local support to raise total program mill levies. The last row of the table shows the statewide change in funding.

CDE administrative expenses. As indicated in Table 2, the department is expected to incur additional administrative costs of \$4.2 million in FY 2014-15, and \$4.6 million in FY 2015-16 due to the following new requirements in the bill:

- conversion to an ADM student count process;
- implementation of a new school finance funding formula for school districts;
- implementation of a separate funding formula for each CSI school;
- financial reporting at the school level, including data on salaries and types of benefits;
- creation of a standard chart of accounts to make school-to-school and district-to-district comparisons accurate and meaningful;
- creation of a web portal to standardize the reporting of school and district expenditures such that the format is easy to understand, sort, and filter by the general public;
- expansion of the Colorado Preschool Program;
- creation of a new education innovation grant program; and
- preparation of a return on investment study and a cost study to identify funding deficits related to program performance and student outcomes.

Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$815,251	\$1,441,863
FTE	9.8	18.0
Operating Expenses and Capital Outlay	\$317,787	\$401,088
Cost Study	\$200,000	\$50,000
Information Technology and Web-based reporting portal	\$2,850,000	\$2,700,000
TOTAL	\$4,183,038	\$4,592,951

In FY 2013-14, the department will not incur any additional expenses because the amended bill does not require the collection and initial processing of ADM data until July 1, 2015.

In FY 2014-15 and FY 2015-16, CDE is expected to require 9.8 FTE and 18.0 FTE, respectively, to implement the new ADM count method, prepare for the conversion to a new school finance formula, and accomplish the other requirements of the bill. In particular, new staff will be needed for the development of the standard chart of accounts to prepare for the implementation of school-level financial reporting requirements; development of a statewide web portal for transmitting school and district expenditure data to the general public; expansion of the CPP, which is projected to add 25,500 new students and require new staff for monitoring CPP programming and performance; new auditing staff to monitor and track the ADM counts upon which funding is based; and initial development of the education innovation grant program. In addition, it is estimated that the new statewide web portal for reporting school-level financial data in a format that is easy to use, filter, and sort by the general public will cost \$2.7 million annually, based on data provided by a private company offering this service.

The fiscal note also assumes that CDE will contract for the return on investment study and cost study at an estimated cost of \$250,000 for each. The return on investment (ROI) study is to measure the overall relationship between education spending and student outcomes, as measured by academic growth and achievement, attendance, graduation rates, and college remediation rates. This study is not due until January 31, 2020. The department is also required to prepare or contract for a cost study that estimates the amount of money that would be needed to successfully meet the educational requirements in current law. The study must use a number of different methods to determine this estimate and identify specific areas of deficit funding and the amount of money needed to correct these deficits. The cost study is to be completed by January 31, 2016, and every four years thereafter.

Categorical Programs. Beginning in FY 2015-16, the General Assembly will not appropriate money for either the English language proficiency act (ELPA) or the expelled and at-risk student services grant program. Instead, funding will be provided through the new school finance act. In FY 2012-13, \$14.5 million was appropriated for ELPA and \$7.5 million was appropriated for the expelled and at-risk student services grant program. A funding reduction for these programs would require an increase in appropriations for other categorical programs to maintain the constitutional requirement to increase overall spending on categorical programs by inflation each year.

Colorado Department of Human Services (CDHS). CDHS will incur conditional costs of \$188,760 in FY 2014-15 and \$324,844 in FY 2015-16 to license and inspect preschool facilities, conditioned on passage of a statewide ballot measure to increase funding for K-12 education. It is assumed that an additional 850 preschool classrooms will be needed to serve 25,500 new preschool students. The fiscal note assumes that this work will begin January 1, 2015, requiring 2.8 FTE in FY 2014-15 and 5.7 FTE in subsequent years. Currently, the caseload for licensing preschools in CDHS is 150 per specialist.

School District Impact

A district-by-district comparison is available at:
www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1251600282747

The bill will impact school districts directly in terms of how much money they receive in school finance funding, but also in how they allocate funding to schools, administer student counts, provide data to CDE, and meet the building facility needs of new kindergarten and preschool students.

School finance funding. Appendix B to the fiscal note contains four tables summarizing the school finance impacts for school districts. Table 1B illustrates the change in each district's total program, assuming all districts impose the *calculated* mill levy, as specified in the bill, and assuming the bill is fully implemented in FY 2013-14. Columns (i) through (k) of Table 1B show the change in funded pupil count, total program plus TLI, and per pupil funding with the TLI. Overall, the bill is expected to increase the funded pupil count by 20,460, total program spending with the TLI by \$871 million, and per pupil spending with the TLI by \$869 (see page 4).

