



**Colorado
Legislative
Council
Staff**

SB17-061

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-0399 **Date:** June 6, 2017
Prime Sponsor(s): Sen. Hill; Williams A. **Bill Status:** Postponed Indefinitely
 Rep. Sias; Rosenthal **Fiscal Analyst:** Marc Carey (303-866-4102)

BILL TOPIC: ADDITIONAL FUNDING CHARTER SCHOOL OPERATING COSTS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	Expenditure Increase. See State Expenditure section.	
Appropriation Required: See State Appropriations section.		
Future Year Impacts: Ongoing State Expenditures.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

This bill makes several changes to current law governing the distribution of mill levy override revenue to charter schools.

Mill levy override revenue. Beginning with FY 2018-19, the bill requires that school districts share revenue from mill levy overrides with charter schools in increasing amounts over a 3-year phase-in period. For each student enrolled in authorized 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 at least:

- 33 percent of the per pupil share in FY 2018-19;
- 66 percent in FY 2019-20; and
- 100 percent by FY 2020-21 and subsequent years

Districts that were already exceeding these targets in FY 2016-17 must continue to distribute at least the FY 2016-17 amount during the phase-in period. Local school boards may also submit a ballot measure to voters in the next election regarding sharing of mill levy override revenue, and are not required to fully share the revenue if the measure fails.

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 Charter School Institute (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. In addition, districts are exempted from full compliance with the bill if they had:

- previously adopted a written policy explicitly earmarking a specified amount of mill levy override revenue capital construction or maintenance; or
- specifically allocated a portion of mill levy override revenue for capital improvement projects.

Mill levy equalization. The bill creates the Mill Levy Equalization 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 CSI 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.

State Expenditures

Beginning with FY 2017-18, 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 2017-18 school year, institute charter schools will enroll approximately 15,700 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 \$63.69 per student.

If the General Assembly chooses to appropriate funds to equalize CSI schools at the FY 2016-17 data regarding override revenue and the CSI funded pupil count, state expenditures increase by about \$13.9 million. For informational purposes, Table 1 displays the per-pupil amount of equalization payments at different levels of funding.

Appropriation	CSI Students	Per-Pupil Funding
\$1.0 million	15,700	\$63.69
\$5.0 million	15,700	\$318.47
\$10.0 million	15,700	\$636.94
\$15.0 million	15,700	\$955.41

School District Impact

Mill levy override revenue. School districts that are not already doing so will be required to allocate an increasing share of mill levy override revenue to charter schools based on each district's per pupil override calculation. Based on FY 2016-17 data, the total amount of local revenue distributed to charter schools is estimated at about \$78.1 for FY 2017-18, \$94.3 for FY 2018-19, and \$112.3 million for FY 2019-20. 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 was postponed indefinitely by the House Education Committee on May 9, 2017.

State Appropriations

For FY 2017-18, 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

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School Districts