



**Colorado
Legislative
Council
Staff**

HB17-1375

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-1110 **Date:** July 21, 2017
Prime Sponsor(s): Rep. Pettersen; Sias **Bill Status:** Signed into Law
 Sen. Hill **Fiscal Analyst:** Marc Carey (303-866-4102)

BILL TOPIC: DISTRIBUTING MILL LEVY OVERRIDE REVENUE TO SCHOOLS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures		
FTE Position Change		
Appropriation Required: None.		
Future Year Impacts: None.		

Summary of Legislation

This bill includes several requirements concerning the allocation of mill levy override (MLO) revenue by participating school districts. Participating districts are defined in the bill as districts of innovation or districts that have authorized at least one charter school that also collects MLO revenue. For FY 2019-20 and thereafter, the bill requires all participating districts to either implement a plan for distributing MLO revenue to each charter and innovation school in the district or distribute to these schools 95 percent of the district's MLO per pupil revenue.

If the district chooses to adopt a plan for MLO sharing, the plan must be adopted by July 1, 2018, and must ensure that MLO revenue is used to equitably support the education of all district students, regardless of the type of school the student attends. For each program included in the plan, the charter or innovation school may choose to receive the per pupil program share to provide the particular program or service. The local school board must ensure that the equitable distribution of MLO revenue is fully implemented by FY 2019-20 and thereafter. Districts may, but are not required to distribute MLO revenue to multi-district online schools. The bill requires each participating district that chooses to adopt a plan to post a copy of the plan on its website.

Beginning in FY 2019-20, participating districts that choose not to adopt a plan are required to distribute at least 95 percent of MLO per pupil revenue to charter schools and innovation schools, and at the district's discretion, online students. Beginning in FY 2018-19, the bill requires such participating districts to post a statement of intent to share MLO revenue on its website. The following year, such districts must post the updated total MLO revenue collected and distributed.

The bill also includes several exemptions for districts in special circumstances. Specifically, districts are not required to share revenue generated from mills a district may levy for bonded debt. In addition, the bill exempts a district from sharing MLO override revenue if the district already has a written policy directing MLO revenue be targeted to students enrolled on alternative education campuses, at-risk students, or students with individualized education programs. Districts are also not required to include revenue for charter school students that live in other districts.

The bill requires that a charter school receiving MLO revenue comply with state and federal requirements prohibiting discrimination on the basis of disability, race, creed, color, sex, sexual orientation, national origin, religion, ancestry, or the need for special education services.

Mill levy equalization of Charter School Institute. 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.

Online Posting of Innovative District and Charter School Waivers. Beginning July 1, 2017, the bill requires innovation districts and charter schools to post a list of waivers they have received from the State Board of Education (SBE). For waivers that are not automatic, the district or school must also post a copy of their plan explaining the manner by which they intend to meet the intent of the waived statute. Beginning July 1, 2018, charter schools must post a standardized description and rationale for all automatic waivers it invokes, and contact information for employees who can provide additional information regarding these waivers. The standardized description will be developed by the CDE working with the CSI and a statewide association representing charter schools.

State Expenditures

Charter School Institute Mill Levy Equalization. Beginning with FY 2017-18, this bill potentially 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. For FY 2016-17, the funded pupil count for CSI schools was 15,700. 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 based on 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 2 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. Beginning in FY 2019-20, school districts that have either authorized at least one charter school or have been designated a district of innovation will be required to either allocate 95 percent of MLO per pupil revenue to charter and innovation schools or do so according to a distribution plan they have developed. Currently, 47 school districts either have charter schools or have been designated a district of innovation. Of these, 37 receive revenue from mill levy overrides. The total amount of local revenue distributed to charter schools in FY 2019-20 and beyond has not been estimated.

Effective Date

The bill was signed into law by the Governor and took effect on June 2, 2017.

State and Local Government Contacts

Education

Legislative Council

Joint Budget Committee