The funded pupil count rises because of the additional kindergarten and preschool students receiving funding under the bill. However, this increase is partially offset by the bill's conversion to an ADM count, which is assumed to reduce each district's enrollment by 2.1 percent. This assumption is based on the 2011 ADM study prepared for CDE. The fiscal impact estimates in Appendix B assume a uniform 2.1 percent reduction in the funded pupil count due to the use of ADM instead of a single count date. To the degree districts experience a greater or lesser reduction, the total and per pupil funding impacts for a school district will change.

Table 2B shows the state and local sources of funding for the change in total program and the TLI, with the latter entirely funded by state revenue. Overall, 83 school districts are presumed to increase local property taxes for determining state and local shares for school finance, totaling \$77 million. State funding for total program and the TLI makes up the difference, or about \$794 million. However, the bill specifies that certain districts are eligible for hold-harmless funding if their state funding under the bill, including the TLI, is less than what they would have otherwise received from the state share. Twenty-four districts are eligible to receive hold-harmless funding, as indicated in column (l). The amount a district receives in hold-harmless funding is equal to the difference in state funding with the TLI, plus 2.0 percent of the district's total program and TLI funding. These districts will therefore receive an estimated \$33.2 million per year.

Table 3B shows the impact of the bill if no school districts impose and collect the higher calculated mill levies. In other words, the \$77 million increase in local share is not realized. Columns (l) show the per pupil change in total program funding with the TLI, hold-harmless, and floor funding amounts. Column (m) highlights that there is no increase in the local share for any district; although a few have a decrease in local share because they collect more than total program at existing mill levies. The difference in mill levies (or excess mill levy) is used to either: (1) contribute to a district's cost-of-living mill levy override under certain circumstances; or (2) buyout part or all of a district's state support for categorical programs.

As indicated on page 4 of Table 3B, compared with current law, total program with the TLI, hold-harmless, and floor funding will increase by about \$1,106 million without any additional local property taxes. This raises per pupil funding by about \$1,146, from \$6,603 to \$7,749. The amended bill provides floor funding for 43 school districts, estimated at a cost of about \$279 million (column (o)).

Table 4B illustrates the 83 districts that have a higher *calculated* mill levy under the bill.

Other provisions. A number of other provisions in the bill will impact school districts. First, the bill provides mill levy equalization money for districts with fewer than 10,000 students that have assessed values per pupil below the statewide average. To be eligible, a district must get voter approval to impose a new mill levy of at least 2.5 mills. The amount of state equalization money is equal to the difference between what would be collected from a statewide average 2.5 mill levy per pupil (about \$265 currently) and what the district would receive from local taxpayers.

Second, the bill specifies how certain funding will be allocated within a school district. In particular, district-authorized charter schools will receive a per pupil allocation of both the district's at-risk and ELL funding. These amounts depend on the number of at-risk and ELL students enrolled in a charter school, and the district's average at-risk funding per at-risk student and the district's average ELL funding per ELL student. Similarly, non-charter schools will receive a per pupil allocation of a district's state share portion of per pupil at-risk and ELL funding. These elements may create accounting and monitoring costs for districts, and potentially impact the delivery of other educational services that were previously paid for with these funds.

Finally, districts are likely to incur additional costs to:

- update and revise the standard chart of accounts to accommodate the new financial reporting requirements;
- reprogram and modify information technology systems to accommodate the new ADM count process;
- pay for unreimbursed election costs to seek voter approval for mill levy increases; and
- pay for capital facility costs or leasing costs to accommodate the additional kindergarten and preschool students.

CSI Impact. Charter schools authorized by the CSI are likely to receive additional funding under the bill, although the amount will vary by school. Although a CSI school could potentially lose revenue due to a reduction in the size factor for an accounting district and limited at-risk and ELL student populations, other factors are likely to offset those elements. In particular, CSI schools will initially receive new funding of \$600 per pupil for the TLI, and they will receive mill levy override equalization funding, estimated at approximately \$953 per pupil. Table 3B in Appendix B shows that the per pupil funding for all CSI schools would increase by \$1,960 compared with current law, if the bill was fully implemented in FY 2013-14.

Pursuant to Section 22-32-143, C.R.S., as specified by House Bill 11-1277, school districts and Boards of Cooperative Educational Services (BOCES) may submit estimates of fiscal impacts within seven days of a bill's introduction. Summaries of fiscal impacts were submitted by districts or BOCES for this bill and can be found on the Legislative Council website at this address: <http://www.colorado.gov/lcs>.

State Appropriations

If a statewide ballot measure to increase state revenue for K-12 education is approved by the voters, the Colorado Department of Education will incur additional expenses starting in FY 2014-15. However, no appropriations are required in FY 2013-14.

