



**Colorado
Legislative
Council
Staff**

SB17-061

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 20, 2017)

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

Drafting Number: LLS 17-0399	Date: March 1, 2017
Prime Sponsor(s): Sen. Hill; Williams A. Rep. Sias	Bill Status: Senate 2nd Reading
	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.		

Summary of Legislation

The bill, **as amended by the Senate Appropriations committee**, makes several changes to current law governing the distribution of mill levy override revenue to 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 charter school student enrolled in schools authorized by the district.

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 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.

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 15,543 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 \$64.34 per student.

In the current fiscal year, school districts raised local revenue from overrides that on a statewide average basis equates to about \$1,125 per student. If the General Assembly chooses to appropriate funds to equalize CSI schools at this per-pupil amount, state expenditures increase by about \$17.5 million. Table 1 displays the per-pupil amount of equalization payments assuming variable levels of funding.

Appropriation	CSI Students	Per-Pupil Funding
\$1.0 million	15,543	\$64.34
\$5.0 million	15,543	\$321.69
\$10.0 million	15,543	\$643.38
\$15.0 million	15,543	\$965.06

School District Impact

Mill levy override revenue. School districts will be required to allocate 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 \$96.4 million for FY 2017-18, although some portion of this amount is already distributed to charter schools. For example, data from prior years indicate that out of the total amount that would have been required to be distributed under this bill, approximately two-thirds was actually distributed. Assuming this same percentage held in FY 2017-18, this bill would result in the distribution to charter schools of an estimated \$33.1 million of mill levy override revenue that would not have been distributed otherwise. 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 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

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