Departments Contacted

Education Legislative Council Staff Human Services

Technical Issues/Considerations

The bill contains several legislative declarations that specify the intent of the General Assembly to increase or decrease appropriations for certain programs in the future. In particular, if a measure to increase tax revenue for K-12 education receives voter approval, the bill specifies that it is the intent of the General Assembly to appropriate:

- \$100 million for an education innovation grant program;
- \$80 million for distribution for special education programs;
- \$6 million to provide career opportunities for highly effective educators;
- \$5 million for gifted and talented student programs;
- \$5 million to CDE to implement the ADM and financial reporting requirements;
- \$1.3 million for distribution to boards of cooperative educational services; and
- \$1 million for mill levy election administrative expenses.

The bill also specifies that beginning in FY 2015-16, it is the intent of the General Assembly to reappropriate the money previously spent on the English Language Proficiency Act and the Expelled and At-Risk Student Services Grant Program for special education programs instead.

Based on the estimated school finance costs described in the State Expenditures Section and the legislative declarations described above to appropriate additional money, state revenue would need to increase by approximately \$1.4 billion to fully fund the bill.

Appendix A. Comparison of School Finance Funding Elements, Current Law vs. SB 13-213

School Finance Elements	Current Law	SB 13-213
<i>Funded Pupil Count</i>		
Count	Singe count day on October 1	Average daily membership (ADM) throughout the year, with part-time 9th-12th grade students counted as full-time. Prior calendar year ADM used to set district counts for funding in the following school year; ADM recalculated mid-year if a district's ADM increases greater than the statewide average.
Enrollment Averaging	Enrollment averaging over 5 years	ADM averaging over 5 years
Kindergarten	0.58 FTE for kindergarten students	Full-day kindergarten
Preschool	20,180 half-time preschool slots for children eligible for the Colorado Preschool Program (CPP)	Half-day preschool for three-, four-, and five-year olds who are eligible for the CPP
<i>Funding Formula</i>		
Base	Statewide base per pupil amount	Statewide base per pupil amount
Cost-of-Living Factor	Base adjusted by cost-of-living factor which gives districts with a higher cost of living additional funding	None
Size Factor	Base adjusted by size factor which gives smaller districts additional funding	Base adjusted by current law size factor for districts with fewer than 4,023 students; size factor reduced for districts between 4,023 and 4,300 students and eliminated for larger districts.
At-Risk Students and English Language Learners (ELL)	Additional funding for at-risk students of between 12% of a district's per pupil funding up to a maximum of 30%. At-risk is defined as students who qualify for free lunch or are English language learners, but they are only counted once in the formula.	At-risk and ELL funding is based on the percentage of at-risk students and ELL in a district or CSI school. At-risk and ELL students can receive between 20% of the statewide base per pupil amount up to a maximum of 40% if they have a high percentage of at-risk or ELL students. At-risk is defined as students who qualify for free- or reduced-price lunch. A student who qualifies as at-risk and ELL can be counted under both calculations. A student cannot be identified as ELL for more than five budget years.
Online and ASCENT Students	Students receive a fixed per pupil amount, estimated at \$6,021 in FY 2013-14, which increases by inflation each year.	Students receive the statewide base per pupil amount, which increases by inflation each year. In FY 2013-14, the base per pupil amount is \$5,954.
Negative Factor	A percentage reduction that is applied to each district's total program amount.	None

Appendix A. Comparison of School Finance Funding Elements, Current Law vs. SB 13-213

School Finance Elements	Current Law	SB 13-213
Teaching and Leadership Investment (TLI)		
Initial Investment	None	The bill initially provides \$600 per pupil as a teaching and leadership investment (TLI) for all districts and CSI schools
Online and ASCENT	None	Online and ASCENT students are excluded from receiving the TLI.
Out-year Investment	None	50% of the per pupil tax revenue increase approved by the voters
State and Local Shares		
Local Share	Property taxes and specific ownership taxes (SOT). Most local total program mill levies are set at the level imposed in FY 2006-07 and range from 1.68 to 27.00 mills.	Local share is based on two elements: a district's assessed value (AV) per pupil, adjusted for median income differences, and its percentage of at-risk pupils. Districts with higher AV per pupil and a lower percentage of at-risk students will have a higher calculated local share. A district's calculated mill levy will either remain at its current level or increase to a maximum of 25 mills. Districts with a total program mill levy above 25 stay at current levels.
State Share	The difference between a district's total program as set by the General Assembly and the amount of local share.	State share is the difference between total program and the new <i>calculated</i> local share. Districts whose state funding with the TLI is less than their state share at the prior mill levy, will receive hold-harmless funding equal to the difference in state share for five years. These districts must seek voter approval for a mill levy increase at least once during this time period.
Mill Levy Override		
Approval	Districts allowed to seek voter approval for additional property taxes (mill levy overrides) to support local district operations or specific programs.	Districts are allowed to seek voter approval for mill levy overrides like current law.

Appendix A. Comparison of School Finance Funding Elements, Current Law vs. SB 13-213

School Finance Elements	Current Law	SB 13-213
Maximum Allowable	The maximum that can be collected is the greater of 25% of a district's total program funding, plus a certain amount for cost-of-living adjustments in FY 2001-02, or \$200,000. Override revenue may be shared with district-authorized charter schools, but it is not required.	Raises the limit that can be collected to the greater of: (1) 25% of a district's total program plus the TLI for the applicable school year; or (2) 25% of a district's total program in FY 2014-15 before the negative factor, plus the TLI, categorical buyout amount, and state support provided for a district's categorical programs.
Additional Overrides	No additional overrides are allowed, but districts can impose other mill levies for full-day kindergarten costs, school transportation costs, and special building and technology purposes.	Districts may seek voter approval for three other overrides, two of which are unlimited in size: early childhood education, technology and building maintenance, and cost of living. The latter is capped at the amount of a district's total program that is attributable to the cost of living factor.
Charter School Institute (CSI)		
Base	Funding for the CSI is based on the per pupil revenue of the accounting district in which a school is located, as determined by the current formula. This includes amounts calculated for current factors, such as the cost-of-living and size factors. CDE distributes funding for CSI schools through state share payments that go to the accounting district.	Each CSI school receives total program funding similar to an individual school district. A CSI school receives per pupil funding based on the accounting district's per pupil funding. The bill contains provisions to provide funding for charter schools in either their first or second year of operation, or which are adding grades to use more recent ADM data from the current school year.
At-Risk Students and ELL	At-risk funding for CSI schools is adjusted up (or down) if they serve proportionally more (or less) at-risk students than the accounting district. Supplemental at-risk aid goes to CSI schools if their percentage of at-risk students is less than the accounting district.	At-risk student and ELL funding for the CSI school depends on the school's percentage of at-risk and ELL students relative to the statewide average. A school will receive at least 20% of the statewide base per pupil amount for each at-risk and ELL student a school serves, which increases up to 40%, if the school exceeds the statewide average.
Online and ASCENT	Students receive a fixed per pupil amount, estimated at \$6,021 in FY 2013-14, which increases by inflation each year.	Online and ASCENT students get the statewide base per pupil amount. In FY 2013-14, the base per pupil amount is \$5,954.
Teaching and Leadership Investment	None	Excluding online and ASCENT students, the bill initially provides \$600 per pupil for each CSI school. In following years, this amount is equal to 50% of the per pupil tax revenue increase approved by the voters.

Appendix A. Comparison of School Finance Funding Elements, Current Law vs. SB 13-213

School Finance Elements	Current Law	SB 13-213
Mill Levy Override	School districts do not share override revenue with CSI schools. However, CSI schools receive a proportional share of the capital construction money allocated to charter schools from the SEF.	A school will receive per pupil mill levy override equalization money, roughly equal to the amount of statewide overrides per pupil. CSI schools also receive their proportional share of capital construction money allocated from the State Education Fund (SEF).
<i>District-authorized charter schools</i>		
Base	A district-authorized charter school receives 100% of the district's per pupil revenue, of which up to 5% may be retained by the district for administrative expenses (15% in smaller districts).	District-authorized charter schools receive the district's per pupil funding for each student, plus the statewide base per pupil amount for each online/ASCENT student. Up to 5% of the charter school's per pupil funding may be retained by the district. The bill contains provisions to provide funding for charter schools in either their first or second year of operation, or which are adding grades to use more recent ADM data from the current school year.
At-risk Students and ELL	Schools authorized before July 1, 2004, receive supplemental at-risk aid if they have a higher percentage of at-risk students than the district. Otherwise, the school receives an amount based on the district's per pupil revenue and its percentage of at-risk students. Schools authorized after July 1, 2004, in district's with more than 40% at-risk students receive more (or less) funding for at-risk students if they have serve a higher (lower) percentage of at-risk students than the district.	At-risk and ELL student funding is allocated to charter schools on a per pupil basis, in an amount equal to the district's at-risk funding divided by its at-risk ADM or its ELL funding divided by its ELL ADM.
Teaching and Leadership Investment	None	Excluding online and ASCENT students, the bill initially provides \$600 per pupil for each district-authorized school. In following years, this amount is equal to 50% of the per pupil tax revenue increase approved by the voters.
Mill Levy Override	School districts may share property tax override revenue with district-authorized charter schools, but it is not required.	Charter schools also receive a proportional share of any district property tax overrides, and for certain eligible charter schools, a share of capital construction money allocated from the SEF.